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(D6) Financial Statements 3rd Quarter 2007 (Balance Sheet, Income Statements, Statement of Changes in Stockholder Equity, Statement of Changes in Financial Position, Notes to Financial Statements and Additional Information)

[Please see 3Q 2007 Financial Statement enclosed in the following pages]

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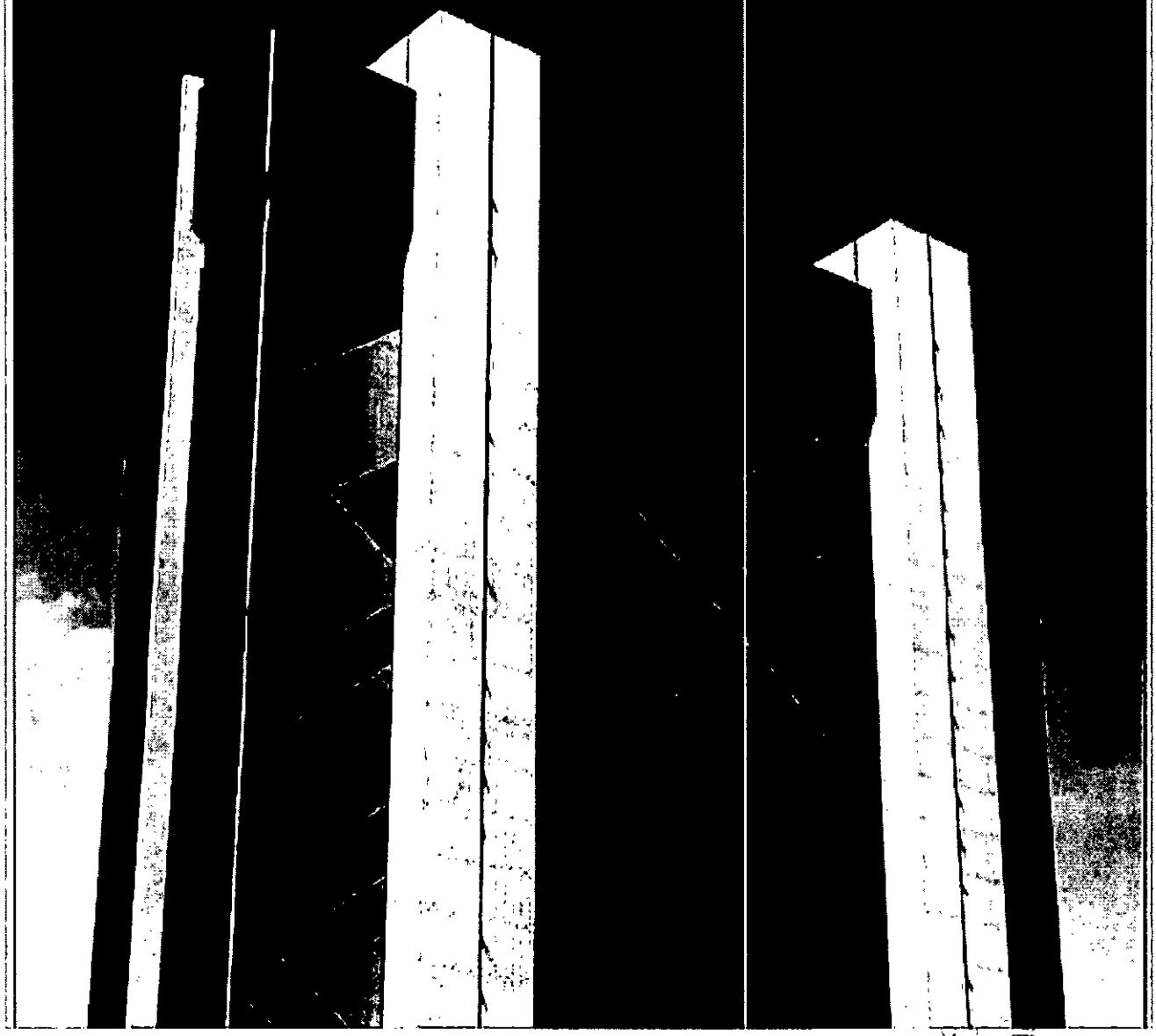

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Banco do Brasil S.A.
Financial Statements
In thousands of Reais

Quarter ended at September 30, 2007

BALANCE SHEET

ASSETS		BB - Domestic and Foreign branches		BB-Consolidated	
		09.30.2007	09.30.2006	09.30.2007	09.30.2006
CURRENT ASSETS		207.224.616	152.098.819	198.908.109	148.784.591
Available Funds		4.358.299	4.553.903	4.365.753	4.559.207
Short-term interbank investments	(Note 4)	60.919.024	34.386.227	51.127.598	28.947.157
Money market		42.727.867	12.814.383	42.661.691	12.731.275
Interbank deposits		18.191.157	21.571.844	8.465.907	16.215.882
Securities and derivative financial instruments	(Note 5)	26.643.106	19.662.065	27.463.341	21.412.760
Own portfolio		17.249.231	10.982.457	18.071.093	12.730.641
Subject to repurchase agreements		5.661.388	5.746.215	5.661.388	5.749.146
Deposits with the Brazilian Central Bank		1.199.752	2.078.647	1.199.752	2.078.647
Pledged in guarantee		322.117	85.977	322.117	85.977
Securities subject to repurchase agreements (with free movement)		963.742	399.974	963.742	399.974
Derivative financial instruments		1.246.876	368.795	1.245.249	368.375
Interbank accounts		31.445.909	26.632.315	31.484.467	26.654.750
Payments and receipts pending settlement		2.116.318	1.949.880	2.116.446	1.949.968
Restricted deposits					
Brazilian Central Bank deposits		29.175.231	24.484.701	29.198.697	24.494.039
National Treasury - rural credits receivable		21.122	114.945	21.122	114.945
National Housing Financing System (SFH)		1.861	1.408	1.861	1.408
Interbank onlendings		46	46	46	46
Correspondent banks		131.331	81.335	146.295	94.344
Interdepartmental accounts		73.306	32.890	73.306	32.890
Internal transfers of funds		73.306	32.890	73.306	32.890
Loan operations	(Note 6)	59.546.284	50.458.436	59.919.584	50.629.154
Loan operations					
Public sector		1.042.203	1.050.396	1.047.232	1.055.182
Private sector		62.825.805	53.727.441	63.324.540	54.058.269
(Allowance for loan losses)	(Note 6d)	(4.321.724)	(4.319.401)	(4.452.188)	(4.484.297)
Lease operations	(Note 6)	(14)	9.807	(1.002)	12.905
Lease and sublease receivables					
Public sector		53.757	62.418	53.757	62.418
Private sector		576	3.292	438.519	408.139
(Unearned income from lease operation)		(54.332)	(55.629)	(478.179)	(437.293)
(Allowance for lease losses)		(15)	(274)	(15.099)	(20.359)
Other receivables		22.746.594	15.592.297	22.980.493	15.749.597
Receivables on guarantees honored		47.225	110.850	47.225	110.850
Foreign exchange portfolio	(Note 7a)	11.537.655	10.433.252	11.537.655	10.433.252
Income receivable		239.602	169.148	279.929	201.134
Negotiation and intermediation of securities		1.387	1.841	190.645	48.563
Special operations		575	575	575	575
Sundry	(Note 7c)	11.442.860	7.084.880	11.451.335	7.170.420
(Provision for other losses)	(Note 6e & 6f)	(522.710)	(2.208.249)	(526.871)	(2.215.197)
Other assets		1.492.108	770.879	1.494.569	786.171
Investments		3	3	3	3
Other assets	(Note 8)	252.442	295.131	253.505	314.498
(Provision for devaluations)		(151.182)	(165.124)	(151.895)	(171.372)
Prepaid expenses		1.390.845	640.869	1.392.956	643.042

LONG-TERM RECEIVABLES	139.197.115	130.209.775	137.577.901	127.288.249
Interbank Investments (Note 4)	3.708.274	5.457.201	291.480	544.851
Money market	276.518	83.107	276.518	83.107
Interbank deposits	3.431.756	5.374.094	14.962	461.744
Securities and derivative financial instruments (Note 5)	45.654.301	51.498.880	46.662.309	52.353.487
Own portfolio	16.274.444	23.296.113	17.188.201	24.048.635
Subject to repurchase agreements	24.673.327	25.910.228	24.767.578	26.012.313
Deposits with the Brazilian Central Bank	3.242.799	1.701.276	3.242.799	1.701.276
Pledged in guarantee	337.860	511.854	337.860	511.854
Securities subject to repurchase agreements (with free movement)	786.484	--	786.484	--
Derivative financial instruments	339.387	79.409	339.387	79.409
Interbank accounts	18.449	--	18.449	--
National Treasury - rural credits receivable	18.449	--	18.449	--
Loan operations (Note 6)	68.997.733	47.696.086	69.566.931	48.844.534
Loan operations				
Public sector	3.575.858	2.872.805	3.595.527	2.895.838
Private sector	70.310.152	48.670.200	70.859.789	49.795.828
(Allowance for loan losses) (Note 6d)	(4.888.277)	(3.846.919)	(4.888.385)	(3.847.132)
Lease operations (Note 6)	(10)	7.398	27.099	18.644
Lease and sublease receivables				
Public sector	38.927	47.087	38.927	47.087
Private sector	421	2.515	563.970	475.669
(Unearned income from lease operation)	(39.347)	(41.997)	(568.365)	(495.682)
(Allowance for lease losses)	(11)	(207)	(7.433)	(8.430)
Other receivables	20.818.368	25.531.620	21.011.633	25.508.143
Receivables on guarantees honored	--	36.451	--	36.451
Income receivable	37.192	39.362	37.192	39.362
Specific credits (Note 7b)	737.942	663.055	737.942	663.055
Sundry (Note 7c)	20.365.917	26.242.722	20.565.716	26.225.698
(Provision for other losses) (Notes 6e & 6f)	(322.683)	(1.449.970)	(329.217)	(1.456.423)
Other assets	--	18.590	--	18.590
Prepaid expenses	--	18.590	--	18.590
PERMANENT ASSETS	6.654.078	6.696.182	5.912.086	5.542.163
Investments	3.359.711	3.201.561	1.276.046	997.639
Investments in subsidiary and associated companies (Note 20)				
Domestic	2.568.194	2.370.391	1.232.647	949.746
Foreign	750.939	793.234	--	--
Other investments	91.286	91.712	107.900	128.001
(Provision for losses)	(50.708)	(53.776)	(64.501)	(80.108)
Land and buildings in use (Note 9)	2.657.089	2.824.473	2.656.908	2.825.360
Land and buildings in use	2.337.145	2.266.595	2.337.145	2.266.595
Other property and equipment in use	4.300.503	4.291.077	4.305.201	4.297.740
(Accumulated depreciation)	(3.980.559)	(3.733.199)	(3.985.438)	(3.738.975)
Applications in fixed assets for leasing (Note 9)	93.386	97.149	1.429.510	1.139.453
Leased assets	158.009	129.806	1.844.758	1.412.987
(Accumulated depreciation)	(64.623)	(32.657)	(415.248)	(273.534)
Deferred charges	543.892	572.999	549.622	579.711
Organization and expansion costs	1.384.081	1.218.286	1.402.058	1.237.599
(Accumulated amortization)	(840.189)	(645.287)	(852.436)	(657.888)
Total	353.075.809	289.004.776	342.398.096	281.615.003

LIABILITIES/STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	277,776,902	216,710,875	270,084,342	212,583,102
Deposits (Note 10)	159,770,842	131,074,571	155,733,185	127,853,774
Demand deposits	38,675,807	32,401,799	38,711,780	32,447,996
Savings deposits	43,830,975	34,447,132	43,830,975	34,447,132
Interbank deposits	9,745,638	8,470,782	5,598,454	5,133,013
Time deposits	67,250,606	55,597,401	67,324,160	55,668,176
Sundry	267,816	157,457	267,816	157,457
Deposits received under security repurchase agreements	66,761,214	39,002,195	66,358,951	38,552,510
Own portfolio	26,451,003	27,683,241	26,445,441	27,579,976
Third-party portfolio	36,305,211	10,962,955	35,908,510	10,616,535
Unrestricted Portfolio	4,005,000	355,999	4,005,000	355,999
Funds from acceptance and issue of securities	194,633	446,631	679,663	973,762
Foreign securities	194,633	446,631	679,663	973,762
Interbank accounts	1,904,175	1,634,777	1,929,095	1,644,117
Receipts and payments pending settlement	1,900,830	1,633,602	1,925,750	1,642,942
Correspondent banks	3,345	1,175	3,345	1,175
Interdepartmental accounts	1,497,225	1,617,829	1,497,225	1,617,829
Third-party funds in transit	1,469,835	1,599,271	1,469,835	1,599,271
Internal transfers of funds	27,390	18,558	27,390	18,558
Borrowings (Note 11)	4,366,417	3,081,950	1,292,946	2,102,581
Foreign borrowings	4,366,417	3,081,950	1,292,946	2,102,581
Local onlendings - official institutions (Note 12)	12,411,098	9,087,935	12,419,982	9,092,518
National Treasury	3,131,559	3,035,061	3,131,559	3,035,061
National Bank for Economic and Social Development (BNI	2,150,741	2,412,570	2,150,741	2,412,570
National Industrial Financing Authority (FINAME)	6,369,612	2,999,297	6,378,328	3,003,728
Other institutions	759,186	641,007	759,354	641,159
Foreign onlendings	1,071,430	267,875	95	95
Foreign onlendings	1,071,430	267,875	95	95
Derivative financial instruments (Note 5b)	2,206,025	1,313,097	2,203,106	1,313,290
Derivative financial instruments	2,206,025	1,313,097	2,203,106	1,313,290
Other liabilities	27,593,843	29,184,015	27,970,094	29,432,626
Collection and payment of taxes and social contributions	1,916,332	1,922,565	1,916,581	1,922,964
Foreign exchange portfolio (Note 14a)	11,600,359	14,858,743	11,600,359	14,858,743
Social and statutory	1,053,624	637,174	1,055,609	639,067
Taxes and social security contributions	2,331,549	2,724,651	2,717,783	3,033,533
Negotiation and intermediation of securities	516,429	608,506	192,049	103,133
Financial and development funds (Note 14b)	60,078	73,040	60,078	73,040
Subordinated debt (Note 14e)	–	1,694	–	1,694
Sundry (Note 14d)	10,115,472	8,357,642	10,427,635	8,800,452

LONG-TERM LIABILITIES	52.126.984	51.974.264	49.141.831	48.712.264
Deposits (Note 10)	16.737.754	17.006.278	16.446.568	17.048.343
Interbank deposits	295.718	403.635	4.532	445.700
Time deposits	16.316.005	16.602.643	16.316.005	16.602.643
Sundry	126.031	--	126.031	--
Deposits received under security repurchase agreements	8.486.497	5.673.537	8.486.497	5.756.645
Own portfolio	3.091.187	3.374.802	3.091.187	3.457.910
Third-party portfolio	4.950.310	2.254.735	4.950.310	2.254.735
Unrestricted Portfolio	445.000	44.000	445.000	44.000
Funds from acceptance and issue of securities	329.359	169.353	936.830	1.493.668
Foreign securities	329.359	169.353	936.830	1.493.668
Borrowings (Note 11)	2.502.154	4.516.014	1.687.661	2.229.694
Foreign borrowings	2.502.154	4.516.014	1.687.661	2.229.694
Local onlendings - official institutions (Note 12)	4.094.120	4.250.756	4.107.944	4.255.620
National Bank for Economic and Social Development (BNI	2.970.071	1.895.591	2.970.071	1.895.591
National Industrial Financing Authority (FINAME)	1.124.049	2.355.165	1.137.873	2.360.029
Foreign onlendings	2.242.996	1.442.788	381	381
Foreign onlendings	2.242.996	1.442.788	381	381
Derivative financial instruments (Note 5b)	270.256	2.118.916	271.575	2.118.916
Derivative financial instruments	270.256	2.118.916	271.575	2.118.916
Other liabilities	17.463.848	16.756.622	17.204.375	15.808.997
Taxes and social security contributions	--	--	109.612	73.639
Negotiation and intermediation of securities	610.876	1.324.315	3.406	2.742
Financial and development funds (Note 14b)	1.787.252	1.747.543	1.787.252	1.747.543
Special operations	2.355	2.372	2.355	2.372
Subordinated debt (Note 14e)	9.834.041	8.683.068	9.828.522	8.683.068
Hybrid capital and debt instruments	933.257	1.103.499	932.366	1.103.499
Sundry (Note 14d)	4.296.097	3.935.825	4.540.862	4.196.134
DEFERRED INCOME	106.629	122.470	106.629	122.470
Deferred income	106.629	122.470	106.629	122.470
STOCKHOLDERS' EQUITY (Note 16)	23.065.294	20.197.167	23.065.294	20.197.167
Capital	12.710.693	11.912.895	12.710.693	11.912.895
Local residents	12.664.846	11.867.048	12.664.846	11.867.048
Foreign residents	45.847	45.847	45.847	45.847
Capital reserves	38	355.638	38	355.638
Revaluation reserves	6.314	23.224	6.314	23.224
Revenue reserves	8.932.907	6.787.498	8.932.907	6.787.498
Adjustment to market value - securities and derivative financial instrumen	383.815	209.697	383.815	209.697
Retained earnings (accumulated losses)	1.031.527	908.215	1.031.527	908.215
Total	353.075.809	289.004.776	342.398.096	281.615.003

The accompanying notes are an integral part of these financial statements.

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

Quarter ended at September 30, 2007

STATEMENT OF INCOME

		BB-Domestic and Foreign Branches		BB-Consolidated	
		3rd quarter/2007	3rd quarter/2006	3rd quarter/2007	3rd quarter/2006
INCOME FROM FINANCIAL INTERMEDIATION		10.333.230	9.005.578	10.460.419	9.112.878
Loans		6.462.388	5.297.054	6.517.434	5.361.153
Leases		17.349	13.308	176.439	141.193
Securities		3.443.420	3.488.645	3.355.156	3.404.856
Derivative financial instruments		(149.212)	(197.942)	(149.248)	(198.837)
Foreign exchange, net		153.808	–	155.161	–
Compulsory deposits		405.477	404.513	405.477	404.513
EXPENSES FROM FINANCIAL INTERMEDIATION		(6.525.277)	(6.537.209)	(6.610.092)	(6.612.165)
Deposits and funds obtained in the money market		(4.766.262)	(4.427.219)	(4.753.176)	(4.402.246)
Borrowings and onlendings		(520.971)	(425.513)	(497.751)	(421.286)
Leases		(13.120)	(7.741)	(127.032)	(94.428)
Foreign exchange, net		–	(64.460)	–	(64.304)
Allowance for loan losses	(Note 6e & 6f)	(1.224.924)	(1.612.276)	(1.232.133)	(1.629.901)
GROSS FINANCIAL INTERMEDIATION INCOME		3.807.953	2.468.369	3.850.327	2.500.713
OTHER OPERATING INCOME/EXPENSES		(2.081.395)	(994.690)	(2.061.591)	(972.435)
Banking service fees	(Note 15a)	2.266.405	2.072.990	2.498.268	2.252.066
Personnel expenses	(Note 15b)	(2.431.092)	(1.926.215)	(2.448.948)	(1.944.713)
Other administrative expenses	(Note 15c)	(1.717.990)	(1.480.875)	(1.736.184)	(1.498.073)
Tax Expenses		(489.094)	(443.750)	(512.884)	(463.151)
Equity in the (earnings)/loss of subsidiary and associated companies...	(Note 19)	218.356	273.442	50.162	162.956
Other operating income	(Note 15d)	1.351.537	1.169.163	1.362.477	1.161.732
Other operating expenses	(Note 15e)	(1.279.517)	(659.445)	(1.274.482)	(643.252)
OPERATING INCOME		1.726.558	1.473.679	1.788.736	1.528.278
NON-OPERATING INCOME	(Nota 15f)	34.492	21.888	42.677	22.531
Income		48.516	37.131	56.907	37.919
Expenses		(14.024)	(15.243)	(14.230)	(15.388)
PROFIT BEFORE TAXATION AND PROFIT SHARING		1.761.050	1.495.567	1.831.413	1.550.809
INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME	(Note 17)	(222.891)	(471.934)	(292.592)	(526.544)
Income tax		(411.058)	(558.774)	(464.582)	(603.890)
Social contribution on net income		(148.335)	(202.045)	(167.048)	(217.143)
Deferred tax credits		336.502	288.885	339.038	294.489
PROFIT SHARING		(174.122)	(116.195)	(174.784)	(116.827)
NET INCOME		1.364.037	907.438	1.364.037	907.438
Number of shares		2.475.949.269	825.316.423	2.475.949.269	825.316.423
Net income per share		0,55	1,10	0,55	1,10

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

Quarter ended at September 30, 2007

Statement of Changes in Stockholders' Equity

EVENTS	Paid-in capital	Capital reserves	Revaluation reserves in subsidiary and associated companies	Revenue reserves			Adjustment to market value - marketable securities and derivatives		Retained Earnings	Total
				Legal reserve	Statutory reserves	Expansion reserves	Bank	Subs. & Assoc Companies		
Balances at 06.30.2006	11.912.834	355.638	23.264	988.086	588.545	5.210.867	20.533	78.707	--	19.178.474
Capital increase by the exercise of subscription bonuses	61	--	--	--	--	--	--	--	--	61
Adjustment to market value - securities and derivative financial instruments (Note 16f)	--	--	--	--	--	--	52.503	77.725	--	130.228
Tax effect on adjustments - securities and derivative financial instruments (Note 16f)	--	--	--	--	--	--	(19.470)	(301)	--	(19.771)
Dividends and bonuses - Reversal of residual value	--	--	--	--	--	--	--	--	4	4
Interest on own capital	--	--	--	--	--	--	--	--	733	733
Realization of revaluation reserve in subsidiary and associated companies (Note 16	--	--	(40)	--	--	--	--	--	40	--
Net income for the period	--	--	--	--	--	--	--	--	907.438	907.438
Balances at 09.30.2006	11.912.895	355.638	23.224	988.086	588.545	5.210.867	53.566	156.131	908.215	20.197.167
Changes in the period	61	--	(40)	--	--	--	33.033	77.424	908.215	1.018.693
Balances at 06.30.2007	12.710.693	--	6.390	1.219.724	3.156.720	4.768.706	176.366	266.820	--	22.305.419
Adjustment to market value - securities and derivative financial instruments (Note 16f)	--	--	--	--	--	--	(128.924)	21.265	--	(107.659)
Tax effect on adjustments - securities and derivative financial instruments (Note 16f)	--	--	--	--	--	--	47.763	525	--	48.288
Donations	--	38	--	--	--	--	--		--	38
Interest on own capital	--	--	--	--	--	--	--	--	782	782
Revaluation reserves in subsidiary and associated companies (Nota 16d)	--	--	4	--	--	--	--	--	--	4
Realization of revaluation reserve in subsidiary and associated companies (Note 16d	--	--	(80)	--	--	--	--	--	80	--
Net income for the period	--	--	--	--	--	--	--	--	1.364.037	1.364.037
Appropriations (Note 16e):										
Dividendos Propostos por conta da Reserva de Equalização de Dividendos	--	--	--	--	(212.243)	--	--	--	--	(212.243)
Interest on own capital	--	--	--	--	--	--	--	--	(333.372)	(333.372)
Balances at 09.30.2007	12.710.693	38	6.314	1.219.724	2.944.477	4.768.706	95.205	288.610	1.031.527	23.065.294
Changes in the period	--	38	(76)	--	(212.243)	--	(81.161)	21.790	1.031.527	759.875

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

	BB-Domestic and Foreign branches		BB-Consolidated	
	3rd quarter 2007	3rd quarter 2006	3rd quarter 2007	3rd quarter 2006
FINANCIAL RESOURCES WERE PROVIDED BY	**15.130.638**	**16.303.717**	**11.466.946**	**15.921.005**
Net Income	1.364.037	907.438	1.364.037	907.438
Adjustments to net income	**(122.663)**	**(139.986)**	**102.721**	**56.948**
Depreciation and amortization	183.319	176.722	183.642	177.056
Depreciation of leased assets	8.007	-	111.874	80.219
Equity in the earnings (loss) of subsidiary and associated companies	(218.356)	(273.442)	(50.162)	(162.956)
(Profit)/loss on the sale of assets	(21.782)	-	(21.952)	-
Excess depreciation	-	-	(13.096)	(19.837)
Changes in the currency exchange rate.	(77.416)	(3.262)	(105.891)	10.733
Provision/(reversal) for devaluation of other assets	4.202	-	4.203	-
(Profit)/loss on the disposal of property	(14.009)	-	(14.009)	-
Other adjustments	13.372	(40.004)	8.112	(28.267)
Changes in deferred income	**6.672**	**(5.259)**	**6.672**	**1.280**
Marked-to-Market – Securities and Derivative Financial Instruments	**(59.371)**	**110.457**	**(59.371)**	**110.457**
Capital increase	-	**769.221**	-	**61**
Third party funds:				
Increase in liabilities	**13.150.990**	**14.497.567**	**9.634.756**	**14.251.060**
Deposits	8.736.766	5.580.324	7.634.734	4.962.630
Deposits received under security repurchase agreements	88.974	-	126.583	-
Funds from acceptance and issue securities	335.772	18.589	129.636	-
Interbank and interdepartmental accounts	401.739	-	410.848	-
Borrowings and onlendings	3.165.094	1.234.266	910.404	1.318.700
Derivative financial instruments	422.645	2.274.946	422.551	2.276.599
Other liabilities	-	5.389.442	-	5.693.131
Decrease in current assets and long-term receivables	**75**	**96.833**	**194.905**	**266.351**
Short-term interbank investments	-	-	194.905	266.351
Lease operations	75	-	-	-
Other receivables	-	96.833	-	-
Disposal of assets and investments	**790.898**	**67.446**	**70.088**	**80.885**
Non-operating assets	26.198	9.219	39.300	9.224
Property and equipment in use	11.887	33.237	12.704	33.195
Leased assets	-	5.593	18.084	19.069
Investments	752.813	19.397	-	19.397
Dividends received from subsidiary/associated companies	-	-	**150.683**	**242.078**
Interest on own capital receivable	-	-	**2.455**	**4.447**
FINANCIAL RESOURCES WERE USED FOR:	**15.489.849**	**16.764.254**	**11.825.228**	**16.429.675**
Dividends and Bonuses Proposed	**212.243**	-	**212.243**	-
Interest on own capital receivable	**333.372**	-	**333.372**	-
Changes in deferred income	-	-	-	**6.333**
Reversals in Assets and Investments	**854.070**	**57.799**	**295.799**	**250.191**
Non-operating assets	5.680	4.052	5.702	4.064
Property and equipment in use	87.955	53.747	87.955	53.747
Leased assets	1.171	-	189.928	191.076
Adjustment to market value of subsidiaries	-	-	(79)	-
Investments	759.264	-	12.293	1.304

STATEMENT OF CHANGES IN FINANCIAL POSITION

Deferred charges	**38.622**	**31.210**	**38.615**	**31.211**
Increase in current assets and long-term receivables	**13.166.814**	**8.962.266**	**9.974.421**	**8.656.868**
Short-term interbank investments	3.805.892	2.415.389	-	-
Securities and derivative financial instruments	2.072.361	1.763.042	2.055.088	3.089.077
Interbank and interdepartmental accounts	777.968	453.924	785.117	457.941
Loan operations	4.014.384	4.204.055	3.984.793	4.581.170
Lease operations	-	10.236	3.845	17.902
Other receivables	2.067.522	-	2.729.537	395.415
Other assets	428.687	115.620	416.041	115.363
Decrease in liabilities	**884.728**	**7.712.979**	**970.778**	**7.485.072**
Deposits received under security repurchase agreements	-	7.548.794	-	7.186.991
Funds from acceptance and issue securities	-	-	-	135.235
Interbank and interdepartmental accounts	-	164.185	-	162.846
Derivative financial instruments	-	-	-	-
Other liabilities	884.728	-	970.778	-
Increase (decrease) in cash and cash equivalents	**(359.211)**	**(460.537)**	**(358.282)**	**(508.670)**
Change in cash and cash equivalents:				
At the beginning of the period	4.717.510	5.014.440	4.724.035	5.067.877
At the end of the period	4.358.299	4.553.903	4.365.753	4.559.207
Increase (decrease) in cash and cash equivalents	**(359.211)**	**(460.537)**	**(358.282)**	**(508.670)**

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NOTE 1 – The Bank and its Operations

Banco do Brasil S.A. (the "Bank") is a publicly listed company established under private law, with both public and private stockholders, and subject to the requirements of Brazilian corporate legislation. Its corporate purpose is to carry out all assets, liabilities and accessory banking operations, to provide banking services, to intermediate and originate financial transactions and to perform any other activity permitted of institutions that form 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 Art. 19 of Law 4595/1964.

NOTE 2 – Presentation of the Financial Statements

2.a) The Financial Statements have been prepared in accordance with the requirements of Law 6404/1976 and observing the rules and instructions issued by the Brazilian Central Bank (BACEN) and the Brazilian Securities Commission (CVM) include the operations of Banco do Brasil S.A. in Brazil and its branches and subsidiaries abroad (BB-Domestic and Foreign Branches), and the consolidated position of the branches and financial subsidiaries in Brazil and abroad and the foreign special purpose entities (BB-Consolidated), and the amounts are presented in thousand of Reais, except when indicated.

The account balances of the "Foreign branches" and the "Foreign branches and subsidiaries" included in the financial statements of "BB - Domestic and Foreign Branches" and "BB - Consolidated", respectively, are as follows:

	Foreign branches		Foreign Branches and Subsidiaries	
	09.30.2007	**09.30.2006**	**09.30.2007**	**09.30.2006**
Current assets	28,423,540	31,917,184	27,312,263	32,071,404
Long-term receivables	11,417,646	12,078,401	12,135,930	11,957,847
Permanent assets	95,007	111,592	98,660	132,273
Total assets	39,936,193	44,107,177	39,546,853	44,161,524
Current liabilities	30,944,225	33,080,295	29,688,547	32,196,262
Long-term liabilities	6,413,648	7,632,593	6,529,048	7,777,739
Deferred income	4,641	5,949	4,641	5,949
Shareholder's equity	2,573,679	3,388,340	3,324,617	4,181,574
Total liabilities and stockholders' equity	39,936,193	44,107,177	39,546,853	44,161,524
Net income for the quarter	90,923	127,742	106,795	144,994

2.b) The consolidated financial statements (BB - Consolidated) comprise domestic companies and foreign branches and subsidiaries, as follows: Banco do Brasil - AG. Vienna (Austria), BB Leasing Company Ltd., Brasilian American Merchant Bank – BAMB, BB Securities Ltd., BB Securities LLc. and the domestic subsidiaries: BB Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A., BB Banco de Investimento S.A., BB Leasing S.A. - Arrendamento Mercantil and BB Banco Popular do Brasil S.A. In order to comply with CVM Instruction No. 408, of August 18, 2004, the following Foreign Special Purpose Entities (SPE) has been included in the consolidation: Dollar Diversified Payment Rights Finance Company.

The asset and liability and the income and expense accounts reflecting transactions between the foreign branches and subsidiaries and Banco do Brasil S.A. were eliminated in the consolidation. The translation into Reais of the financial statements prepared in a foreign currency is carried out using current exchange rates, in conformity with CVM Decision 28/1986.

BB Corretora de Seguros e Administradora de Bens S.A., BB Administradora de Cartões de Crédito S.A., BB Tur Viagens e Turismo Ltda., Cobra Tecnologia S.A., Ativos S.A. and BB Administradora de Consórcios S.A. were not included in the consolidation, in accordance with article 23 of CVM Instruction 247 as of 03.27.1996, as they do not materially affect the consolidated financial statements, and Brasil Aconselhamento Financeiro S.A was also not included because it is in the process of liquidation. The investments in these companies were recorded using the equity method of accounting, and the information required by article 20 of CVM Instruction 247 of 03.27.1996 and CVM Deliberation 26 of 02.05.1986 is presented in Notes 19 and 20, respectively.

2.c) The Cash Flow Statement, prepared in accordance with Accounting Standards and Procedures - NPC 20, of 4.30.1999, issued by the Brazilian Institute of Accountants - IBRACON, and the Statement of Added Value, prepared in accordance with Resolution CFC n.º 1,010, of 1.21.2005, of the Federal Accounting Council, are being shown as supplementary information to the basic financial statements.

NOTE 3 – Significant Accounting practices

3.a) Income and expenses are recognized on the accrual basis.

3.b) Assets and liabilities with floating rates are recorded at their present values, on a pro rata basis, in accordance with variations in the contractual indices. Assets and liabilities with fixed rates are recorded at their future values, adjusted to reflect unearned income or prepaid expenses. Assets and liabilities denominated in or indexed to foreign currencies are adjusted in accordance with the exchange rates or official indices as of the balance sheet date and are presented at their realizable values. Transaction gains and losses are recorded in income for the period. For the subsidiaries located abroad, assets and liabilities are translated into Brazilian Reais at the closing exchange rate on the balance sheet date.

3.c) Interbank Investments
Interbank funds applied are recorded at the investment value or purchase price, plus income accrued up to the balance sheet date.

3.d) Securities

Securities purchased for the Bank's own portfolio are recorded at the amount paid, including brokerage charges and fees, and are classified based on the intention of management, in one of three different categories; as follows:

3.d.1) Trading securities: these are securities purchased in order to be actively and frequently traded. They are adjusted monthly to their market value, and increases and decreases in market value are recorded in income and expense accounts for the period;

3.d.2) Available-for-sale securities: these are securities which are not classified as either trading or held-to-maturity. They are adjusted monthly to their market value, and increases and decreases in market value are recorded, net of tax effects, in a separate stockholders' equity account;

3.d.3) Held–to-maturity securities: these are securities that the Bank has both the intention and the financial capacity to hold to maturity. The financial capacity is supported by a cash flow projection that does not consider the possibility of selling these securities. They are not adjusted to their market value.

The mark-to-market methodology used for securities was established following consistent and verifiable criteria, which considers the average trading price on the day of calculation or, if not available, pricing models that estimate the probable net realizable value.

Income accrued on the securities, irrespective of the category in which they are classified, is accrued on a pro rata basis up to the date of maturity or final sale, using an exponential or straight-line method, based on the contractual remuneration and purchase price distributed over the investment period, and recorded directly in income for the period.

Losses from securities classified as available–for-sale and held-to-maturity, if judged to be other than temporary, are recorded as an expense for the period, and a new cost basis for the asset is established.

Upon their sale, the difference between the selling price and book value is recorded on the date of the transaction as either a gain or loss from securities.

3.e) Derivative financial instruments

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

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

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

3.e.1) Market risk hedge - increases or decreases in value of the derivative financial instruments classified in this category, as well as of the item hedged, are recorded in income and expense accounts for the period;

3.e.2) Cash flow hedge - the effective portion of the increases or decreases in value of the derivative financial instruments classified in this category is recorded, net of tax effects, in a separate stockholders' equity account. The effective portion is that for which the variation of the item hedged, as relates to the corresponding risk, is offset by the variation in the derivative financial instrument used to execute the hedge, considering the accumulated gain or loss. Other variations in these instruments (i.e. the ineffective portion) are recorded directly in income or expense accounts for the period.

3.f) Loan and lease operations, advances on foreign exchange contracts, other receivables with characteristics of loans and the allowance for loan losses

Loan and lease operations, advances on foreign exchange contracts, and other receivables with characteristics of loans are classified according to management's evaluation with respect to the risk level of the credit, taking into consideration the economic environment, past experience and specific risks in relation to the operation, the debtors and guarantors; and observing the parameters established by Bacen Resolution n.º 2,682/1999, which requires the periodic analysis of the portfolio and assignment of ratings in one of nine categories, ranging from AA (minimum risk) to H (maximum risk).

Income from loans overdue for more than 60 days, regardless of their risk category, will only be recognized as income when effectively received (i.e. on the cash basis).

Operations classified in level H continue in this rating for up to 6 months, at which time they are written off against the existing provision and controlled, for five years, in memorandum accounts, no longer being recognized in the balance sheet.

Renegotiated operations are maintained, at a minimum, at the same level at which they were rated prior to the renegotiation. The renegotiation of loans that had already been written off against the provision are classified as H, and any gains from the renegotiation are only recognized as income when effectively received.

The allowance for loan losses, considered sufficient by management, satisfies the minimum requirements established by the aforementioned Resolution nº 2682/1999, as demonstrated in Note 6.d.

3.g) Permanent assets

3.g.1) Equity investments, when material, are recorded using the equity method based on the shareholder's equity information provided by the subsidiaries or the associated, in accordance with BACEN and CVM instructions and rules. Investments are recorded in the Permanent Assets account.

The financial information of the foreign branches and subsidiaries is adapted to conform to the accounting practices adopted in Brazil and translated to Reais, with the impacts recorded in income for the period. Other permanent investments are stated at cost, price level-restated up to December 31, 1995, and are adjusted to market value through the formation of provision, in accordance with regulatory rules;

3.g.2) Property and equipment is stated at cost, less depreciation, calculated on the straight-line method at the following annual rates: buildings and leasehold improvements - 4%; vehicles, installations and equipment - 20%; others - 10%.

3.g.3) Deferred Charges are recorded at the acquisition cost, net of amortization, and are composed mainly by: leasehold improvements in properties owned by third parties for the installation of facilities, amortized at rates based on the rental terms; and the cost of purchase and development of systems, amortized at an annual rate of 20%.

3.h) Employee benefits

Short-term benefits for existing employees are recognized on the accrual basis as the services which result in these benefits are provided. Post-employment benefits, comprising supplementary retirement benefits, medical assistance and other benefits for which the Bank is responsible, were calculated at December 31, 2006 in accordance with the criteria established by CVM Deliberation 371 of 12.13.2000.

3.i) Income and Social Contribution Taxes

3.i.1) Corporate income tax is calculated at the basic rate of 15% plus a surcharge of 10% on taxable income, and the Social Contribution on net income is calculated at the basic rate of 9% on taxable income (Note 17.a).

3.i.2) The tax credits were recorded at the current rates calculated on their respective bases, and the recording, maintenance and reversal/use of the credits, is in accordance with Resolution 3059, of December 20, 2002, of the National Monetary Council (changed to Resolution CMN 3355, of March 31, 2006), and are supported by a technical study of future realization prepared by Bank management.

3.i.3) The Bank has recorded IRPJ, CSLL, Pasep and Cofins tax credits on the negative mark-to-market adjustments of securities and derivative financial instruments recorded in a separate account in Stockholders' equity.

3.i.4) IRPJ, CSLL, Pasep and Cofins deferred tax liabilities have been recorded by taking into consideration the positive mark-to-market adjustments of securities and derivative financial instruments recorded in income and the separate account in Stockholders' equity.

3.j) Contingent assets, liabilities and legal obligations

The recognition, measurement and disclosure of contingent assets and liabilities, and legal obligations is performed in accordance with the criteria defined in CVM Deliberation n.º 489/2005.

Contingent assets are only recognized in the financial statements when there is existing evidence demonstrating that realization of the asset is a certainty.

Contingent liabilities are recognized in the financial statements when, based on the opinion of legal counsel and Management, the risk of loss of a lawsuit or administrative proceeding is considered probable, with a likely outflow of financial resources being required to settle the obligations, and when the amounts involved can be measured with sufficient reliability.

The provisions for claims are recorded taking into consideration the possibility of success by the plaintiff in the lawsuit against the Bank and or the subsidiaries.

The provisions for labor claims are recorded considering, also, the jurisprudence applicable to each claim.

The contingencies classified as probable are not recorded, and are required to be disclosed in the financial statements' notes, and the the contingencies classified as remote do not require any provision or disclosure (see Note 26.a).

Legal obligations - fiscal and social security - derived from tax obligations provided for in the applicable legislation, regardless of the probability of success of any lawsuits in progress, and which are recognized in full in the financial statements.

3.k) Use of estimates and judgments

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires Management to make judgments and assumptions, when applicable, in determining accounting estimates. Significant assets and liabilities subject to these judgments and assumptions include the residual value of property, plant and equipment, the allowance for loan losses deferred income tax assets, the provision for contingencies, valuation of derivative financial instruments, and the assets and liabilities relating to employee benefit plans. The actual amounts involved in these transactions will only be known upon their effective settlements.

NOTE 4 – Interbank Investments

	BB - Domestic and Foreign branches		BB- Consolidated	
	09.30.2007	**09.30.2006**	**09/30.2007**	**09.30.2006**
Repurchase agreements	43,004,385	12,897,490	42,938,209	12,814,383
Sales pending settlement – Own operations	2,282,325	1,870,282	2,290,130	1,870,282
Sales pending settlement – Financed operations	38,022,060	11,027,208	37,948,079	10,944,101
Sales pending settlement – Clearing and settlement houses	2,700,000	--	2,700,000	--
Interbank deposits	18,864,250	25,313,882	8,480,867	16,677,625
Foreign currency deposits	2,758,663	1,632,056	2	--
Total	64,627,298	39,843,428	51,419,078	29,492,008

NOTE 5 – Securities and Derivative Financial Instruments

The criteria used for the calculation of market values of marketable securities and derivative financial instruments are as follows:

- the average of the representative trading price on the day of the calculation and the daily adjustments of futures market transactions reported by ANDIMA, BM&F, BOVESPA and the Brazilian Central Bank; or

- the net probable realizable value obtained through extrapolating interest rates, foreign exchange rates, price and currency indices, consistent with prices observed during the quarter.

5.a) Securities

The cost (plus accrued income) and market value of securities at September 30, 2007 is as follows:

BB - Domestic and foreign branches

Maturity in days	09.30.2007 Market Value					09.30.2007 Total			09.30.2006 Total		
	With no Maturity	0-30	31-180	181-360	over 360	Cost	Market Value	Unrealized gain (loss)	Cost	Market Value	Unrealized gain (loss)
1 - Trading securities	2,235	1,490,735	804,783	4,866,743	6,497,708	13,658,299	13,662,204	=	5,102,153	5,130,637	=
Domestic	2,235	1,490,735	804,783	4,866,743	6,497,708	13,658,299	13,662,204	=	5,102,153	5,130,637	=
Financial Treasury Bills	–	471	135,190	48,036	2,293,083	2,476,213	2,476,780	–	2,647,953	2,648,546	–
Federal Treasury Bills	–	1,490,264	669,435	4,818,707	2,503,270	9,479,505	9,481,676	–	2,388,309	2,415,454	–
Federal Treasury Notes	–	–	158	–	1,696,667	1,695,678	1,696,825	–	65,891	66,637	–
Shares in listed companies	2,235	–	–	–	–	2,214	2,235	–	–	–	–
Debentures	–	–	–	–	4,688	4,691	4,688	–	–	–	–
2 - Available-for-sale securities	23,667	2,168,048	3,011,477	7,535,352	24,284,640	36,715,301	37,023,184	307,883	40,456,884	40,651,484	194,600
Domestic	23,666	2,168,048	2,913,312	7,533,116	22,670,908	35,157,497	35,309,048	151,551	39,166,973	39,252,454	85,481
Financial Treasury Bills	–	477,138	2,533,059	3,277,318	14,906,782	21,138,530	21,194,297	55,767	31,626,284	31,747,440	121,156
Federal Treasury Bills	–	1,159,513	55,513	1,532,597	2,756,609	5,433,751	5,504,232	20,481	1,052,274	1,059,757	7,483
Brazilian Central Bank Notes	–	–	–	–	–	–	–	–	165,247	164,364	(883)
Federal Treasury Notes	–	–	–	2,337,141	3,832,250	6,107,456	6,169,391	61,935	3,542,185	3,520,084	(22,101)
Federal Government securities – other	–	452,151	–	–	966,639	1,415,678	1,418,790	3,112	1,706,640	1,714,359	7,719
Debentures	–	–	–	–	166,387	137,767	166,387	(1,380)	62,961	60,781	(2,180)
Agricultural debt securities	–	32	604	141	7,485	9,474	8,262	(1,212)	8,488	6,715	(1,773)
Shares in investment funds	4,149	–	–	–	–	4,149	4,149	–	6,500	6,500	–
Shares in social development funds	867	–	–	–	–	1,545	867	(678)	1,545	592	(953)
Shares in listed companies	18,650	–	–	–	–	7,364	18,650	11,286	7,364	4,859	(2,505)
Rural Product Bills (Commodities)	–	79,214	324,136	147,040	3,036	551,437	553,426	1,989	987,485	967,003	(20,482)
Other	–	–	–	238,879	31,718	270,346	270,597	251	–	–	–
Abroad	1	=	98,165	2,236	1,613,734	1,557,804	1,714,136	156,332	1,289,911	1,399,030	109,119
Brazilian foreign debt securities	–	–	94,668	936	1,575,717	1,515,145	1,671,321	156,176	1,229,213	1,337,390	108,177
Foreign debt securities - other countries	–	–	3,497	1,300	38,017	42,659	42,814	155	49,399	49,284	(115)
Shares in equity funds	–	–	–	–	–	–	–	–	6,904	7,976	1,072
Shares in listed companies	1	–	–	–	–	–	1	1	–	1	1
Other	–	–	–	–	–	–	–	–	4,395	4,379	(16)
3 – Held-to-maturity securities	=	13,584	4,430,053	1,935,802	13,647,696	20,025,756	20,027,133	=	24,930,620	24,808,994	=
Domestic	=	41	4,425,479	1,685,870	13,497,260	19,628,952	19,608,640	=	24,211,350	24,044,160	=
Financial Treasury Bills	–	–	1,685,734	1,685,848	13,482,018	16,852,726	16,853,600	–	20,859,207	20,859,578	–
Federal Treasury Notes	–	–	2,739,389	22	15,232	2,775,828	2,754,643	–	2,575,341	2,407,918	–
Federal Government securities – other	–	–	–	–	–	–	–	–	770,188	770,218	–
Commodities	–	41	356	–	–	398	397	–	6,614	6,446	–
Abroad	=	13,542	4,574	249,932	150,445	396,804	418,493	=	719,270	764,834	=
EUROBONDS	–	–	107	13,110	–	13,219	13,217	–	13,869	13,864	–
Brazilian foreign debt securities	–	–	1	236,822	150,445	355,577	387,268	–	683,788	732,551	–
Foreign debt securities - other countries	–	13,542	4,466	–	–	18,008	18,008	–	410	412	–
Other	–	–	–	–	–	–	–	–	21,203	18,007	–
Total	25,902	3,672,366	8,246,313	14,337,897	44,430,043	70,399,356	70,712,521	307,883	70,489,657	70,591,115	194,600

Maturity in days	09.30.2007 Market Value					09.30.2007 Total			09.30.2006 Total		
	With no Maturity	0-30	31-180	181-360	over 360	Cost	Market Value	Unrealized gain (loss)	Cost	Market Value	Unrealized gain (loss)
Total by portfolio	25,902	3,672,366	8,246,313	14,337,897	44,430,043	70,399,356	70,712,521	307,883	70,489,657	70,591,115	194,600
a) Own portfolio	25,902	3,420,651	5,519,534	9,036,627	15,510,212	33,404,184	33,512,926	115,931	34,171,078	34,137,447	83,987
b) Subject to repurchase agreements	–	–	2,154,890	4,613,221	25,328,955	31,895,842	32,097,066	188,755	31,942,399	32,075,900	109,039
c) Deposits with the Brazilian Central Bank	–	251,715	571,753	364,866	3,254,216	4,441,965	4,442,550	586	3,779,149	3,779,922	774
d) Pledged in guarantee	–	–	136	323,183	336,660	657,365	659,979	2,611	597,031	597,846	800

Maturity in years	09.30.2007 Market Value					09.30.2007 Total		09.30.2006 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	Market Value	Cost	Market Value
Total by category	25,902	26,256,576	37,827,847	5,449,864	1,352,332	70,399,356	70,712,521	70,489,657	70,591,115
1 - Trading securities	2,235	7,162,261	6,334,063	163,645	–	13,658,299	13,662,204	5,102,153	5,130,637
2 - Available-for-sale securities	23,667	12,714,877	22,481,983	450,325	1,352,332	36,715,301	37,023,184	40,456,884	40,651,484
3 - Held-to-maturity securities	–	6,379,438	8,811,801	4,835,894	–	20,025,756	20,027,133	24,930,620	24,808,994

The securities portfolio at market value is as follows:

	09.30.2007		09.30.2006	
By category				
1 – Trading securities	13,662,204	19%	5,130,637	8%
2 – Available–for–sale securities	37,023,184	53%	40,651,484	57%
3 – Held–to–maturity securities	20,025,756	28%	24,930,620	35%
Book value	70,711,144	100%	70,712,741	100%
Marked-to market effects on Held-to-maturity securities	1,377		(121,626)	
Portfolio at marked to marked value	70,712,521		70,591,115	

BB-Consolidated

Maturity in days	09.30.2007 Valor de Mercado With no Maturity	0-30	31-180	181-360	over 360	09.30.2007 Total Cost	Market Value	Unrealized gain (loss)	09.30.2006 Total Cost	Market Value	Unrealized gain (loss)
1 - Trading securities	5,273	1,762,683	804,783	4,868,743	6,497,708	14,044,146	14,045,771	=	5,176,773	5,204,575	=
Domestic	5,273	1,762,683	804,783	4,868,743	6,497,708	13,533,611	13,937,190	=	5,107,685	5,136,270	=
Financial Treasury Bills	–	471	135,190	48,036	2,293,083	2,476,213	2,476,780	–	2,647,953	2,648,548	–
Federal Treasury Bills	–	1,490,264	669,435	4,818,707	2,503,270	9,479,505	9,481,676	–	2,388,309	2,415,454	–
Federal Treasury Notes	–	–	158	–	1,696,667	1,695,676	1,696,825	–	65,891	66,637	–
Debentures	–	51,164	–	–	4,688	56,145	55,852	–	–	–	–
Promissory Notes	–	220,784	–	–	–	220,784	220,784	–	–	–	–
Shares in listed companies	3,443	–	–	–	–	3,458	3,443	–	1,838	1,937	–
Shares in investment funds	1,830	–	–	–	–	1,830	1,830	–	3,696	3,696	–
Abroad	=	570	5,739	102,272	=	110,535	108,581	=	69,088	68,305	=
EUROBONDS	–	–	1,529	61,337	–	64,167	62,866	–	45,411	44,989	–
Brazilian foreign debt securities	–	–	1,221	40,935	–	42,613	42,156	–	23,677	23,316	–
Foreign debt securities - other countries	–	570	2,989	–	–	3,555	3,559	–	–	–	–
2 - Available-for-sale securities	869,028	2,168,048	3,159,207	7,556,788	24,711,106	37,157,228	38,466,177	498,449	42,872,778	43,180,090	307,312
Domestic	832,815	2,168,048	2,913,312	7,554,552	22,995,121	36,155,428	36,463,848	298,420	41,300,443	41,460,724	160,281
Financial Treasury Bills	–	477,138	2,533,059	3,298,754	14,924,017	21,177,206	21,232,968	55,762	31,654,088	31,775,236	121,146
Federal Treasury Bills	–	1,159,513	55,513	1,532,597	2,756,609	5,453,751	5,504,232	20,481	1,052,274	1,059,757	7,484
Brazilian Central Bank Notes	–	–	–	–	–	–	–	–	165,247	164,364	(883)
Federal Treasury Notes	–	–	–	2,337,141	3,832,250	6,107,456	6,169,391	61,935	3,542,185	3,520,084	(22,101)
Federal Government securities – other	–	452,151	–	–	966,639	1,415,678	1,418,790	3,112	1,706,640	1,714,359	7,718
Debentures	–	–	–	–	435,780	436,450	435,780	(670)	243,102	241,817	(1,285)
Promissory Notes	–	–	–	–	–	–	–	–	1,245,965	1,245,745	(220)
Agricultural debt securities	–	32	604	141	7,485	9,474	8,262	(1,212)	8,488	6,715	(1,773)
Shares in investment funds – FDIC	–	–	–	–	5,203	5,040	5,203	163	–	–	–
Shares in equity funds – other	–	–	–	–	32,384	32,807	32,384	(423)	–	–	–
Shares in investment funds – other	4,149	–	–	–	–	4,149	4,149	–	14,376	14,541	165
Shares in social development funds	867	–	–	–	–	10,321	867	(9,454)	10,321	592	(9,728)
Shares in listed companies	592,686	–	–	–	–	451,969	592,686	140,717	469,462	535,243	65,782
Shares in privately-held companies	264	–	–	–	–	7	264	257	2,749	3,016	267
Shares in equity funds	216,194	–	–	–	–	186,209	216,194	29,985	197,108	212,107	14,999
Rural Product Bills (Commodities)	–	79,214	324,136	147,040	3,036	551,437	553,426	1,989	987,485	967,003	(20,482)
Securities in special status company	–	–	–	–	–	808	–	(808)	808	–	(808)
Other	18,655	–	–	238,879	31,718	292,666	289,252	(3,414)	145	145	–
Abroad	36,213	=	255,895	2,236	1,707,985	1,812,300	2,002,329	200,029	1,572,335	1,719,366	147,031
EUROBONDS	–	–	94,668	936	1,669,968	1,579,460	1,765,572	186,112	1,305,110	1,442,405	137,295
Brazilian foreign debt securities	–	–	161,227	1,300	38,017	200,389	200,544	155	216,346	216,231	(115)
Foreign debt securities - other countries	32,689	–	–	–	–	21,700	32,689	10,989	32,563	40,978	8,415
Shares in equity funds	3,524	–	–	–	–	751	3,524	2,773	977	2,414	1,437
Shares in listed companies	–	–	–	–	–	–	–	–	17,339	17,338	(1)
3 - Held-to-maturity securities	=	13,583	4,433,363	1,935,807	13,647,695	20,029,066	20,030,443	=	24,933,798	24,812,175	=
Domestic	=	41	4,425,479	1,685,870	13,497,250	19,628,952	19,608,640	=	24,211,350	24,044,160	=
Financial Treasury Bills	–	–	1,685,734	1,685,848	13,482,018	16,852,726	16,853,600	–	20,859,207	20,859,578	–
Federal Treasury Notes	–	–	2,739,389	22	15,232	2,775,828	2,754,643	–	2,575,341	2,407,918	–
Federal Government securities - other	–	–	–	–	–	–	–	–	770,188	770,218	–
Commodities	–	41	356	–	–	398	397	–	6,614	6,446	–
Abroad	=	13,542	7,884	249,937	150,445	420,114	421,803	=	722,448	768,015	=
EUROBONDS	–	–	107	13,110	–	13,219	13,217	–	13,869	13,864	–
Brazilian foreign debt securities	–	–	3,311	236,822	150,445	388,887	390,578	–	686,860	735,623	–
Foreign debt securities - other countries	–	13,542	4,466	–	–	18,008	18,008	–	410	412	–
Other	–	–	–	–	–	–	–	–	21,309	18,116	–
Total	874,301	3,944,884	8,413,092	14,461,605	44,848,509	72,010,940	72,542,391	498,449	72,983,349	73,196,840	307,312

Maturity in days	09.30.2007 Valor de Mercado With no Maturity	0-30	31-180	181-360	Over 360	09.30.2007 Total Cost	Market Value	Unrealized gain (loss)	09.30.2006 Total Cost	Market Value	Unrealized gain (loss)
Total by portfolio	874,301	3,944,884	8,413,092	14,461,605	44,848,509	72,010,940	72,542,391	498,449	72,983,349	73,196,840	307,312
a) Own portfolio	874,301	3,693,169	5,686,314	9,160,335	15,834,427	34,931,453	35,248,546	276,562	36,586,673	36,638,157	187,579
b) Subject to repurchase agreements	–	–	2,154,889	4,613,221	25,423,205	31,930,157	32,191,315	218,690	32,018,296	32,180,915	138,159
c) Deposits with the Brazilian Central Bank	–	251,715	571,753	384,866	3,254,217	4,411,965	4,442,551	586	3,779,149	3,779,922	774
d) Pledged in guarantee	–	–	136	323,183	336,660	657,365	659,979	2,611	597,031	597,846	800

Maturity in years	09.30.2007 Market Value 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	Total Cost	Market Value	09.30.2006 Total Cost	Market Value
Total by category	874,301	26,819,581	37,919,447	5,473,185	1,455,874	72,040,940	72,542,391	72,983,349	73,196,840
1 - Trading securities	5,273	7,542,790	6,334,063	163,645	–	14,044,146	14,045,771	5,176,773	5,204,575
2 - Available-for-sale securities	869,028	12,894,043	22,773,583	473,649	1,455,874	37,967,728	38,466,177	42,872,778	43,180,090
3 - Held-to-maturity securities	–	6,382,748	8,811,801	4,835,894	–	20,029,066	20,030,443	24,933,798	24,812,175

The securities portfolio at market value is as follows:

	09.30.2007		09.30.2006	
By category				
1 - Trading securities	14,045,771	19%	5,204,575	7%
2 - Available–for–sale securities	38,466,177	53%	43,180,090	59%
3 - Held–to–maturity securities	20,029,066	18%	24,933,798	34%
Book value	72,541,014	100%	73,318,463	100%
Marked-to-market effects on Held-to-maturity securities	1,377		(121,623)	
Portfolio at marked to marked value	72,542,391		73,196,840	

5.b) Derivative financial instruments

The Bank uses derivative financial instruments to manage, in a consolidated manner, its positions, and to meet clients' needs, classifying own positions as either Held for Hedging (market risk) or Trading, both portfolios subject to limits and approvals. This information is made available to the pricing, trading, controls and results analysis areas; which are segregated within the Bank.

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

The Bank uses appropriate tools and systems to manage its derivatives portfolios, trading in new derivatives, whether standardized instruments or not, is subject to prior risk analysis.

The hedging strategy for equity positions is in-line with macroeconomic analyses and is approved by management ("Conselho Diretor").

Risk analysis at the subsidiaries is individual, however, controls are consolidated. The Bank uses statistical methods and simulations to measure the risks inherent in its positions, including derivatives, such as value at risk, sensibility and *stress* analyses.

Risks

The main risks inherent to derivative financial instruments resulting from the Bank's and its subsidiaries' business are credit, market and operating risks, all similar to those related to other types of financial instruments.

Market risk is the exposure created by a potential fluctuation in interest rates, exchange rates, quotations of goods, prices quoted on stock markets and other values, and is a function of the type of product, the volume of operations, the terms and conditions of the contract and the underlying volatility.

Credit risk is the exposure to loss in the event of default by a counterparty to a transaction, The credit exposure in futures contracts is minimized due to the daily settlement in cash, Swap contracts registered on the CETIP and BM&F are subject to credit risk if the counterparty is unable or unwilling to comply with his contractual liabilities, Total credit exposure arising from swaps, at September 30, 2007 amount to R$ 1,784,418 (R$ 1,400,653 at September 30, 2006), The credit risk associated with options contracts is limited to the premiums paid on purchased options.

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

The tables below show the notional amounts, cost and market value, at September 30, 2007, of the derivative financial instruments classified in conformity with their classification as Trading or Hedge instruments.

Trading derivatives (by index)

By Index	Counter-Party	BB-Domestic and Foreign Branches						BB-Consolidated					
		09.30.2007			09.30.2006			09.30.2007			09.30.2006		
		Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	M V
Exchange traded													
Forward contracts													
Purchase commitments		5,184,611	58,344	58,711	3,278,492	864	930	5,184,611	58,344	58,711	3,278,492	864	
DI	B	4,183,390	(4,649)	(4,649)	840,641	6,652	6,652	4,183,390	(4,649)	(4,649)	840,641	6,652	
Currencies		94,758	70,495	70,495	–	–	–	94,758	70,495	70,495	–	–	
US dollar	B	–	–	–	43,484	(148)	(148)	–	–	–	43,484	(148)	
Index	B	–	(20)	(20)	1,829	(236)	(236)	–	(20)	(20)	1,829	(236)	
Foreign exchange coupon	B	140,733	(8,717)	(8,717)	344,328	(6,610)	(6,610)	140,733	(8,717)	(8,717)	344,328	(6,610)	
Libor	IF	727,349	–	367	1,964,258	–	66	727,349	–	367	1,964,258	–	
Commodities	B	–	116	116	–	(1)	(1)	–	116	116	–	(1)	
SCC (*)	B	18,381	1,119	1,119	83,952	1,207	1,207	18,381	1,119	1,119	83,952	1,207	
Sales commitments		(765,562)	(22,149)	(23,387)	(829,646)	(20,879)	(20,733)	(765,562)	(22,149)	(23,387)	(829,646)	(20,879)	
DI	B	436,846	(4,443)	(4,443)	851,020	(29,945)	(29,945)	436,846	(4,443)	(4,443)	851,020	(29,945)	
Currencies		27,684	(23,049)	(23,049)	–	–	–	27,684	(23,049)	(23,049)	–	–	
US dollar	B	–	–	–	86,871	5,620	5,620	–	–	–	86,871	5,620	
Index	B	–	(26)	(26)	–	(257)	(257)	–	(26)	(26)	–	(257)	
Foreign exchange coupon	B	87,667	5,432	5,432	207,658	3,704	3,704	87,667	5,432	5,432	207,658	3,704	
Libor	IF	(1,317,914)	–	(1,238)	(1,975,195)	–	146	(1,317,914)	–	(1,238)	(1,975,195)	–	
Commodities	B	155	(63)	(63)	–	(1)	(1)	155	(63)	(63)	–	(1)	
Fixed-term options													
Asset position		1,016,850	330,420	328,641	593,632	96,239	106,026	1,016,850	330,420	328,641	593,632	96,239	
Term	B	268,695	268,695	268,695	96,873	96,873	96,873	268,695	268,695	268,695	96,873	96,873	
Currencies	B	748,155	61,725	59,946	496,759	(634)	9,153	748,155	61,725	59,946	496,759	(634)	
Liability position		3,516,768	(769,348)	(843,385)	1,168,585	(182,129)	(148,905)	3,516,768	(769,348)	(843,385)	1,168,585	(182,129)	
Term	B	(268,695)	(268,695)	(268,695)	(96,873)	(96,873)	(96,873)	(268,695)	(268,695)	(268,695)	(96,873)	(96,873)	
Currencies	B	3,785,463	(500,653)	(374,690)	1,265,458	(85,256)	(52,032)	3,785,463	(500,653)	(374,690)	1,265,458	(85,256)	
Options													
Purchase options		1,887	38	19	100	84	38	8,131	610	342	3,738	826	
Shares	B	1,887	38	19	100	84	38	1,887	38	19	100	84	
Financial assets & derivatives	C	–	–	–	–	–	–	6,244	572	323	3,638	542	
Sales options		(892,639)	(1,244,496)	(1,256,987)	(1,336,839)	(2,887,354)	(2,910,527)	(886,395)	(1,245,068)	(1,257,310)	(1,333,201)	(2,887,896)	(2,
Shares	B	(892,639)	(1,244,496)	(1,256,987)	(1,336,839)	(2,887,354)	(2,910,527)	(892,639)	(1,244,496)	(1,256,987)	(1,336,839)	(2,887,354)	(2,
Financial assets & derivatives	IF	–	–	–	–	–	–	6,244	(572)	(323)	3,638	(542)	
Over-the-counter trading													
Swap contracts													
Asset position		8,846,431	1,100,475	1,138,264	5,582,623	205,184	330,577	8,775,591	1,100,412	1,138,941	5,511,832	205,039	
DI	C	3,911,577	613,791	614,667	1,576,112	151,249	238,132	3,911,577	613,791	614,667	1,576,112	151,249	
	IF	4,107,185	436,036	423,506	1,333,488	24,415	26,865	4,107,185	436,036	423,506	1,333,488	24,415	
Foreign currency	C	24,955	277	331	186,965	17,129	48,000	24,955	277	331	186,965	17,129	
	IF	210,071	36,136	82,830	166,769	1,246	925	210,071	36,136	82,830	166,769	1,246	
Prefixed	C	573,791	14,179	15,751	2,319,289	11,125	16,655	521,803	14,172	15,807	2,248,498	11,000	
IPCA		18,852	56	1,179	–	–	–	–	–	–	–	–	
Liability position		24,141,013	(487,349)	(497,027)	17,763,793	(267,173)	(323,760)	24,141,013	(487,349)	(497,027)	17,763,793	(267,173)	
DI	C	11,386,402	(183,075)	(183,360)	14,745,031	(219,861)	(228,214)	11,386,402	(183,075)	(183,360)	14,745,031	(219,861)	
	IF	1,334,212	(175,063)	(179,455)	290,321	(17,019)	(19,448)	1,334,212	(175,063)	(179,455)	290,321	(17,019)	
Foreign currency	C	613,624	(10,735)	(11,777)	1,013,864	(929)	(24,677)	613,624	(10,735)	(11,777)	1,013,864	(929)	
	IF	198,901	(629)	(13,551)	645,723	8,405	(13,377)	198,901	(629)	(13,551)	645,723	8,405	
Prefixed	C	532,558	(52,029)	(43,155)	40,935	(565)	(778)	532,558	(52,029)	(43,155)	40,935	(565)	
	IF	–	–	–	–	–	–	–	–	–	–	–	
TMS	C	9,679,300	(55,738)	(55,738)	716,749	(27,254)	(27,316)	9,679,300	(55,738)	(55,738)	716,749	(27,254)	
TR	C	396,016	(10,080)	(9,991)	311,170	(9,950)	(9,950)	396,016	(10,080)	(9,991)	311,170	(9,950)	
Forward contracts													
Asset position		678,513	101,798	119,339	885,079	89,053	11,563	678,303	101,134	118,712	788,205	88,610	
Foreign currency	IF	144,379	101,513	119,054	776,409	88,999	11,509	144,169	100,849	118,427	679,535	88,556	
Other	–	534,134	285	285	108,670	54	54	534,134	285	285	108,670	54	
Liability position		1,576,956	(43,488)	(55,577)	3,197,033	(60,609)	(48,305)	1,575,554	(41,839)	(53,654)	3,187,198	(59,392)	
Foreign currency	IF	860,402	(42,511)	(54,600)	2,460,418	(59,344)	(47,040)	859,000	(40,862)	(52,677)	2,450,582	(58,126)	
Other	–	716,554	(977)	(977)	736,615	(1,265)	(1,265)	716,554	(977)	(977)	736,614	(1,266)	

Counterparty: (B) Stock Exchange, (IF) Financial Institution, and (C) Client

(*) "Swap" transactions with periodical adjustments.

The margin given as guarantee for transactions with derivative financial instruments is comprised of Financial Treasury Bills (LFT) and pledged TDA's, amounting to R$ 659,979 at September 30, 2007 (R$ 597,846 at September 30, 2006).

Trading derivatives (by maturity)

By maturity	BB-Domestic and Foreign Branches						BB-Consolidated					
	09.30.2007			09.30.2006			09.30.2007			09.30.2006		
	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	M V
Forwards contracts												
Purchase commitments	5,164,611	=	=	3,278,492	=	=	5,164,611	=	=	3,278,492	=	
Up to 30 days	874,581	–	–	45,313	–	–	874,581	–	–	45,313	–	
61 to 90 days	24,380	–	–	–	–	–	24,380	–	–	–	–	
91 to 180 days	65,492	–	–	519,216	–	–	65,492	–	–	519,216	–	
181 to 360 days	578,310	–	–	970,321	–	–	578,310	–	–	970,321	–	
1 to 5 years	1,893,093	–	–	988,993	–	–	1,893,093	–	–	988,993	–	
Over 5 years	1,728,755	–	–	737,262	–	–	1,728,755	–	–	737,262	–	
Forwards contracts	–	–	–	17,387	–	–	–	–	–	17,387	–	
Sales commitments	(765,562)	=	=	(829,846)	=	=	(765,562)	=	=	(829,846)	=	
Up to 30 days	–	–	–	106,480	–	–	–	–	–	106,480	–	
31 to 60 days	7,823	–	–	78,083	–	–	7,823	–	–	78,083	–	
61 to 90 days	(187,486)	–	–	(97,283)	–	–	(187,486)	–	–	(97,283)	–	
91 to 180 days	(169,606)	–	–	(176,045)	–	–	(169,606)	–	–	(176,045)	–	
181 to 360 days	(141,796)	–	–	(319,490)	–	–	(141,796)	–	–	(319,490)	–	
1 to 5 years	(327,423)	–	–	(380,096)	–	–	(327,423)	–	–	(380,096)	–	
Over 5 years	52,926	–	–	(41,295)	–	–	52,926	–	–	(41,295)	–	
Fixed-term options												
Securities												
Asset position	268,695	268,695	268,695	96,873	96,873	96,873	268,695	268,695	268,695	96,873	96,873	
Up to 30 days	268,695	268,695	268,695	96,873	96,873	96,873	268,695	268,695	268,695	96,873	96,873	
Liability position	(268,695)	(268,695)	(268,695)	(96,873)	(96,873)	(96,873)	(268,695)	(268,695)	(268,695)	(96,873)	(96,873)	
Up to 30 days	(268,695)	(268,695)	(268,695)	(96,873)	(96,873)	(96,873)	(268,695)	(268,695)	(268,695)	(96,873)	(96,873)	
Currency maturity												
Asset position	748,155	61,725	59,948	496,759	(634)	9,153	748,155	61,725	59,948	496,759	(634)	
Up to 30 days	263,359	19,802	20,344	85,987	142	2,210	263,359	19,802	20,344	85,987	142	
31 to 60 days	67,650	1,894	1,813	73,644	198	1,724	67,650	1,894	1,813	73,644	198	
61 to 90 days	171,526	30,547	29,237	28,933	109	1,147	171,526	30,547	29,237	28,933	109	
91 to 180 days	200,124	8,659	6,764	40,709	(321)	784	200,124	8,659	6,764	40,709	(321)	
181 to 360 days	25,054	2,005	1,335	218,797	(762)	1,759	25,054	2,005	1,335	218,797	(762)	
1 to 5 years	20,442	(1,182)	453	48,689	–	1,529	20,442	(1,182)	453	48,689	–	
Liability position	3,785,463	(500,653)	(374,690)	1,265,458	(85,256)	(52,032)	3,785,463	(500,653)	(374,690)	1,265,458	(85,256)	
Up to 30 days	332,209	(37,527)	(38,022)	280,147	(2,235)	(4,912)	332,209	(37,527)	(38,022)	280,147	(2,235)	
31 to 60 days	213,006	(25,985)	(25,487)	62,925	(2,019)	(2,070)	213,006	(25,985)	(25,487)	62,925	(2,019)	
61 to 90 days	258,044	(32,273)	(30,603)	102,581	(5,344)	(4,511)	258,044	(32,273)	(30,603)	102,581	(5,344)	
91 to 180 days	793,402	(103,151)	(91,387)	353,370	(19,430)	(12,160)	793,402	(103,151)	(91,387)	353,370	(19,430)	
181 to 360 days	1,287,856	(148,853)	(106,688)	235,245	(21,171)	(12,831)	1,287,856	(148,853)	(106,688)	235,245	(21,171)	
1 to 5 years	900,946	(152,864)	(82,503)	231,190	(35,057)	(15,548)	900,946	(152,864)	(82,503)	231,190	(35,057)	
Options market												
Purchase options												
Shares	1,887	38	19	100	84	38	8,131	610	342	3,736	826	
Up to 30 days	–	–	–	100	84	38	151	12	–	222	88	
31 to 60 days	–	–	–	–	–	–	–	–	–	282	8	
61 to 90 days	1,887	38	19	–	–	–	1,887	38	19	–	–	
91 to 180 days	–	–	–	–	–	–	80	3	–	1,717	37	
181 to 360 days	–	–	–	–	–	–	6,013	557	323	1,517	493	
Sales options												
Shares	(892,639)	(1,244,496)	(1,256,987)	(1,336,839)	(2,887,354)	(2,910,527)	(886,395)	(1,245,068)	(1,257,310)	(1,333,201)	(2,887,896)	(2,
Up to 30 days	(367,702)	(655,718)	(658,837)	(272,445)	(586,616)	(590,599)	(367,551)	(655,730)	(658,837)	(272,445)	(586,616)	(
31 to 60 days	(288,482)	(538,985)	(542,518)	(150,204)	(328,018)	(329,333)	(288,482)	(538,985)	(542,518)	(150,082)	(328,022)	(
61 to 90 days	(1,886)	(38)	(96)	–	–	–	(1,886)	(38)	(96)	282	(8)	
91 to 180 days	(212,094)	(3,163)	(2,349)	–	–	–	(212,014)	(3,166)	(2,349)	1,717	(37)	
181 to 360 days	(22,475)	(46,592)	(53,187)	(916)	(2,000)	(2,061)	(16,462)	(47,149)	(53,510)	601	(2,493)	
1 to 5 years	–	–	–	(913,274)	(1,970,720)	(1,968,514)	–	–	–	(913,274)	(1,970,720)	(1,

Swap contracts											
Asset	8,846,431	1,100,475	1,138,264	5,582,623	205,164	330,577	8,775,591	1,100,412	1,136,941	5,511,832	205,039
Up to 30 days	552,500	64,310	67,662	582,996	27,722	114,176	506,700	64,307	67,655	582,998	27,722
31 to 60 days	617,947	69,094	69,597	414,511	9,076	11,462	617,947	69,094	69,597	414,511	9,076
61 to 90 days	914,051	180,288	225,491	286,368	29,450	24,283	914,051	180,288	225,491	286,368	29,450
91 to 180 days	1,585,853	188,433	190,677	477,051	15,211	17,360	1,585,853	188,434	190,677	406,260	15,086
181 to 360 days	2,239,520	256,557	255,597	1,279,887	35,095	39,149	2,239,520	256,557	255,597	1,279,887	35,095
1 to 5 years	2,919,850	339,825	326,760	2,541,808	88,610	124,147	2,901,520	339,775	325,967	2,541,808	88,610
5 to 10 years	16,710	1,968	2,480	-	-	-	10,000	1,957	1,957	-	-
Liability	24,141,013	(487,349)	(497,027)	17,783,793	(267,173)	(323,780)	24,141,013	(487,349)	(497,027)	17,783,793	(267,173)
Up to 30 days	541,996	(25,109)	(26,855)	476,179	(10,736)	(17,800)	541,996	(25,109)	(26,855)	476,179	(10,736)
31 to 60 days	8,654,833	(47,106)	(47,283)	5,828,869	(49,612)	(49,421)	8,654,833	(47,106)	(47,283)	5,828,869	(49,612)
61 to 90 days	1,032,360	(31,448)	(32,027)	659,481	(20,192)	(20,171)	1,032,360	(31,448)	(32,027)	659,481	(20,192)
91 to 180 days	1,708,856	(85,840)	(85,994)	1,249,888	(43,371)	(44,069)	1,708,856	(85,840)	(85,994)	1,249,888	(43,371)
181 to 360 days	3,770,115	(100,454)	(98,889)	3,639,313	(65,795)	(66,978)	3,770,115	(100,454)	(98,889)	3,639,313	(65,795)
1 to 5 years	8,432,853	(197,392)	(205,979)	5,910,063	(77,467)	(125,323)	8,432,853	(197,392)	(205,979)	5,910,063	(77,467)
Forward contracts											
Asset	678,513	101,798	119,339	885,079	89,053	11,563	678,303	101,134	118,712	788,205	88,610
Up to 30 days	195,378	46,977	55,301	270,401	14,274	4,311	195,326	46,695	55,012	213,571	13,948
31 to 60 days	3,084	6,250	7,001	102,230	23,535	1,547	3,074	6,230	6,981	62,186	23,418
61 to 90 days	231,902	4,705	4,944	79,022	683	955	231,754	4,343	4,626	79,022	683
91 to 180 days	226,717	41,278	45,490	413,582	50,447	4,472	226,717	41,278	45,490	413,582	50,447
181 to 360 days	21,431	2,562	6,601	19,844	114	278	21,431	2,562	6,601	19,844	114
1 to 5 years	1	26	2	-	-	-	1	26	2	-	-
5 to 10 years											
	1,576,956	(43,488)	(55,577)	3,197,033	(60,609)	(48,305)	1,575,554	(41,839)	(53,654)	3,187,196	(59,392)
Liability	560,877	(16,272)	(24,333)	699,347	(9,849)	(9,159)	559,758	(15,089)	(22,996)	696,453	(9,824)
Up to 30 days	363,720	(3,173)	(3,729)	798,133	(11,223)	(8,418)	363,640	(2,989)	(3,400)	798,112	(11,223)
31 to 60 days	308,557	(6,416)	(7,723)	115,868	(2,297)	(2,455)	308,355	(6,136)	(7,468)	115,842	(2,296)
61 to 90 days	149,892	(16,122)	(17,320)	467,946	(9,322)	(5,740)	149,892	(16,122)	(17,320)	467,813	(9,316)
91 to 180 days	193,909	(1,503)	(2,470)	773,606	(11,860)	(7,998)	193,909	(1,503)	(2,470)	773,544	(11,842)
181 to 360 days	1	(2)	(2)	339,610	(15,511)	(14,468)	-	-	-	335,432	(14,891)
1 to 5 years	-	-	-	2,323	(547)	(67)	-	-	-	-	-

Derivatives Financial Instruments segregated by current and long term transactions:

	BB-Domestic and Foreign Branches				BB-Consolidated			
	09.30.2007		09.30.2006		09.30.2007		09.30.2006	
	Current	Long Term	Current	Long Term	Current	Long Term	Current	Long Term
ASSET								
Fixed-term options	328,188	453	104.497	1.529	328,188	453	104.497	1,529
Options	19	–	38	–	342	–	471	–
Swap contracts	809,024	329,240	206.430	124.147	809,017	327,924	205.814	124,147
Forward contracts	119,337	2	11,563	–	118,710	2	11,326	–
Total	1,256,568	329,695	322,528	125,676	1,256,257	328,379	322,108	125,676
LIABILITIES								
Fixed-term options	(560,882)	(82,503)	(133,357)	(15,548)	(560,882)	(82,503)	(133,357)	(15,548)
Options	(1,256,987)	–	(922,013)	(1,988,514)	(1,257,310)	–	(922,446)	(1,988,514)
Swap contracts	(291,048)	(228,725)	(198,437)	(125,323)	(291,048)	(228,725)	(198,437)	(125,323)
Forward contracts	(55,575)	(2)	(33,770)	(14,535)	(53,654)	–	(33,733)	(14,332)
LIABILITIES	(2,164,492)	(311,230)	(1,287,577)	(2,143,920)	(2,162,894)	(311,228)	(1,287,973)	(2,143,717)

5.c) Adjustment to market value - securities and derivatives

The mark-to-market treatment established by the Central Bank of Brazil (Bacen) in Circular Letters 3068/2001 and 3082/2002 for securities classified as Trading and for derivative financial instruments, and later regulations, resulted in the following income and expense being recognized in the periods:

	BB-Domestic and Foreign Branches		BB-Consolidated	
	3rd quarter 2007	3rd quarter 2006	3rd quarter 2007	3rd quarter 2006
Securities	(43,455)	43,545	(39,536)	16,292
Derivatives	13,332	(35,280)	14,600	(35,823)
Total	13,332	8,265	14,6	(19,531)

5.d) Securities reclassification in accordance with art.5° of BACEN's Circular 3068, dated 11.08.2001

During the quarter ended at September 30, 2007, no reclassification in the securities portfolio was recorded.

NOTE 6 – Loan and Lease Operations

6.a) Details of the loan portfolio and "Other receivables" with characteristics of loans:

	BB - Domestic and Foreign branches		BB-Consolidated	
	09.30.2007	09.30.2006	09.30.2007	09.30.2006
Loan operations	128,544,017	98,154,522	129,486,515	99,473,688
Discounted loans and bills	53,180,874	41,877,916	53,442,511	42,117,388
Financing	38,879,877	24,824,575	39,691,749	26,069,796
Rural and agribusiness financing	45,692,828	39,617,933	45,692,828	39,617,933
Financing of securities	439	418	--	--
(Allowance for loan losses)	(9,210,001)	(8,166,320)	(9,340,573)	(8,331,429)
Other receivables with loan Characteristics	9,933,623	9,247,817	11,008,284	10,086,711
Receivables from guarantees honored	47,225	147,301	47,225	147,301
Advances on foreign exchange contracts	7,680,815	7,382,564	7,680,815	7,382,564
Sundry	2,505,696	2,114,935	3,580,397	2,953,956
(Allowance for losses on other receivables)	(300,113)	(396,983)	(300,153)	(397,110)
Lease operations	(24)	17,205	26,097	31,549
Lease operations	2	17,686	48,629	60,338
(Allowance for losses from lease operations)	(26)	(481)	(22,532)	(28,789)
Total	138,477,616	107,419,544	140,520,896	109,591,948

6.b) Details of the loan portfolio by sector, including operations with loan characteristics classified as "Other receivables":

	BB-Domestic and Foreign Branches				BB-Consolidated			
	09.30.2007	%	09.30.2006	%	09.30.2007	%	09.30.2006	%
Public sector	2,722,903	1.7	3,448,011	3.1	2,747,602	1.8	3,475,829	2.9
Domestic	647,067	0.3	471,311	0.4	647,067	0.4	471,311	0.4
Government	401,408	0,3	222,938	0,2	401,408	0,3	222,938	0,2
Direct administration	317,385	0,2	209,503	0,2	317,385	0,2	209,503	0,2
Indirect administration	84,023	0,1	13,435	0,0	84,023	0,1	13,435	--
Business entities	245,659	0,2	248,373	0,2	245,659	0,2	248,373	0,2
Industry	161,316	0,1	163,313	0,1	161,316	0,1	163,313	0,1
Commerce	130	--	--	--	130	--	--	--
Financial services	66,855	0,1	68,342	0,1	66,855	--	68,342	0,1
Other services	17,358	--	16,718	--	17,358	--	16,718	--
Abroad	2,075,836	1.4	2,976,700	2.7	2,100,535	1.4	3,004,518	2.5
Government	1,950,479	1,3	2,854,133	2,5	1,960,585	1,3	2,881,949	2,4
Direct administration	1,950,479	1,3	2,854,133	2,5	1,960,585	1,3	2,881,949	2,4
Business entities	125,357	0,1	122,567	0,2	139,950	0,1	122,569	0,1
Industry	37,469	--	54,207	0,1	37,469	--	54,207	0,1
Financial services	87,888	0,1	68,360	0,1	102,481	0,1	68,362	0,1
PRIVATE SECTOR	145,264,852	98.3	112,535,317	96.9	147,436,552	98.2	114,873,447	97.2
Domestic	135,932,184	91.9	106,589,534	91.9	136,979,399	91.2	107,450,870	90.9
Rural	39,551,359	26,7	35,695,505	30,8	39,551,359	26,3	35,695,505	30,2
Industry	38,339,355	25,9	26,407,863	22,8	38,770,871	25,8	26,734,384	22,6
Commerce	15,386,665	10,4	12,205,575	10,5	15,641,805	10,4	12,426,950	10,5
Financial services	160	--	158	--	160	--	158	--
Private Individuals	26,998,745	18,2	20,805,295	17,9	27,051,270	18,0	20,897,271	17,7
Other services	15,655,900	10,6	11,475,138	9,9	15,963,934	10,6	11,696,602	9,9
Abroad	9,332,668	6.4	5,945,783	5.0	10,457,153	7.0	7,422,577	6.3
BB Group	8,931	--	33,962	--	--	--	--	--
Commerce	691,179	0,5	684,109	0,6	387,368	0,3	829,249	0,7
Industry	7,365,866	5,0	4,307,062	3,7	8,105,081	5,4	5,547,272	4,7
Financial services	1,045,085	0,7	588,759	0,5	1,055,361	0,7	621,096	0,6
Other companies	87,902	0,1	40,609	--	627,052	0,4	40,574	--
Private Individuals	6,404	--	7,154	--	6,480	--	7,528	--
Other services	127,301	0,1	284,128	0,2	275,811	0,2	376,858	0,3
Total	147,987,755	100.0	115,983,328	100.0	150,184,154	100.0	118,349,276	100.0

6.c) Details of the loan portfolio by risk level and maturity (number of days), including operations with loan characteristics classified as "Other receivables":

BB-Domestic and Foreign Branches
Loans falling due (normal course)

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio 30,09,2007	%	Total portfolio 30,09,2006	%
AA	1,910,845	1,113,638	2,429,320	2,319,852	5,651,994	6,345,286	19,178,894	38,949,829	29%	17,662,793	16%
A	1,095,648	928,662	1,677,736	1,498,224	3,271,287	6,071,800	15,589,099	30,132,456	22%	31,702,418	30%
B	1,085,478	638,713	1,405,843	1,823,919	4,110,007	6,344,519	31,663,080	47,071,559	33%	33,560,081	31%
C	342,645	174,995	401,230	383,664	1,011,498	1,610,075	11,937,213	15,861,320	11%	17,410,221	16%
D	92,055	58,248	143,037	116,433	245,126	304,239	3,426,803	4,385,941	3%	5,466,451	5%
E	19,600	8,699	30,069	26,867	116,092	72,062	1,203,091	1,476,480	1%	1,075,870	1%
F	3,773	1,643	6,274	3,795	6,826	19,709	274,772	316,792	–	411,806	–
G	3,885	1,964	3,596	3,716	7,616	9,966	435,794	466,537	–	540,919	–
H	20,316	24,710	22,514	27,976	56,984	66,824	1,623,747	1,843,071	1%	1,879,703	1%
Total	4,574,245	2,951,272	6,119,619	6,204,446	14,477,430	20,844,480	85,332,493	140,503,985	100%	109,710,262	100%

BB-Domestic and Foreign Branches
Loans past due

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio 30,09,2007	%	Total portfolio 30,09,2006	%
B	190,986	372,314	149,497	213,848	124,376	1,101	23	1,052,145	15%	413,171	7%
C	72,638	386,514	429,645	135,842	109,303	22,091	370	1,156,403	15%	797,525	13%
D	53,940	112,535	156,008	440,729	152,264	5,233	596	921,305	12%	684,933	11%
E	29,657	50,927	57,031	128,948	341,636	43,152	106	651,457	9%	595,580	9%
F	6,491	19,751	16,947	39,608	311,667	42,676	–	437,140	6%	497,631	8%
G	2,561	11,886	26,355	27,402	385,222	93,543	69,175	616,144	8%	444,782	7%
H	36,254	72,421	95,134	182,771	352,393	1,547,641	362,562	2,649,176	35%	2,839,444	45%
Total	392,527	1,026,348	930,617	1,169,148	1,776,861	1,755,437	432,832	7,483,770	100%	6,273,066	100%

BB-Consolidated
Loans falling due (normal course)

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio 30,09,2007	%	Total portfolio 30,09,2006	%
AA	1,919,002	1,117,990	2,431,926	2,322,570	5,689,697	6,365,305	19,571,639	39,418,129	29%	17,928,859	16%
A	1,101,005	930,262	1,678,015	1,504,046	3,274,390	6,095,240	16,307,418	30,890,376	22%	33,060,071	30%
B	1,200,279	638,826	1,406,284	1,825,262	4,114,411	6,366,176	32,210,933	47,762,171	33%	33,944,393	30%
C	343,663	175,315	402,323	385,558	1,021,243	1,617,546	12,016,112	15,961,760	11%	17,535,021	16%
D	95,752	58,254	143,150	116,560	245,580	306,964	3,446,657	4,412,917	3%	5,502,950	5%
E	19,758	8,702	30,090	26,888	116,449	76,323	1,204,402	1,482,612	1%	1,094,776	1%
F	3,796	1,644	6,277	3,807	6,864	19,761	274,809	316,958	–	414,704	–
G	3,946	1,964	3,600	3,724	7,641	9,998	435,872	466,745	–	542,028	–
H	21,805	24,713	22,531	28,011	57,212	67,060	1,725,747	1,947,079	1%	2,007,448	2%
Total	4,709,006	2,957,670	6,124,196	6,216,426	14,533,487	20,924,373	87,193,589	142,658,747	100%	112,030,250	100%

BB-Consolidated
Loans past due

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio 30,09,2007	%	Total portfolio 30,09,2006	%
B	191,619	374,024	149,704	213,848	124,376	1,101	23	1,054,695	15%	413,245	6%
C	73,142	388,373	430,913	135,988	109,356	22,091	370	1,160,233	15%	802,401	13%
D	60,545	113,243	158,071	441,259	152,303	5,233	596	931,250	12%	689,575	11%
E	29,810	51,097	57,106	130,068	343,297	43,152	106	654,636	9%	600,350	10%
F	6,499	19,799	17,295	39,674	313,208	42,676	–	439,151	6%	501,277	8%
G	2,694	11,960	26,481	27,498	387,440	93,572	69,179	618,824	8%	448,057	7%
H	36,374	72,578	96,719	183,037	355,135	1,559,720	363,055	2,666,618	35%	2,864,121	45%
Total	400,683	1,031,074	936,289	1,171,372	1,785,115	1,767,545	433,329	7,525,407	100%	6,319,026	100%

6.d) Details of the allowance for loan losses by risk level, including operations with loan characteristics classified as "Other receivables":

BB-Domestic and Foreign Branches

		09.30.2007		09.30.2006	
Risk Level	% Allowance	Balance	Allowance	Balance	Allowance
AA	0	38,949,829	–	17,662,793	–
A	0,5	30,132,456	150,662	31,702,418	158,512
B	1	48,123,704	481,237	33,973,251	339,733
C	3	17,017,723	510,532	18,207,745	546,232
D	10	5,307,246	530,725	6,151,385	615,138
E	30	2,127,937	638,381	1,671,449	501,435
F	50	753,932	376,966	909,437	454,718
G	70	1,082,681	757,877	985,701	689,991
H	100	4,492,247	4,492,247	4,719,151	4,719,151
Subtotal		147,987,755	7,938,627	115,983,330	8,024,910
		–	12,573	–	28,197
Additional allowance - foreign*					
Additional allowance - domestic **		–	1,558,940	–	510,677
Total		147,987,755	9,510,140	115,983,330	8,563,784

BB-Consolidated

		09.30.2007		09.30.2006	
Risk Level	% Allowance	Balance	Allowance	Risk Level	% Allowance
AA	0	39,418,129	–	17,928,857	–
A	0,5	30,890,376	154,452	33,060,071	165,300
B	1	48,816,866	488,169	34,357,638	343,576
C	3	17,121,993	513,660	18,337,420	550,123
D	10	5,344,167	534,417	6,192,528	619,253
E	30	2,137,248	641,174	1,695,125	508,537
F	50	756,109	378,054	915,980	457,990
G	70	1,085,569	759,898	990,085	693,060
H	100	4,613,697	4,613,697	4,871,572	4,871,572
Subtotal		150,184,154	8,083,521	118,349,276	8,209,411
		–	20,580	–	37,208
Additional allowance - foreign*					
Additional allowance - domestic **		–	1,559,157	–	510,709
Total		150,184,154	9,663,258	118,349,276	8,757,328

(*) Additional allowance required by foreign branches and subsidiaries - local regulations.
(**) Includes the amount of R$ 1,400 million for the purpose of prudently reflecting risks inherent in the portfolio, and an installment of R$ 55 million consisting of charges on Proagro operations, which is pending recovery from the Central Bank of Brazil.

6.e) Changes in the allowance for loan and lease losses and for operations with loan characteristics classified as "Other receivables":

	BB-Domestic and Foreign Branches		BB-Consolidated	
	3rd Q/2007	3rd Q/2006	3rd Q/2007	3rd Q/2006
Opening balance	9,281,199	8,224,449	9,440,915	8,414,471
Provision/(reversal)	1,208,564	1,368,124	1,216,118	1,385,093
Exchange variation on allowances - foreign	(1,149)	110	(6,082)	532
Loans written off	(978,474)	(1,028,899)	(987,693)	(1,042,768)
Closing balance	9,510,140	8,563,784	9,663,258	8,757,328

6.f) Changes in the allowance for losses on other receivables without loan characteristics:

	BB-Domestic and Foreign Branches		BB-Consolidated	
	3rd Q/2007	3rd Q/2006	3rd Q/2007	3rd Q/2006
Opening balance	529,511	3,021,964	540,511	3,034,936
Provision/(reversal)	16,359	244,151	16,015	244,808
Exchange variation on allowances - foreign	(3)	–	(3)	–
Loans written off	(587)	(4,879)	(588)	(5,234)
Closing balance	545,280	3,261,236	555,935	3,274,510

6.g) Supplementary information:

	BB-Domestic and Foreign Branches		BB-Consolidated	
	3rd Q/2007	3rd Q/2006	3rd Q/2007	3rd Q/2006
Renegotiated loans	2,523,799	5,741,343	2,524,634	5,741,343
Recoveries of loans written off (*)	299,519	268,768	301,725	272,196

(*) Recorded in the statement of income in the account "Income from financial intermediation - loans", as permitted by CMN Resolution 2836/05.30.2001, where, R$8,132 were recorded during the third quarter of 2007 (book value totals of R$ 18,433) refers to loans to individuals and corporate entities. In the third quarter of 2006, R$ 6,399 were recorded (book value amounts to R$ 150,477).

NOTE 7 – Other Receivables

7.a) Foreign exchange portfolio

	BB-Domestic and Foreign Branches		BB-Consolidated	
	09.30.2007	09.30.2006	09.30.2007	09.30.2006
Forward foreign exchange purchases pending settlement	9,367,211	8,756,706	9,367,211	8,756,706
Bills of exchange and time drafts in foreign currency	83,667	90,918	83,667	90,918
Receivables from sales of foreign exchange	9,617,576	13,306,260	9,617,576	13,306,260
Advances received	(7,659,362)	(11,867,189)	(7,659,362)	(11,867,189)
Foreign currency receivables	5,814	6,806	5,814	6,806
Income receivable on advances granted	122,634	139,721	122,634	139,721
Income receivable on financed imports	115	30	115	30
Total	11,537,655	10,433,252	11,537,655	10,433,252

7.b) Specific credits

These are credits from the Federal Treasury – extension of terms of rural financing – in the amount of R$ 737,942 (R$ 663,055 at September 30, 2006) as determined by Law 9138/1995.

7.c) Sundry

	BB-Domestic and Foreign Branches		BB-Consolidated	
	09.30.2007	09.30.2006	09.30.2007	09.30.2006
Salary and other advances	122,149	135,979	122,180	136,004
Tax credits (Note 18)	13,747,076	9,194,493	13,880,644	9,310,769
Receivables from other assets	365,127	429,265	365,128	429,265
Receivables from guarantee deposits *	5,780,511	13,151,307	5,857,354	13,213,230
Income tax and social contribution on net income to offset	2,631,189	1,627,291	2,745,354	1,670,474
Accounts receivable – Federal Treasury	284,674	436,691	284,674	436,691
Accounts receivable – credit card operations	2,059,372	1,568,900	2,059,372	1,568,900
Accounts receivable – other	844,814	431,830	882,551	439,854
Sundry debtors – foreign	23,331	24,358	24,185	24,426
Sundry debtors – domestic **	5,537,506	5,915,353	5,538,766	5,918,552
Demais	413,028	412,135	256,843	247,953
Total	31,808,777	33,327,602	32,017,051	33,396,118

(*) Includes the amount of R$ 1,681,432 (R$ 1,499,526 at September 30, 2006) relating to appeals filed for labor claims and R$ 863,088 (R$ 637,930 at September 30, 2006) arising from other appeals related to the Bank. In compliance with CVM Resolution 489/2005, restated judicial deposits, in the amount of R$ 9,398,397, referring to full carryforward of the accumulated tax loss of Income Tax and of Social Contribution Tax (Note 17.d), were reclassified in order to deduct provision for obligations and fiscal risks (Note 26.c).

(**) Includes the net amount of R$ 2,364,158 equivalent to "Actuarial Asset CVM nº 371" (R$ 2,744,191 at September 30, 2006), as shown in Note 23.e.

NOTE 8 – Other Assets

	BB - Domestic and Foreign branches		BB-Consolidated	
	09.30.2007	09.30.2006	09.30.2007	09.30.2006
Non-operating assets	236,901	274,702	237,964	294,069
Supply materials	15,541	20,429	15,541	20,429
Total	252,442	295,131	253,505	314,498

NOTE 9 – Property and equipment and leased assets

		BB - Domestic and Foreign branches			
	Annual Depreciation Rate (by group)	06.30.2007 Residual Value	09.30.2007		
			Changes	Depreciation	Closing balance
Property and equipment		2,714,218	58,375	(115,504)	2,657,089
Furniture and equipment in stock	–	33,711	(7,473)	–	26,238
Construction in progress	–	101,340	(18,099)	–	83,241
Land	–	173,951	(8,203)	–	165,748
Buildings	4%	960,747	17,514	(10,868)	967,393
Facilities	10%	189,769	3,353	(9,882)	183,240
Furniture and equipment in use	10%	310,935	8,990	(14,152)	305,773
Communication systems	10%	64,598	11,244	(3,381)	72,461
Data processing systems	20%	792,451	45,831	(72,785)	765,497
Security systems	10%	86,539	5,303	(4,461)	87,381
Transportation systems	20%	177	(85)	25	117
Leased assets		100,222	(1,134)	(5,702)	93,386
Total		2,814,440	57,241	(121,206)	2,750,475

	BB-Consolidated				
	Annual Depreciation Rate (by group)	06.30.2007 Residual Value	09.30.2007		
			Changes	Depreciation	Closing balance
Property and equipment		2,714,944	57,205	(115,241)	2,656,908
Furniture and equipment in stock	–	33,711	(7,473)	–	26,238
Construction in progress	–	101,340	(18,099)	–	83,241
Land	–	173,951	(8,203)	–	165,748
Buildings	4%	960,747	17,514	(10,868)	967,393
Facilities	10%	189,769	3,353	(9,882)	183,240
Furniture and equipment in use	10%	311,254	8,988	(14,119)	306,123
Communication systems	10%	64,598	10,318	(3,338)	71,578
Data processing systems	20%	792,858	45,590	(72,599)	765,849
Security systems	10%	86,539	5,303	(4,461)	87,381
Transportation systems	20%	177	(86)	26	117
Leased assets		1,361,905	96,312	(28,707)	1,429,510
Total		4,076,849	153,517	(143,948)	4,086,418

The ratio of fixed assets ratio to referential equity is 13.45% (14.71% at 09.30.2006), being in compliance with Resolution CMN n.º 2669, dated September 11, 1999.

NOTE 10 – Deposits

	BB - Domestic and Foreign branches		BB-Consolidated	
	09.30.2007	09.30.2006	09.30.2007	09.30.2006
Demand deposits	38,675,807	32,401,799	38,711,780	32,447,996
Related companies	1,164,391	567,009	1,164,391	567,009
Individuals	14,649,790	11,940,711	14,657,359	11,950,334
Corporate entities	14,218,212	11,893,225	14,263,125	11,933,656
Financial institutions	257,780	212,535	253,064	208,186
Government	2,335,429	1,978,153	2,335,429	1,978,153
Domiciled abroad	30,729	15,329	17,465	14,974
Federal Treasury	306,508	261,141	306,508	261,141
Restricted	3,711,164	3,868,229	3,712,635	3,869,076
In foreign currency	1,955,942	1,640,224	1,955,942	1,640,224
Other	45,862	25,243	45,862	25,243
Savings deposits	43,830,975	34,447,132	43,830,975	34,447,132
Individuals	41,201,674	32,449,043	41,201,674	32,449,043
Corporate entities	2,260,882	1,590,797	2,260,882	1,590,797
Related companies	363,853	403,151	363,853	403,151
Financial institutions	4,566	4,141	4,566	4,141
Interbank deposits	10,041,356	8,874,417	5,602,986	5,578,713
Time deposits	83,566,611	72,200,044	83,640,165	72,270,819
Time deposits	37,600,320	34,154,082	37,673,874	34,224,857
Time deposits in foreign currency	1,139	770	1,139	770
Time deposits with automatic renewal	148,541	179,267	148,541	179,267
Remunerated judicial deposits	27,529,716	22,613,858	27,529,716	22,613,858
Special deposits relating to funds and programs (Note 14.c)	18,286,895	15,252,067	18,286,895	15,252,067
Deposits for investments	393,847	157,457	393,847	157,457
Total	176,508,596	148,080,849	172,179,753	144,902,117

NOTE 11 – Borrowings - Foreign Borrowings

	BB - Domestic and Foreign branches						
	Up to 90 days	Form 91 to 360 days	from 1 to 3 years	from 3 to 5 years	from 5 to 15 years	Total 09.30.2007	Total 09.30.2006
Exports	7,122	296,515	--	--	--	303,637	136,913
Imports	80,510	146,899	75,066	95,590	33,151	431,216	390,945
Banks	320,904	--	--	--	--	320,904	358,650
Onlending to the public sector	177,162	118,868	475,470	--	1,105,019	1,876,519	2,609,593
Borrowings from BB Group companies abroad	1,273,838	1,383,978	717,741	--	--	3,375,557	2,989,559
Borrowings by BB Group companies abroad	159,115	401,506	--	117	--	560,738	1,112,304
Total	2,018,651	2,347,766	1,268,277	95,707	1,138,170	6,868,571	7,597,964

	BB-Consolidated						
	Up to 90 days	Form 91 to 360 days	from 1 to 3 years	from 3 to 5 years	from 5 to 15 years	Total 09.30.2007	Total 09.30.2006
Imports	47,703	79,383	47,605	34,532	24,918	234,141	273,160
Banks	320,904	--	--	--	--	320,904	358,650
Onlending to the public sector	177,162	118,868	475,470	--	1,105,019	1,876,519	2,609,593
Borrowings from BB Group companies abroad	164,379	384,547	--	117	--	549,043	1,090,872
Total	710,148	582,798	523,075	34,649	1,129,937	2,980,607	4,332,275

Banco do Brasil S.A.'s policy, in respect of its foreign borrowings, is to seek the lowest possible cost for the maturity, type of instrument, and its balance sheet profile. The Bank uses the Libor and US Treasury rates, respectively, as references for its financial and capital transactions, constantly monitoring rates in the various markets.

NOTE 12 – Domestic Onlending – Official Institutions

PROGRAMS	Financial charges	BB- Domestic and Foreign branches		BB- Consolidated	
		09.30.2007	09.30.2006	09.30.2007	09.30.2006
Federal Treasury		3,131,559	3,035,061	3,131,559	3,035,061
Rural credit		3,131,559	3,035,061	3,131,559	3,035,061
Farming/livestock breeding	TR or 9% p.a.	39,845	39,130	39,845	39,130
Cacau	TJLP + 0.6% p.a. or 6.35% p.a.	44,863	42,600	44,863	42,600
Pronaf	TMS (available) or 1% p.a. to 7.25% p.a. (Invested)	2,839,622	2,717,085	2,839,622	2,717,085
Recoop	5.75% p.a. to 7.25% p.a.	206,984	236,246	206,984	236,246
Other	--	245	--	245	--
BNDES	*	5,120,812	4,308,161	5,120,812	4,308,161
Finame	**	7,493,661	5,354,462	7,516,201	5,363,757
Other Official Institution	--	759,186	641,007	759,354	641,159
Prohemp resources	--	654	886	654	886
FBB – Fundec II	--	9,191	9,871	9,191	9,871
Funcafé	TR or TMS (available) or TJLP + 3% p.a. or 4% p.a. or 5% p.a. (Invested)	749,202	630,094	749,202	630,094
Other	--	139	156	307	308
Total		16,505,218	13,338,691	16,527,926	13,348,138

(*) BNDES
- Programs based on fixed interest rates: interest paid to the BNDES varies from 3.75% p.a. to 11% p.a.
- Programs based on TJLP or foreign exchange variation: interest paid to the BNDES varies from 0.5% to 5% p.a.

(**) Finame
- Programs with fixed interest rates: interest paid to BNDES/FINAME varies from 3.75% p.a. to 11% p.a.
- Programs with TJLP or foreign exchange variation: interest paid to BNDES/FINAME and BNDES/EXIM varies from 0.5% p.a. to 10.74% p.a.

NOTA 13 – Funds Obtained in Foreign Capital Markets (in R$/US$ million)

Transactions	Amount issued	Coupon	Funding date	Maturity date	Book value at 09.30.2007	
					Original Currency	Reais (*)
a) DIRECT FUND RAISING						
"Global Medium - Term Notes" Program (1)	R$ 200	Zero – coupon	Dec/04	Dec/07	R$ 195	195
"Global Medium – Term Notes" Program (1)	R$ 350	9.75% a.a.	Jul/07	Jul/17	R$ 329	329
Subordinated debt (3)	US$ 300	8.5% a.a.	Sep/04	Sep/14	US$ 299	550
Perpetual bonus (2) (3) (4)	US$ 500	7.95% a.a.	Jan/06	--	US$ 508	933
b) FUND RAISED THROUGH SPC						
Securitization of the flow of electronic remittances (MT - 100) (1) (5) (7)	US$ 450	7.890% p.a.	Dec/01	Dec/08	US$ 201	370
Securitization of the flow of electronic remittances (MT - 100) (1) (5) (7)	US$ 300	Libor 3m+0,60% p.a.	Jul/02	Jun/09	US$ 100	184
Securitization of the flow of electronic remittances (MT - 100) (1) (5) (7)	US$ 40	7.890% p.a.	Sep/02	Sep/09	US$ 15	28
Securitization of the flow of electronic remittances (MT - 100) (1) (5) (7)	US$ 120	7.26% p.a.	Mar/03	Mar/10	US$ 66	121
Securitization of the flow of electronic remittances (MT - 100) (1) (5)(7)	US$ 250	6.55% p.a.	Dec/03	Dec/13	US$ 229	421
Securitization of credit card receivables - Visanet (2) (6) (7)	US$ 178	5.911% p.a.	Jul/03	Jun/11	US$ 118	217
Securitization of credit card receivables - Visanet (2) (6) (7)	US$ 45	4.777% p.a.	Jul/03	Jun/11	US$ 29	54
Total						3.402

(*)Exchange rate: US$ 1,00 x R$ 1,83810

(1) Recorded under Foreign marketable securities.

(2) Recorded in Other Liabilities as Hybrid Capital and Debt Instruments are Perpetual Bonuses in Obligations due to Issuance of Hybrid Capital and Debt Instruments. The securitization of the future flow of receivables from credit cards in Contracts for Assumption of Liabilities, are recorded under Other liabilities – Sundry.

(3) The amount of US$ 288 million (R$ 530 million) of the subordinated debt and the amount of US$ 498 million (R$ 915 million) of the perpetual bonuses comprise the Referential Shareholders' Equity (PR), level II, in conformity with CMN Resolution 3444, dated February 28, 2007.

(4) The transaction has a redemption option by initiative of the Bank as from 2011 or in each subsequent quarterly payment of interest, providing it is authorized beforehand by the Central Bank of Brazil. The terms of these Perpetual Bonuses allow the Bank to suspend quarterly payments of interest and/or accessory payments on the aforementioned 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 Bank of Brazil, or its financial indicators are below the minimum level required by the regulations applicable to Brazilian banks; (ii) the Central Bank of Brazil or the Regulatory Authorities suspend payments of the aforementioned charges; (iii) an insolvency or bankruptcy event occurs; (iv) a 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 on 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, as established by the applicable legislation, will act in order to avoid the statement or payment 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.

(5) The Special Purpose Company (SPC) "Dollar Diversified Payment Rights Finance Company", which was incorporated for the sole purpose as described below: (a) issue and sell securities in the international market; (b) use funds raised from the issue of securities to pay for the purchase from BB of BB's rights on payment orders issued by correspondent banks abroad, in US dollars, to any BB branch in Brazil (Remittance Rights) and (c) pay the principal and interest on securities and make other payments established in the related security issue agreements.

(6) The Special Purpose Company (SPC) "Brazilian Merchant Voucher Receivables", which was incorporated for the sole purpose of: (a) issue and sell securities in the international market; (b) use funds raised with the issue of securities to pay for the purchase of the current and future rights of Companhia Brasileira de Meios de Pagamento ("Visanet") against Visa International Service Association of receivables ("Receivables") arising from (i) credit or debit purchases made in Brazil, using Visa cards issued by financial institutions located outside Brazil; and (c) pay the principal and interest on the securities and make other payments established in the related security issue agreements.

Under the agreement, transfers are made to BB based on the funds arising from the sale of the Receivables, at the ratio of 44.618488%, in which is calculated based on the shareholding interest of BB in Visanet on the transaction closing date, and the remaining resources are made available to other Brazilian financial institutions that participate in Visanet.

(7) The Special Purpose Companies were organized under the laws of the Cayman Islands and declare that they have 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 SPCs. The liabilities arising from the securities issued are paid by the SPCs using the funds accumulated in its account.

NOTE 14 – Other liabilities

14.a) Foreign exchange portfolio

	BB- Domestic and Foreign branches		BB-Consolidated	
	09.30.2007	**09.30.2006**	**09.30.2007**	**09.30.2006**
Forward foreign exchange sales pending settlement	9,221,521	13,323,618	9,221,521	13,323,618
Advances in foreign currencies	–	(4,129)	–	(4,129)
Import financing	(24,288)	(73,070)	(24,288)	(73,070)
Foreign exchange purchase liabilities	9,919,236	8,803,655	9,919,236	8,803,655
Advances on foreign exchange contracts	(7,530,332)	(7,209,403)	(7,530,332)	(7,209,403)
Foreign currency payables	11,305	13,506	11,305	13,506
Unearned income on advances granted	2,875	4,510	2,875	4,510
Charges payable on advances received	42	56	42	56
Total	11,600,359	14,858,743	11,600,359	14,858,743

14.b) Financial and development funds

	BB- Domestic and Foreign branches		BB-Consolidated	
	09.30.2007	**09.30.2006**	**09.30.2007**	**09.30.2006**
PIS/PASEP	1,473,318	1,416,275	1,473,318	1,416,275
Merchant Navy	31,600	14,915	31,600	14,915
Land and Agrarian Reform - BB Banco da Terra	1,274	2,600	1,274	2,600
Special Lending Program for Agrarian Reform – Procera	314,739	321,279	314,739	321,279
Consolidation of Family Farming (CAF)	286	12,683	286	12,683
Fight against Poverty/Our First Land (CPR/NPT)	2,326	30,475	2,326	30,475
Other	23,787	22,356	23,787	22,356
Total	1,847,330	1,820,583	1,847,330	1,820,583

14.c) Fund for Worker Assistance (FAT) and Fund to Guarantee the Increase in Employment and Earnings (FUNPROGER)

FAT is a special accounting and financial fund, established by Law 7998, enacted on 01/11/90, attached to the Ministry of Labor and Employment (MTE) and managed by the Executive Council of the Worker Assistance Fund (CODEFAT), CODEFAT is a collective, tripartite and equal level organization, composed of representatives of workers, employers and the government, which acts as the manager of FAT.

The main actions to promote employment using FAT funds are centralized in the Programs for the Increase in Earnings (PROGER), whose resources are allocated by special deposits, established by Law 8352/12,28,1991, in official federal financial institutions (including, among others, PROGER in the Urban – Investment and Working Capital– and Rural, the National Program for Strengthening of 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 and FAT Digital Inclusion).

The FAT special deposits, allocated with Banco do Brasil, while available; incur interest on a daily "pro rata" basis using the TMS (Average Selic Rate). As they are applied in loans, the interest rate is changed to the TJLP (Long-term Interest Rate) during the effective period of the loans.

The income on the Bank's funds is paid to FAT on a monthly basis, as established in CODEFAT Resolution No. 439, of June 02, 2005 and Resolution No. 489, of April, 2006.

The Guarantee Fund for Generation of Employment and Earnings (Funproger) is a special accounting fund established on November 23, 1999 by Law 9872, amended by Law 10360, of 12.27.2001, and by Law 11110, of 04.25.2005 and regulated by Codefat Resolution 409/10.28.2004, and is managed by Banco do Brasil under the supervision of Codefat/MTE, whose balance at September 30, 2007 is R$ 306,547 (R$ 259,350 at September 30, 2006).

The objective 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 the payment of a commission.

The net assets of FUNPROGER are accumulated through funds arising from the difference between the average SELIC Rate and the Long-Term Interest Rate (TJLP) in respect of the remuneration of the special deposit balances available in the 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.

Program	Resolution /TADE	Available TMS (1)	Invested TJLP (2)	Total	Return of FAT funds		
					Type (*)	Initial date	Final date
PROGER (Rural) and PRONAF		241,495	8,426,956	8,668,451			
Pronaf Custeio	04/2005	140,665	1,162,004	1,302,669	RA	11/2005	---
Pronaf Investment	05/2005	26,772	3,386,990	3,413,762	RA	11/2005	---
Giro Rural – Securities acquisition	03/2005	62,364	2,106,151	2,168,515	SD	01/2008	01/2014
Giro Rural – Prviders	14/2006	4,231	1,105,895	1,110,126	RA	08/2006	---
Rural Custeio	02/2006	2,466	9,927	12,393	RA	11/2005	---
Rural Investment	13/2005	4,997	655,989	660,986	RA	11/2005	---
Proger Urbano		186,474	5,835,314	6,021,788			
Urbano Investimento	18/2005	29,233	3,494,296	3,523,529	RA	11/2005	---
Urbano Capital de Giro	15/2005	137,589	2,215,417	2,353,006	RA	11/2005	---
Empreendedor Popular	01/2006	19,652	125,601	145,253	RA	11/2005	---
Other		212,198	2,657,375	2,869,573			
Electric appliances	05/2006	2	2	4	RA	11/2005	---
Exports	27/2005	1,838	7,206	9,044	RA	11/2005	---
Rural Area Integration	26/2005	4,151	366,741	370,892	RA	11/2005	---
Urban Area Integration	25/2005	4,819	106,014	110,833	RA	11/2005	---
Housing - Construction	04/2006	197	284,163	284,360	RA	11/2005	---
Digital Inclusion	09/2005	3,731	4,101	7,832	RA	11/2005	---

FAT Giro Setorial Micro and Small Companies	08/2006	36,023	272,763	308,786	RA	09/2007	---
FAT Giro Setorial - Medium and Large Companies	09/2006	143,593	1,446,534	1,590,127	RA	09/2007	---
FAT Giro Cooperativo Agropecuário	10/2006	6,771	16,252	23,023	RA	07/2006	---
FAT Tourism	07/2007	10,000	--	10,000	RA	03/2008	---
FAT Giro Setorial Micro small Companies	11/2006	217	21,811	22,028	RA	08/2006	---
FAT Fomentar - Medium and Large Companies	12/2006	856	131,788	132,644	RA	07/2006	---
Total		640,167	16,919,645	17,559,812			

(*) Automatic return, monthly, 2% over total balance and (SD) available balance
(1) Funds remunerated by the TMS
(2) Funds remunerated by the TJLP

14.d) Sundry

	BB- Domestic and Foreign branches		BB-Consolidated	
	09.30.2007	09.30.2006	09.30.2007	09.30.2006
Creditors for residual value advances	1,766	851	253,691	179,177
Contracts for the assumption of liabilities	406,789	756,284	271,070	395,054
Liabilities for purchases of goods and rights	57,998	75,430	57,998	75,430
Liabilities for official agreements	94,857	94,805	94,857	94,805
Accounts payable for payment of services provided	475,903	459,597	475,903	459,597
Provisions for payments (*)	6,853,349	5,501,789	6,858,422	5,505,460
Provisions for contingent liabilities	3,557,471	3,164,441	3,562,399	3,194,906
Funds restricted to credit operations	82,655	74,790	499,833	914,795
Sundry creditors – abroad	47,924	22,769	54,775	22,290
Sundry creditors – domestic	996,241	694,326	1,002,953	702,719
Credit card operations	1,830,614	1,394,437	1,830,614	1,394,437
Other	6,002	53,948	5,982	53,916
Total	14,411,569	12,293,467	14,968,497	12,996,586

(*) Include R$ 3,931,659 (R$ 3,326,405 at September 30, 2006) relating to " Actuarial Liability of the Informal Plan" (exclusive responsibility of the Bank) and the "Cassi Actuarial Liability" (Note 23.e).

14.e) Subordinated debt

	BB- Domestic and Foreign branches		BB-Consolidated	
	09.30.2007	09.30.2006	09.30.2007	09.30.2006
Subordinated debt qualifying as capital	9,812,791	8,660,242	9,812,791	8,660,242
Other subordinated debt	21,220	24,520	15,731	24,520
Total	9,834,011	8,684,762	9,828,522	8,684,762

As from June 30, 2001, as determined by CMN Vote No, 67 of June 28, 2001 and Bacen-Diret Official Letter 2001/1602 of June 29, 2001, Banco do Brasil has considered the funds from the Central-Western Constitutional Fund (FCO) R$ 9,284,297 (R$ 8,035,342 at September 30, 2006), as subordinated debt and as Level II Reference Equity, due to its low level of obligation and the length of the term to be maintained by the Bank.

NOTE 15 – Analysis of Income Statement Items

15.a) Banking services fees

	BB - Domestic and Foreign branches		BB-Consolidated	
	3rd quarter 2007	3rd quarter 2006	3rd quarter 2007	3rd quarter 2006
Account fees	727,139	659,180	727,225	659,263
Loan operations	239,871	213,034	239,871	213,034
Income from cards	208,312	185,626	208,312	185,626
Fund Management	276,084	241,232	442,532	380,302
Collections	242,274	219,781	242,592	220,162
Interbank	180,049	160,110	180,049	160,110
Collections	105,853	94,142	105,853	94,142
Services rendered to related companies	53,525	43,975	71,578	61,963
Official services	34,505	91,658	34,505	91,658
Other services	198,793	164,252	245,751	185,806
Total	2,266,405	2,072,990	2,498,268	2,252,066

15.b) Personnel expenses

	BB - Domestic and Foreign branches		BB-Consolidated	
	3rd quarter 2007	3rd quarter 2006	3rd quarter 2007	3rd quarter 2006
Salaries	(815,072)	(805,463)	(827,190)	(817,908)
Benefits	(629,682)	(211,936)	(630,968)	(213,260)
Social Charges	(306,410)	(373,687)	(310,260)	(377,906)
Training	(17,618)	(13,238)	(17,799)	(13,309)
Directors' fees	(2,991)	(2,840)	(3,412)	(3,279)
Personnel provisions	(372,706)	(378,402)	(372,706)	(378,402)
Provisions for labor claims	(33,243)	(46,123)	(33,243)	(46,123)
Labor claim losses	(253,370)	(94,526)	(253,370)	(94,526)
Total	(2,431,092)	(1,926,215)	(2,448,948)	(1,944,713)

The Early Resignation Plan (PAA) for employees over 50 years of age with a minimum of 15 years of contribution to Caixa de Previdência dos Funcionários do Banco do Brasil (Previ - Banco do Brasil Employee Pension Fund), informed to the market at 05.11.2007, recorded 6,925 adhesions and generated an increase of R$ 675,674 (R$ 445,945, net of tax impacts), in administrative personnel provisions.

We recorded the sum of R$ 410 million referring to obligations of the Bank due to the agreement signed for restructuring of Cassi – Banco do Brasil Employee Assistance Fund, in "Benefits",

15.c) Administrative expenses

	BB - Domestic and Foreign branches		BB-Consolidated	
	3rd quarter 2007	3rd quarter 2006	3rd quarter 2007	3rd quarter 2006
Water, electricity and gas	(61,486)	(62,179)	(61,543)	(62,229)
Rent	(71,455)	(70,437)	(72,487)	(71,682)
Leasing costs	(3,028)	(18,298)	(3,028)	(18,298)
Communications	(225,193)	(209,338)	(228,359)	(212,491)
Maintenance and upkeep	(55,078)	(54,094)	(55,354)	(54,404)
Materials	(28,264)	(30,825)	(28,371)	(30,928)
Data processing	(168,296)	(158,649)	(170,613)	(161,519)
Promotion and public relations	(31,355)	(26,358)	(31,384)	(26,430)
Advertising and publicity	(71,148)	(64,011)	(71,193)	(64,043)
Financial system services	(99,667)	(81,034)	(96,560)	(79,286)
Third party services	(141,644)	(107,662)	(149,823)	(112,713)
Security services	(117,835)	(109,543)	(117,871)	(109,578)
Specialized technical services	(22,826)	(14,708)	(23,771)	(16,000)
Transportation	(120,682)	(104,599)	(120,961)	(104,888)
Domestic travel	(26,007)	(16,238)	(26,257)	(16,386)
Amortization	(52,240)	(47,338)	(52,474)	(47,577)
Depreciation	(131,079)	(129,384)	(131,168)	(129,479)
Expenses with tax and civil lawsuits	(164,421)	(120,048)	(164,421)	(120,048)
Other	(126,286)	(56,132)	(130,546)	(60,094)
Total	(1,717,990)	(1,480,875)	(1,736,184)	(1,498,073)

15.d) Operating Income

	BB - Domestic and Foreign branches		BB-Consolidated	
	3rd quarter 2007	3rd quarter 2006	3rd quarter 2007	3rd quarter 2006
Recovery of charges and expenses	276,185	229,746	277,297	231,291
Income from Special Operations	13,033	17,105	13,033	17,105
Income from specific credits	18,577	18,686	18,577	18,686
PREVI – Contributions parity agreement	54,959	44,832	54,959	44,832
Income from payments of INSS benefits	51,404	54,127	51,404	54,127
Warrants Deposits Receivable	268,218	306,064	268,218	306,064
Income from securities and credits receivable from the Federal Treasury	502	39,241	502	39,241
Dividends received	13,677	12,218	13,677	12,218
Credit card transactions	34,081	16,825	34,081	16,825
Reversal of operat. provisions- Contingent Liabilities	--	73,235	--	73,235
Previ – Benefit Plan 1	--	47,145	--	47,145
Foreign exchange gains	488,217	91,531	488,217	91,531
Taxes paid in error (Note 26.b)	59	125,487	1,826	125,487
Other	132,625	92,921	140,686	83,945
Total	1,351,537	1,169,163	1,362,477	1,161,732

15.e) Operating expenses

	BB - Domestic and Foreign branches		BB-Consolidated	
	3rd quarter 2007	3rd quarter 2006	3rd quarter 2007	3rd quarter 2006
Discounts granted on renegotiations - credit operations	(19,540)	(21,572)	(19,540)	(21,572)
Updating of the pension liability	(51,527)	(44,067)	(51,527)	(44,067)
Interest on funds allocated for payment of benefit	(50,589)	(53,608)	(50,589)	(53,608)
Previ– Actuarial Asset Amortization – CVM Resolution n.º 371	(95,844)	(86,583)	(95,844)	(86,583)
CASSI – Interest on actuarial liabilities (Adjustments arising from CVM Resolution n.º 371)	(114,161)	(94,967)	(114,161)	(94,967)
Premium paid to clients	(106,097)	(73,856)	(106,097)	(73,856)
Losses from holdups and burglaries	(2,442)	(13,563)	(2,442)	(13,563)
Errors and fraud	(24,244)	(21,414)	(24,244)	(21,414)
Expenses from actualization – Interest on own capital/Dividends	(7,884)	(34,530)	(7,884)	(34,530)
BB Personal Banking expenses	(27,304)	(20,846)	(27,304)	(20,846)
Expenses from credit card operations	(95,399)	(53,736)	(95,399)	(53,736)
Foreign exchange losses	(485,669)	--	(485,669)	--
Law 9138/95 - Restatement of funds to be returned to the Federal Treasury	(10,418)	(11,655)	(10,418)	(11,655)
Guarantee deposits - monetary correction	(69,576)	--	(69,576)	--
Securitization SWIFT MT100 – liabilities with the SPE (*)	(21,759)	(35,818)	--	--
Hybrid Capital and Debt Instruments	(18,634)	(22,513)	(18,634)	(22,513)
Fees for the use of Sisbacen	(3,278)	(3,716)	(3,278)	(3,716)
Other	(75,152)	(67,001)	(91,876)	(86,626)
Total	(1,279,517)	(659,445)	(1,274,482)	(643,252)

(*) In BB-Consolidated, these obligations are classified as "Foreign securities" due to the consolidation of the foreign special purpose entities.

15.f) Non-operating income

	BB - Domestic and Foreign branches		BB-Consolidated	
	3rd quarter 2007	3rd quarter 2006	3rd quarter 2007	3rd quarter 2006
Non-operating income	48,516	37,131	56,907	37,919
Profit on the sale of assets	21,940	7,107	22,110	7,107
Capital gains	938	1,416	7,957	1,416
Rental income	3,322	3,481	3,430	3,605
Valuation of other assets	5,426	9,690	5,428	9,690
Gains with shares and quotas	1,065	--	1,607	637
Profit on the sale of other assets	14,009	13,717	14,009	13,717
Other non-operating income	1,816	1,720	2,366	1,747
Non-operating expenses	(14,024)	(15,243)	(14,230)	(15,388)
Loss on sale of investments	--	(2)	--	(2)
Loss on sale of assets	(158)	(3,845)	(158)	(3,845)
Capital losses	(3,867)	(5,290)	(3,867)	(5,290)
Loss in value of other assets	(9,628)	(5,500)	(9,631)	(5,510)
Losses with shares and quotas	--	(310)	(186)	(445)
Other non-operating expenses	(371)	(296)	(388)	(296)
Total	34,492	21,888	42,677	22,531

NOTE 16 – Stockholders' Equity

16.a) Stockholders' equity of R$ 23,065,294 (R$ 20,197,167 at 09.30.2006), equivalent to a net book value of R$ 9.32 per share, considering the total of 2,475,949,269 common shares (R$ 24.47 per share at 09.30.2006, considering the total of 825,316,423 common shares).The market value of the common share at September 30, 2007 was R$ 30.89, considering the split of shares, in the proportion of 1:3 (Note 28.b), i.e. two new shares for each existing share (R$ 47.50 at 09.30.2006).

16.b) Of the subscription bonuses issued by the Bank, the remaining balance of 27,028,746 "C" Bonus, that can be exercised up to the original terms – 03.31.2011 to 06.30.2011.

16.c) Capital

Capital is R$ 12,710,693 (R$ 11,912,895 at September 30, 2006), totally paid-up, comprising 2,475,949,269 common shares with no par value. The Federal Treasury is the controlling stockholder.

16.d) Revaluation reserves

These refer to a revaluation of assets carried out by the associated companies Kepler Weber, Pronor, and by the subsidiary Cobra Tecnologia S.A..The realizations of the reserves in the period, totaling R$ 80 (R$ 40 at September 30, 2006), were transferred to the "Retained earnings" account.

16.e) Interest on own capital / Dividends

	3rd quarter/2007
1. Net income for the year	1,364,037
2. Interest on own capital imputed to dividends	274,542
3. Income Tax at source	58,830
4. Interest on own capital allocated to the stockholders (item 2 + item 3)	333,372
5. Dividends allocated to the stockholders	212,243
6. Total allocated to the stockholders (40% of its net income)	545,615

Pursuant to a decision of the Board of Directors, the policy for payment of dividends and/or Interest on Own Capital with quarterly periodicity was approved in November/2006.

According to Laws n.° 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 dividends value, plus additional dividends, equivalent, in the third quarter of 2007, to 40% of net income.

Interest on Own Capital and Dividends referring to the third quarter will be paid together with financial charges equivalent to the Selic rate, as from quarter balance sheet closing until the effective payment date, pursuant to Decree n.° 2673 of 07.16.1998, with the new wording provided by Decree n.° 3881, of 03.13.2000.

The total amount of Interest on Own Capital of the third quarter of 2007 comes to R$ 333,372, which brought about a reduction in tax charge expenses in the amount of R$ 113,346.

16.f) Mark-to-Market – Securities and Derivatives

In accordance with BACEN Circular Letters 3068/01 and 3082/02, this account records the mark-to-market adjustment of securities available for sale, totaling R$ 383,815 (R$ 209,697 at September 30, 2006), net of tax effects, as per changes in the stockholders' equity account "Mark-to-Market – Securities and Derivatives":

	2007			2006		
	06.30.2007 Balance	Net changes in the quarter	09.30.2007 Balance	06.30.2006 Balance	Net changes in the quarter	09.30.2006 Balance
Securities available for sale						
Bank	280,475	(128,924)	151,551	32,978	52,503	85,481
Subsidiaries and affiliates	322,933	21,265	344,198	107,550	77,725	185,275
Tax effects	(160,222)	48,288	(111,934)	(41,288)	(19,771)	(61,059)
Total	443,186	(59,371)	383,815	99,240	110,457	209,697

16.g) Equity Interest

Shareholdings at September 30, 2007 of all those who hold, directly or indirectly, more than 5% of Bank's capital:

Stockholders	**Total shares**	**% Total**
Federal Treasury	1,700,334,789	68.7
Banco do Brasil Employees Retirement Fund (PREVI)	283,246,012	11.4
BNDES Participações S.A. – BNDESPar *	124,812,156	5.0
Other shareholders	367,556,312	14.9
Total	2,475,949,269	0

(*) Linked to the controller.

Changes in ownership of the parties referred to in the previous paragraph of these securities during the preceding twelve months and characteristics of the securities issued by the Bank and directly or indirectly held by the controlling stockholder, management and members of the Fiscal Council.

Controlling Group	**09.30.2007***	**09.30.2006**
Federal Treasury	1,700,334,789	577,578,036
Previ	283,246,012	94,415,335
BNDESPar	124,812,156	30,804,052
Total	2,108,392,957	702,797,423

Board of Directors	**Position**	**Common Shares**		**C Bonds**	
		09.30.07*	**09.30.06**	**09.30.07**	**09.30.06**
Bernard Appy	President	03	01	–	–
Antonio Francisco de Lima Neto	Vice-President	03	–	–	–
Carlos Augusto Vidotto	Counselor	04	02	–	–
Francisco Augusto da Costa e Silva	Counselor	03	02	–	–
Tarcísio José Massote de Godoy	Counselor	03	01	–	–
Bernardo Gouthier Macedo	Counselor	01	–	–	–

Fiscal Council	**Position**	**Common Shares**		**C Bonds**	
		09.30.07*	**09.30.06**	**09.30.07**	**09.30.06**
Otávio Ladeira de Medeiros	President	–	–	–	–
Agostinho do Nascimento Netto	Member	–	–	–	–
Eduardo Grande Bittencourt	Member	–	–	–	–
Eustáquio Wagner Guimarães Gomes	Member	–	–	–	–
Marcos Machado Guimarães	Member	–	–	–	–
José Luiz Gomes Rôlo	Deputy	–	–	–	–
Alfredo Luiz Buso	Deputy	–	–	–	–
Daniel Sigelmann	Deputy	–	–	–	–

Egon Handel	Deputy	–	–	–	–
Carla Goes Coelho de Souza	Deputy	–	–	–	–

Executive Board of Directors	**Position**	Common Shares		**C Bonds**	
		09.30.07*	**09.30.06**	**09.30.07**	**09.30.06**
Antonio Francisco de Lima Neto	President	03	–	–	–
Adézio de Almeida Lima	Vice-President	06	02	01	01
Aldo Luiz Mendes	Vice-President	378	126	–	–
Aldemir Bendine	Vice-President	–	–	–	–
José Maria Rabelo	Vice-President	60	20	10	10
Luiz Oswaldo Sant'Iago Moreira de Souza	Vice-President	06	02	01	01
José Luís Prola Salinas	Vice-President	342	114	–	–
Luís Carlos Guedes Pinto	Vice-President	5,617	1,939	–	–
Luís Alberto Maguito Vilela	Vice-President	–	–	–	–
Milton Luciano dos Santos	Vice-President	–	–	–	–

Directors	**Position**	Common Shares		**C Bonds**	
		09.30.07*	**09.30.06**	**09.30.07**	**09.30.06**
Alexandre Corrêa Abreu	Director	–	–	–	–
Augusto Braúna Pinheiro	Director	–	–	–	–
Clara da Cunha Lopes	Director	342	114	–	–
Edson de Araújo Lobo	Director	342	114	–	–
José Carlos Vaz	Director	66	22	–	–
Francisco Claudio Duda	Director	1,383	461	1	1
Geraldo Afonso Dezena da Silva	Director	–	–	–	–
Glauco Cavalcante Lima	Director	84	28	11	11
Izabela Campos Alcântara Lemos	Director	342	114	–	–
Joaquim Portes de Cerqueira César	Director	–	–	–	–
José Carlos Soares	Director	2,742	914	10	10
Renê Sanda	Director	09	03	01	01
Juraci Masiero	Director	–	229	–	–
Jussara Silveira de Andrade Guedes	Director	–	–	–	–
Luiz Carlos Silva de Azevedo	Director	66	22	–	–
Luiz Gustavo Braz Lage	Director	–	–	–	–
Maria da Glória Guimarães dos Santos	Director	–	–	–	–
Paulo Roberto Evangelista de Lima	Director	372	124	07	07
Nilo José Panazzolo	Director	1,377	459	–	–
Nilson Martiniano Moreira	Director	–	–	–	–
Paulo Eudides Bonzanini	Director	18	6	–	–
Paulo Rogério Caffarelli	Director	549	183	–	–
Ricardo José da Costa Flores	Director	72	24	9	9
Sandro Kohler Marcondes	Director	3	230	–	–
Sérgio Ricardo Miranda Nazaré	Director	342	114	–	–
William Bezerra Cavalcanti Filho	Director	342	114	–	–
Internal Audit					
Egidio Otmar Ames	General Auditor	57	19	9	9
Audit Committee					
José Danúbio Rozo	Coordinator	–	–	–	–
Flávio Fernando da Fontoura Ferreira	Deputy	–	459	–	–

(*) Approval of the split of shares in the proportion of 1 to 3 (200%) by the Extraordinary General Meeting of 4.25.2007,

Number of shares in the market and percentage in relation to the total issued:

BB shares	**Number**	**%**
Market *	2,475,949,269	100.0
Total issued	2,475,949,269	100.0

(*) The free float corresponds to 14.9% (367,556,314 shares),

NOTE 17 – Income Tax and Social Contribution on Net Income

17.a) Details of calculation basis

	BB-Consolidated			
	09.30.2007		09.30.2006	
	Income Tax	Social Contribution	Income Tax	Social Contribution
a) Profit before taxation and after employee profit sharing	6,571,115	6,571,115	4,823,761	4,823,761
- Profit before taxation	5,695,854	5,695,854	4,670,239	4,670,239
- Net income of foreign entities	(278,499)	(278,499)	(279,361)	(279,361)
- Intercompany eliminations	1,154,730	1,154,730	927.256	927,256
- Employee profit sharing	(970)	(970)	(494,373)	(494,373)
b) Permanent additions/(deductions):	(2,054,901)	(2,042,441)	(1,822,282)	(1,810,654)
- Equity in the (earnings)/loss of subsidiary and associated companies	(1,193,509)	(1,193,509)	(1,099,149)	(1,099,149)
- Interest on own capital	(985,271)	(985,271)	(693,038)	(693,038)
- Non-deductible expenses and provisions	481,423	481,421	396.769	396,766
- Other additions/(deductions)	(357,544)	(345.082)	(426,864)	(415,233)
c) Temporary additions/(deductions)	4,942,112	4,965,189	5,411,379	5,616,245
- Allowance for loan losses	4,143,798	4,143,798	5,684,549	5,725,554
- Provision for loss on securities and investments	8,350	8,350	(121)	(121)
- Provision for pension liabilities	(56,588)	(56,588)	(76,734)	(76,734)
- Provision for labor claims, tax contingencies and contingent liabilities	446,040	446,040	156,756	156,756
- Amortization of goodwill on investments	--	--	1,193	--
- Other additions/(deductions)	400,512	423,589	(354,264)	(189,210)
d) Other adjustments: additions/(deductions)	(2,900,923)	(2,908,239)	(2,146,940)	(2,151,151)
- Effects of non-deductible expenses	--	--	--	--
- Adjustment - BACEN Resolution 2682 and Law 9430/1999	(2,900,923)	(2,900,923)	(2,145,968)	(2,145,968)
- Other	--	(7,316)	(972)	(5,183)
e) Taxable income	6,567,403	6,585,624	6,265,918	6,478,201
f) Income tax/social contribution	1,624,345	594.864	1,547,235	583,782
- Rate of 15% / 9%	989,946	594,864	945,118	583,782
- Additional 10%	659,910	--	630,025	--
- Tax incentives	(25,511)	--	(27,908)	--
- Income tax on profits of foreign entities	--	--	--	--

17.b) Details of income tax and social contribution expense

	BB-Consolidated			
	3rd quarter 2007		3rd quarter 2006	
	Income tax	Social Contribution	Income tax	Social Contribution
a) Present values	(440,459)	(156,784)	(522,785)	(189,173)
- Domestic income tax and social contribution	(427,370)	(156,784)	(514,128)	(189,173)
- Foreign income tax	(13,089)	--	(8,657)	--
b) Deferred tax liabilities	(24,123)	(10,264)	(81,105)	(27,970)
- Provision)/reversal of deferred income tax on the adjustment of the portfolio and depreciation (leasing operations)	(2,723)	--	(3,694)	--
- (Provision)/reversal of provision for deferred taxes - positive MTM	1,910	1,188	(12,642)	(4,858)
- (Provision)/reversal of deferred income tax on the sale of investments in installments	--	--	--	--
- (Provision)/reversal of provision for deferred taxes - restatement of judicial deposits	(36,876)	(13,275)	(42,857)	(15,428)
- (Provision)/reversal of provision for deferred taxes - Net income abroad	(2,866)	(3,200)	(7,648)	(3,198)
- (Provision)/reversal of provision for deferred income tax on Transactions carried out in the futures market	16,432	5,023	(14,264)	(4,486)
c) Provision (a+b)	(464,582)	(167,048)	(603,890)	(217,143)
d) Deferred tax credits	260,352	88,686	218,640	75,849
- Recording/(reversal) of tax credits on temporary differences	222,273	79,806	4,456	(269)
- (Recording)/reversal of tax credit on income tax and social contribution losses	32,209	10,341	218,830	78,973

- (Recording)/reversal of tax credits - negative MTM	(4,130)	(1,461)	24,136	8,430
- Recording/(Reversal) of Tax Credits on Transactions Carried out in the Futures Market	--	--	(28,782)	(11,285)
e) Total income tax and social contribution expense (c+d)	(214,230)	(78,362)	(385,250)	(141,294)

17.c) Reconciliation of income tax and social contribution expense

	BB-Consolidated	
	3rd quarter 2007	3rd quarter 2006
a) Income tax		
Profit before taxation and profit sharing	1,831,413	1,550,809
- Total income tax charge (rate of 25%)	(457,853)	(387,702)
- Charges upon Interest on Own Capital	83,344	--
- Effects of non-taxable income	285,825	286,998
- Effects of non-deductible expenses	(592,510)	(558,980)
- Effects of foreign profits	(14,556)	(7,085)
- Employee profit sharing	--	--
- Deferred charges on mark-to-market adjustments	803	(658)
- Other	472,573	272,971
- Fiscal incentives (workers meal program, culture and others)	8,144	9,206
Income tax expense	(214,230)	(385,250)
b) Social contribution		
Profit before taxation and profit sharing	1,831,413	1,550,809
- Total social contribution charge (rate of 9%)	(164,827)	(139,573)
- Charges upon Interest on Own Capital	30,003	--
- Effects of non-taxable income	102,784	103,109
- Effects of non-deductible expenses	(213,249)	(201,233)
- Employee profit sharing	--	9
- Deferred charges on mark-to-market adjustments	289	(246)
- Other *	166,638	96,640
Social contribution expense	(78,362)	(141,294)

(*) Tax credit from timing differences recorded.

17.d) Legal Process: Interest on Own Capital Tax

17.d.1) In February 1998, the Bank filed a legal request for full offset of prior year income tax and social contribution on net income losses against taxable income. Since then, the Bank has offset these tax losses in full against income tax and social contribution taxable income and has made judicial deposits of the taxes otherwise due (on 70% of the amount offset). These deposits prompted the Federal District 16th Court to issue a dispatch recognizing the suspension of payment of these taxes until final judgment of the Bank's request, based on article 151, II, of the Tax Code. Since 10.01.2002, the proceeding has been awaiting judgment of an extraordinary appeal by the Federal Supreme Court.

17.d.2) The offsetting of amounts of fiscal loss and CSLL recoverable results in the write-off of deferred tax credits, observing the limitation of 30%.

17.d.3) As permitted by item 53 of CVM Resolution 489/2005, judicial deposits in the amount of R$9,398,397 (principal + interest) deduct the corresponding provisions.

17.d.4) Deferred taxes (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 formed in an amount identical to aforesaid restatement, in conformity with § 2, item II, art. 1 of Bacen/CMN Resolution 3.059/2002, with no impact on net income.

17.d.5) If we consider the situation of success in the lawsuit, we would verify that in September /2005, the Bank would have consumed the entire stock of Tax Loss. Therefore, since the competent period of

October/2005 the amount of Income Tax is being paid in full. For the same situation there would also be a remaining balance of tax credit of CSLL a recoverable.

Moreover, there would be a transfer of resources from the account used to record judicial deposits to that of cash and cash equivalents. The tax credits relating to judicial deposits (principal) would be written off against provision for IRPJ and CSLL and provision for tax risks relating to the restatement of deposits, in the amount of R$ 3,373,576 ,would be reverted against net income. The net positive impact of this provision on net income would support the calculation of the BIS ratio by 2.24% (from 15.74% to 17.98%).

17.d.6) Considering the situation of loss of the lawsuit (situation in which the amounts deposited judicially would be converted into income in favor of the National Treasury), the portions of IRPJ tax credits on tax loss that could be utilized since the competent period of October/2005, observing the limitation of 30%, is reclassified to the accounting representing "IRPJ recoverable" assets. This IRPJ recoverable, which would result from the adjustments of Statements of Economic-Fiscal Information of Corporations, corresponds to R$ 1,018,406 in September/2007 and its restatement by the Selic Rate since January/2006 until the final judgment of the suit, would produce a positive impact on net income (see item 17.d.5).

17.d.7) The amounts relating to this matter are as follows:

	09.30.2007	09.30.2006
a) Judicial deposits	9,398,397	8,375,518
- Original amounts	5,910,981	5,631,868
- Restatement	3,487,416	2,743,650
b) 70% thereof	5,951,395	5,546,054
- Income tax losses	3,002,033	3,002,033
- Social contribution losses and CSLL to offset	2,949,362	2,544,021

NOTE 18 – Tax Credits

18.a) Tax credits recorded as assets

	BB-Consolidated			
	09.30.2007		09.30.2006	
Nature and origin:	Income tax	Social contribution	Income tax	Social contribution
a) Income tax and social contribution losses	393,433	174,887	204,148	53,268
a.1) Rate(%)	25	9	25	9
a.2) Tax credit recorded	98,358	15,740	51,037	4,794
b) Timing differences	23,436,273	23,327,694	22,671,558	22,591,796
b.1) Rate (%)	25	9	25	9
b.2) Tax credit recorded	5,859,068	2,099,492	5,667,889	2,033,262
c) Negative mark-to-market adjustments	81,396	73,297	216,415	209,286
c.1) Rate (%)	25	9	25	9
c.2) Tax credit recorded	20,349	6,597	54,104	18,836
d) Social contribution to offset	--	872,969	--	1,459,815
e) Negative futures market adjustments	--	--	--	--
e.1) Rate (%)	25	9	25	9
e.2) Tax credit recorded	--	--	--	--
f) Tax credits - writ of mandamus	1,983,627	2,908,948	--	--
g) Tax credits abroad	11,641	--	10,542	--
h) Total income tax and social contribution tax recorded (a.2 + b.2 + c.2 + d + e.2 + f + g)	7,973,043	5,903,746	5,783,572	3,516,707

	Pasep	Cofins	Pasep	Cofins
i) Negative mark to market adjustments	82,909	82,909	225,596	225,596
i.1) Rate (%)	0,65	4	0.65	4
i.2) Tax credit recorded	539	3,316	1,466	9,024
i) Negative futures market adjustments	--	--	--	--
j.1) Rate(%)	0.65	4	0.65	4
j.2) Tax credit recorded	--	--	--	--
j) Total PASEP and COFINS credits E COFINS recorded (i.2 + j.2)	539	3,316	1,466	9,024
l) Total tax credits not recorded (f + k)	7,973,582	5,907,062	5,785,038	3,525,731

The tax credits recorded include Social Contribution to Offset relating to tax credits calculated at the rate of 18% on tax losses and temporary differences existing on December 31, 1998. Article 8 of Provisional Measure (MP) 2158-35/2001 reduced the rate of social contribution from 18% to 8% and authorized the maintenance of this credit classified in Other Receivables - Sundry. At September 30, 2007, the balance of this account amounted to R$ 872,969 thousand.
Since January 1, 2003, the rate for social contribution on net income is 9%, in conformity with Law 10637 of December 30, 2002.

18.b) Tax credits not recorded

	BB-Consolidated			
	09.30.2007		09.30.2006	
Nature and origin:	Income tax	Social contribution	Income tax	Social contribution
a) Income tax and social contribution losses	135,321	107,035	113,947	54,797
a.1) Rate(%)	25	9	25	9
a.2) Tax credits not recorded	33,830	9,633	28,487	4,932
b) Timing differences	4,178	-	58,556	42,600
b.1) Rate (%)	25	9	25	9
b.2) Tax credits not recorded	1,045	-	14,639	3,834
c) Negative mark-to-market adjustments	--	--	--	--
c.1) Rate (%)	25	9	25	9
c.2) Tax credits not recorded	--	--	--	--
d) Accounting losses of foreign entities in countries with favorable taxation	--	--	304,351	304,351
d.1) Rate (%)	25	9	25	9
d.2) Tax credits not recorded	--	--	76,087	27,391
e) Tax credits abroad	51,429	--	77,212	--
f) Total income tax and social contribution credits not Recorded (a.2 + b.2 + c.2 + d.2 + e)	86,304	9,633	196,425	36,157
	Pasep	Cofins	Pasep	Cofins
g) Negative mark to market adjustments	--	--	--	--
g.1) Rate (%)	0,65	4	0.65	4
g.2) Tax credits	--	--	--	--
h) Total PASEP and COFINS tax credits not recorded (g.2)	--	--	--	--
i) Total tax credits not recorded (f + h)	86,304	9,633	196,425	36,157

18.c) Entries and write-offs of the period

Entries of the period

	BB-Consolidated			
	09.30.2007		09.30.2006	
	Income tax	Social contribution	Income tax	Social contribution
a) On income tax and social contribution losses	41,995	11,278	10,996	2,459
b) On timing differences	675,292	240,421	2,136,052	997,885
c) On negative mark-to-market adjustments	1,158	414	13,128	4,713
d) Tax credits abroad	1,773	--	6,426	--
e) Negative futures market adjustments market adjustments	--	--	--	--
f) Tax credits - writ of mandamus *	1,983,627	2,908,948	--	--
g) Total income tax and social contribution tax recorded (a + b + c + d + e + f)	2,703,845	3,161,061	2,166,602	1,005,057
	Pasep	Cofins	Pasep	Cofins
h) Relating to negative mark-to-market adjustments	31	193	323	1,988
i) Relating to negative futures market adjustments	--	--	--	--
i) Total tax credits recorded (g + h + i)	2,703,876	3,161,254	2,166,925	1,007,045

(*) The tax credits that had been written off since the beginning of the lawsuit, referring to the full offsetting of the accumulated fiscal loss of Income Tax and of negative bases of Social Contribution, were reactivated in contra account to the re-formation of provision relating to the portion of 70% of IRPJ and CSLL, for which judicial deposits were formed in the amount of R$ 5,910,981 thousand (Note 17.d).

Write-offs in the period

	BB-Consolidated			
	09.30.2007		09.30.2006	
	Income tax	Social contribution	Income tax	Social contribution
a) Relating to income tax & social contribution losses	--	658	--	--
b) Relating to timing differences	5,163	1,649	3,649	864
c) Relating to social contribution to offset (PM No. 1858/1999)	--	537,673	--	541,411
d) Relating to negative mark-to-market adjustments	27,811	10,094	309	171
e) Tax credits abroad	--	--	--	--
f) Arising from futures market transactions.	--	--	--	--
g) Tax Credits - writ of mandamus	--	--	--	--
h) Total IRPJ and CSLL tax credit write-offs (a + b + c + d + e + f + g)	32,974	550,074	3,958	542,446
	Pasep	Cofins	Pasep	Cofins
i) Relating to negative mark-to-market adjustments	766	4,706	14	85
j) Negative futures market adjustments	--	--	570	3,508
k) Total tax credits reversed (h + i +j)	33,740	554,780	4,542	546,039

18.d) Deferred tax liabilities

	BB-Consolidated			
	09.30.2007		09.30.2006	
	Income tax	Social contribution	Income tax	Social contribution
a) Arising from sale of investments	--	--	--	--
b) Arising from mark-to-market adjustments	117,044	42,164	106,457	38,326
c) Arising from leasing portfolio adjustment	59,998	--	45,301	--
d) Arising from tax incentive depreciation	--	--	--	--
e) Entities abroad	3,197	--	4,141	--
f) Arising from restatement of judicial deposits (see Note 18,d,4)	--	--	432,072	155,546
g) Arising from foreign profits	16,799	10,137	27,355	11,738
h) Arising from futures market transactions	15,493	5,587	14,264	4,485
i) Total reversals of income tax and social contribution tax credits (a + b + c + d + e + f + g + h)	212,531	57,888	629,590	210,095
	Pasep	**Cofins**	**Pasep**	**Cofins**
j) Arising from mark-to-market adjustments	3,204	19,719	2,903	17,864
k) Arising from restatement of judicial deposits	15,913	97,926	11,782	72,503
l) Arising from futures market transactions	423	2,604	340	2,091
m) Total deferred tax liabilities (i + j + k + l)	232,071	178,137	644,615	302,53

18.e) Estimates of the realization of tax credits recorded (tax losses, timing differences, negative mark-to-market adjustments on derivatives and social contribution available for offset)

	Bank	
	06.30.2007	
	Nominal Value	Present Value
In 2007	1,349,000	1,313,000
In 2008	3,078,000	2,877,000
In 2009	3,386,000	3,012,000
In 2010	2,678,000	2,270,000
In 2011	794,000	646,000
From 2012 to 2015	2,096,000	1,555,000
Total tax credits	13,381,000	11,673,000

During the 3rd quarter 2007, tax credits were realized in Banco do Brasil S.A. in the amount of R$ 1,965,330, corresponding to 98.17% of the consumption forecast demonstrated in the technical study carried out at 12.31.2006 (R$ 2,002,000).

The above estimates for the realization of tax credits were based on a technical study carried out as of 06.30.2007.

19.f) The realization of nominal amounts of recorded tax credits, considering the reformation of those written-off over the course of the lawsuit (70%), based on a technical study conducted by the Full-Service Bank (position on 6.30.2007), is projected for 9 years, in the following proportions:

	CSLL to offset (*)	Temporary differences (**)
In 2007	7%	13%
In 2008	19%	26%
In 2009	23%	27%
In 2010	7%	30%
In 2011	9%	4%
From 2012 to 2015	35%	0%

This study also shows the tax credits recorded as assets at present values based on the average funding rate of the Bank.

(*) Projection of utilization associated with the capacity to generate taxable bases of IRPJ and CSLL in subsequent periods.

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

18.g) Other information

Deferred tax liabilities or assets, respectively, are formed on positive or negative adjustments resulting from the transactions performed in future settlement markets in the period from 01.01.2005 to 02.28.2006 (effective term of taxation based on the cash basis, pursuant to art. 32 of Law 11,051/2004 and art. 110 of Law 11,196/2005), and will be realized as the transactions are settled.

NOTE 19 – Equity in the Earnings (Loss) of Subsidiary and Associated Companies

The equity accounting adjustments were recorded in the account "Equity in the earnings (loss) of subsidiary and associated companies" as follows:

19.a) Domestic and Foreign branches

DESCRIPTION	Paid-in Capital	Adjusted Stockholders' Equity	Our Interest %	Dividends/ JCP	Equity Income Result		Book value 09.30.2007	Book Value 09.30.2006
					Operational	Exchange Variance		
SUBSIDIARIES								
BAMB-Brasilian American Merchant Bank	443,024	591,828	100.00	--	12,827	(25,498)	591,828	631,044
Banco do Brasil AG. Vienna (Áustria)	49,337	86,563	100.00	--	1,935	523	86,563	84,550
BB-Leasing Company Ltd.	--	72,548	100.00	--	1,109	(3,393)	72,548	77,639
BB Securities LLC	9,190	6,443	100.00	--	(364)	--	6,443	--
BB-Administradora de Cartões de Crédito S.A.	9,300	25,999	100.00	--	(3,336)	--	25,999	22,550
BB-Administradora de Consórcios S.A.	14,100	24,454	100.00	--	7,986	--	24,454	21,912
BB-Corretora de Seguros e Administradora de Bens S.A.	26,918	87,023	100.00	--	15,776	--	87,023	76,128
BB-Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A.	99,828	221,944	100.00	--	100,637	--	221,944	199,839
BB-Banco de Investimento S.A.	1,589,399	2,045,652	100.00	--	189,256	--	2,045,652	1,908,733
BB-Leasing S.A. - Arrendamento Mercantil	61,860	71,744	100.00	--	8,369	--	71,744	44,195
BB-Banco Popular do Brasil S.A.	160,256	17,306	100.00	--	(3,995)	--	17,306	21,775
Cobra Tecnologia S.A. (A)	17,183	--	99.36	763	(4,291)	--	--	--
ASSOCIATED COMPANY								
Cadam S.A.	183,904	312,517	21.64	--	(4,056)	--	67,629	75,260
SUBTOTAL	--	--	--	763	321,853	(28,368)	3,319,133	3,163,625
Abroad								
Foreign exchange gain/losses in branches	--	--	--	--	--	(77,523)	--	--
Increase/decrease in stockholders' equity arising from other movements.	--	--	--	--	2,394	--	--	--
Total	--	--	--	763	324,247	(105,891)	3,319,133	3,163,625

(A) Information regarding balance sheet at June/2007.

19.b) BB – Consolidated

DESCRIPTION	Paid-in Capital	Adjusted Stockholders Equity	Our Interest %	Dividends/ JCP	Equity Income Result			Book value 09.30.2007	Book value 09.30.2006
					Operational	Exchange Variance	value		
1) Interest - BB-Multiple Bank									
SUBSIDIARIES									
BB-Administradora de Cartões de Crédito S.A.	9,300	25,999	100.00	--	(3,336)	--	--	25,999	22,550
BB-Administradora de Consórcios S.A.	14,100	24,454	100.00	--	7,986	--	--	24,454	21,912
BB-Corretora de Seguros e Admin. de Bens S.A.	26,918	87,023	100.00	--	15,776	--	--	87,023	76,128
Cobra Tecnologia S.A.(A)	17,183	--	99.36	763	(4,291)	--	--	--	--
ASSOCIATED COMPANIES									
Cadam S.A.	183,904	312,517	21.64	--	(4,056)	--	--	67,629	75,260
SUBTOTAL (1)	--	--		763	12,079	--	--	205,105	195,850
2) Interest - BB Banco de Investimento									
ASSOCIATED COMPANIES (B)									
Brasilseg Participações S.A / BrasilVeículos Cia de Seguros (C)	130,026	291,979	70.00	--	11,094	--	--	204,386	155,630
Cia. de Seguros Aliança do Brasil S.A.	129,861	373,975	70.00	--	30,897	--	--	261,783	190,831
Brasilprev (C)	98,033	350,603	49.99	19,962	20,019	--	--	175,580	127,838
Brasilcap	79,054	198,199	49.99	1,176	3,861	--	--	99,080	79,135
Brasilsaúde(C)	39,726	49,508	49.92	--	1,078	--	--	24,603	23,415
Cia. Brasileira de Meios de Pagamento	74,534	298,329	31.99	120,489	50,170	--	--	95,554	65,464
Seguradora Brasileira de Crédito à Exportação	9,165	18,142	12.08	--	194	--	--	2,193	1,953
Itapebi (D)	150,000	281,255	19.00	664	5,712	--	--	53,438	44,840
Kepler Weber (D) (E)	86,230	150,165	19.31	--	8,983	--	(2,731)	29,215	1,065
Cia. Brasileira de Soluções e Serviços	8,720	68,812	40.34	--	3,868	--	--	27,762	14,598
Ativos S.A.	9,153	26,738	74.50	8,188	8,133	--	--	20,244	11,438
BAF S.A., "in liquidation" (E)	203,498	4,369	100.00	--	--	--	(132)	4,369	4,369
SUBTOTAL (2)	--	--	--	150,459	144,009	--	(2,863)	998,207	720,576
3) BAMB-Brasilian American Merchant Bank									
SUBSIDIARIES									
BB-Tur - Viagens e Turismo Ltda. (B)	9,633	3,156	99.00	--	(1,606)	161	--	3,125	8,840
Ativos S.A. (B)	9,154	26,738	25.50	7,740	2,498	287	--	6,493	3,669
SUBTOTAL (3)	--	--	--	7,740	892	448	--	9,618	12,509
4) Interest - BB - Leasing Company Ltd									
ASSOCIATED COMPANY									
BB-Tur - Viagens e Turismo Ltda. (B)	9,633	3,156	1.00	--	(16)	2	--	31	89
SUBTOTAL (4)	--	--	--	--	(16)	2	--	31	89
5) Interest - BB Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A									
ASSOCIATED COMPANY									
Pronor (B) (J)	154,686	163,779	12.02	--	(892)	--	--	19,686	20,722
SUBTOTAL (5)	--	--	--	--	(892)	--	--	19,686	20,722
Abroad									
Foreign exchange gain/losses in branches	--	--	--	--	--	(77,523)	--	--	--
Foreign exchange gain/losses in subsidiaries	--	--	--	--	--	(28,368)	--	--	--
Increase/decrease in stockholders'									--
Other movements	--	--	--	--	2,394	--	--	--	949,746
Total	--	--	--	158,962	158,466	(105,441)	(2,863)	1,232,647	949,746

(A) Information regarding balance sheet at June/2007.

(B) Information regarding the balance sheet at August/2007, excepting of BAF S,A - in liquidation.

(C) At December 15, 2006 Brasilseg Participações S.A.was taken over by Brasilveículos Cia. de Seguros.

(D) Equity in the earnings of subsidiary and associated companies is adjusted with investments in fiscal incentives (Itapebi).

(E) Provisions for liabilities were formed due to the devaluation of the investments in Kepler Weber - due to the compensation agreement between the old and the new partners, referring to contingent liabilities as yet unrecognized - R$ 2,731.

NOTE 20 – Related Parties Transactions

We present below the transactions carried out between Banco do Brasil S.A. (Domestic and Foreign Branches) and the companies of the financial group:

	09.30.2007		09.30.2006	
	Assets (Liabilities)	Income (Expenses)	Assets (Liabilities)	Income (Expenses)
Cash and cash equivalents	140	--	158	--
Foreign subsidiaries	140	--	158	--
Short-term interbank deposits	4,145,265	31,237	3,454,048	--
BB Banco de Investimento S.A.	378,757	4,377	1,010,713	--
BB Banco Popular do Brasil S.A.	100,423	255	100,496	--
BB Leasing S.A. - Arrendamento Mercantil	907,424	26,605	710,782	--
Foreign subsidiaries	2,758,661	--	1,632,057	--
Securities	--	--	--	(324)
BB Administradora de Cartões de Crédito S.A.	--	--	--	(324)
Loan operations	67,294	1,815	9,289	--
BB Administração de Ativos - DTVM S.A.	439	37	419	--
BB Leasing S.A. - Arrendamento Mercantil	66,855	1,778	8,870	--
Other receivables	220,924	--	55,778	--
Ativos S.A.	610	--	145	--
BB Administração de Ativos - DTVM S.A.	3,088	--	3,750	--
BB Administradora de Cartões de Crédito S.A.	170	--	170	--
BB Administradora de Consórcios S.A.	756	--	705	--
BB Banco de Investimento S.A.	1,096	--	882	--
BB Banco Popular do Brasil S.A.	3,998	--	4,308	--
BB Corretora de Seguros e Administradora de Bens S.A.	29,358	--	25,157	--
BB Leasing S.A. - Arrendamento Mercantil	2,476	--	3,436	--
BB Tur Viagens e Turismo Ltda.	19,071	--	16,553	--
Cobra Tecnologia S.A.	743	--	672	--
Dollar Diversified Payments Rights Finance Company	159,485	--	--	--
Foreign subsidiaries	73	--	--	--
Demand deposits	(27,783)	--	(10,444)	--
Ativos S.A.	(147)	--	(51)	--
BB Administração de Ativos – DTVM S.A.	(2,620)	--	(2,764)	--
BB Administradora de Cartões de Crédito S.A.	(10)	--	(9)	--
BB Administradora de Consórcios S.A.	(366)	--	(151)	--
BB Banco de Investimento S.A.	(1,182)	--	(1,714)	--
BB Banco Popular do Brasil S.A.	--	--	(16)	--
BB Corretora de Seguros e Administradora de Bens S.A.	(812)	--	(825)	--
BB Leasing S.A. - Arrendamento Mercantil	(916)	--	(184)	--
BB Tur Viagens e Turismo Ltda.	(459)	--	(3,427)	--
Cobra Tecnologia S.A.	(8,008)	--	(948)	--
Foreign subsidiaries	(13,263)	--	(355)	--
Interbank deposits	(13,832,092)	129,523	5,421,599	--
Foreign subsidiaries	(13,832,092)	129,523	5,421,599	--
Money Market Borrowing	(783,186)	(24,455)	(756,534)	(10,495)
BB Administração de Ativos – DTVM S.A.	(367,255)	(12,381)	(336,439)	--
BB Administradora de Cartões de Crédito S.A.	(109,725)	(4,579)	(119,620)	(4,524)
BB Administradora de Consórcios S.A.	(31,357)	(1,040)	(26,797)	(1,034)
BB Banco de Investimento S.A.	(212)	(92)	(4,891)	--
BB Banco Popular do Brasil S.A.	(29,234)	(974)	(20,158)	--
BB Corretora de Seguros e Administradora de Bens S.A.	(164,881)	(4,099)	(159,485)	(4,937)
BB Leasing S.A. - Arrendamento Mercantil	--	(355)	(5,089)	--
BB Tur Viagens e Turismo Ltda.	--	(4)	--	--
Cobra Tecnologia S.A.	(980)	--	(948)	--
Foreign subsidiaries	(79,542)	(931)	(83,107)	--
Funds from acceptance of securities, housing bonds and mortgage notes and debentures	(34,000)	--	(35,860)	--
Foreign subsidiaries	(34,000)	--	(35,860)	--
Foreign borrowings	(3,910,226)	(393)	(1,013,090)	--
Foreign subsidiaries	(3,910,226)	(393)	(1,013,090)	--
Foreign onlending	(3,313,949)	(23,424)	(267,779)	--

Foreign subsidiaries	(3,313,949)	(23.424)	(267,779)	--
Derivative financial instruments	2,072	1,973	(2,013)	41
BB Administradora de Cartões de Crédito S.A.	(192)	331	(206)	41
BB Administradora de Consórcios S.A.	(295)	--	(389)	--
BB Banco de Investimento S.A.	1,319	682	--	--
BB Corretora de Seguros e Administradora de Bens S.A.	(1,318)	--	(1,558)	--
BB Leasing S.A. - Arrendamento Mercantil	4	20	616	--
Foreign subsidiaries	2,554	940	(476)	--
Other liabilities	(1,325,742)	--	(1,240,938)	--
BB Administração de Ativos - DTVM S.A.	(53)	--	(243,868)	--
BB Administradora de Cartões de Crédito S.A.	(48,559)	--	(48,036)	--
BB Banco Popular do Brasil S.A.	(1,563)	--	(1,766)	--
BB Leasing S.A. - *Arrendamento Mercantil*	*(6)*	--	*(8)*	--
BB Tur Viagens e Turismo Ltda.	(4,144)	--	(3,509)	--
Cobra Tecnologia S.A.	(8,362)	--	(19,529)	--
Dollar Diversified Payments Rights Finance Company	(1,126,501)	--	(562,991)	--
Foreign subsidiaries	(136,554)	--	(361,231)	--
Other operating income	--	13,617	--	3,362
Ativos S.A.	--	149	--	798
BB Administração de Ativos – DTVM S.A.	--	4,431	--	--
BB Administradora de Consórcios S.A.	--	303	--	251
BB Banco de Investimento S.A.	--	8,188	--	--
BB Corretora de Seguros e Administradora de Bens S.A.	--	212	--	1,904
BB Tur Viagens e Turismo Ltda.	--	308	--	21
Cobra Tecnologia S.A.	--	26	--	388
Other operating expenses	--	(32,761)	--	(33,979)
BB Administradora de Consórcios S.A.	--	(26)	--	(43)
BB Banco Popular do Brasil S.A.	--	(4,991)	--	--
BB Tur Viagens e Turismo Ltda.	--	--	--	(573)
Cobra Tecnologia S.A.	--	(27,744)	--	(33,363)

- "Other receivables" include: accounts receivable from related parties, dividends and interest on own capital receivable.

Transactions carried out between the companies included in the consolidation are eliminated on consolidation (Note 2.b).

- Transactions with related parties were performed at rates practiced by the market, in force on the dates of the operations.
- During the quarter costs were recovered in the amount of R$ 124,679 (R$ 126,425 at September 30, 2006), basically relating to services rendered by Banco do Brasil S.A. to the companies from the group, charged according to contracts maintained between the parties, for the use of physical structure and of staff for the bank card, leasing, capitalization, purchasing pool, insurance and brokerage operations.
- For comparative purposes, the September 30, 2007 information was adjusted.

NOTE 21 – Operational Limits – Basel Accord

At September 30, 2007, the Referential Stockholders' Equity exceeded the minimum required by the Brazilian Central Bank by R$ 9,771,117 and the coefficient of capital adequacy was 15.74% (17.74% as of September 30, 2006), while the minimum required is 11%.

The risk-weighted assets are as follows:

	BB-Consolidated	
	09.30.2007	09.30.200
Cash and cash equivalents	3,852,528	3,642,35
Credits and securities issued or guaranteed by the Brazilian Government	109,758,750	80,696,44
Central Bank deposits	29,198,698	24,494,03
Receivables from related companies	23,169	12,63
Specific credits - rescheduling of rural credits	737,942	663,05
Foreign exchange portfolio	1,638,943	517,83
Other	4,025,084	2,139,96
Total subject to zero-risk	149,235,114	112,166,32
Foreign currency funds	507,580	139.25
Clearing services for checks and other papers	2,116,446	1,949,96
Foreign exchange portfolio	976,122	1,592,51
Deposits with other banks	–	772,69
Investments in gold	5,635	4,88
Total subject to 20% risk	3,605,783	4,459,31
Weighted amount	721,157	891,86
Funds applied in interbank deposits	8,455,954	16,664,98
Foreign exchange portfolio	8,696,229	8,093,43
Foreign securities	64,380	49,82
Other	20,865	(174,008
Total subject to 50% risk	17,237,428	24,634,24
Weighted amount	8,618,714	12,317,12
Loan operations	129,343,725	99,334,16
Property and equipment	2,656,908	2,825,36
Leased assets	1,384,802	1,110,30
Investments	1,265,928	987,52
Securities	3,669,484	4,822,36
Foreign exchange portfolio	226,362	229,46
Memorandum accounts	(7,828,668)	(9,169,90
Other	17,296,996	20,822,44
Total subject to 100% risk	148,015,537	120,961,70
Weighted amount	148,015,537	120,961,70
Deferred tax credits - income tax and social contribution on net income	12,681,717	9,291,32
Total subject to 300% risk	12,681,717	9,291,32
Weighted amount	38,045,151	27,873,97
Total assets subject to risk weighting	330,775,579	271,512,91
Total weighted amount	195,400,559	162,044,66

The calculations of the Required Stockholders' Equity and the adequacy coefficient are as follows:

	BB-Consolidated	
	09.30.2007	09.30.200
A) Assets subject to risk weighting	330,775,579	271,512,91
B) AWR (Assets Weighted by Risk)	195,400,559	162,044,66
C) SWAP credit risk	1,784,418	1,400,65
D) Requirement of stockholders' equity on AWR (11% of "B")	21,494,061	17,824,91
E) Requirement of stockholders' equity on SWAP (20% of "C")	356,884	280,13
F) Requirement of stockholders' equity on interest rate exposure	847,448	448,57
G) Required stockholders' equity (RSE): "D" + "E" + "F"	22,698,393	18,553,62
H) Referential equity amount (RE)	32,469,510	29,919,39
Tier I	21,732,484	20,154,50
Capital	12,710,693	11,912,89
Capital reserves	38	355,63
Revenue reserves	8,932,907	6,787,49
Adjustment to market value - securities and derivative financial instruments	383,815	209,69
Retained earnings (accumulated losses)	862	77
Income Accounts Creditors	20,011,870	15,486,78
Income Accounts Debtors	(18,981,205)	(14,579,35
Deferred Assets (Resolution CMN nº 3.444/2007)	(113,489)	
Mark-to-Market (CMN Resolution 3.444/2007)	(14,080)	
Tax credits excluded from Level I of RE	(1,198,927)	(19,44
Tier II	10,737,026	9,764,89
Mark-to-Market (CMN Resolution 3.444/2007)	14,080	
Inst of Cap. Issued by IF with FPR of 100%	(10,750)	
Subordinated Debt Qualifying as Capital	9,812,791	8,660,24
- Funds obtained from the FCO	9,284,297	8,035,34
- Funds obtained abroad	528,494	624,90
Hybrid Capital and Debt Instruments	914,591	1,081,42
Revaluation reserves	6,314	23,22
I) Ratio between Referential equity amount to required stockholders' equity:("H"/"G")	1.43	1.6
J) Surplus/(insufficiency) of stockholders' equity: RE - RSE (H-G)	9,771,117	11,365,77
L) Margin/(surplus) of leverage: ("J" x 100)/11	88,828,336	103,325,20
M) Basel Ratio: [RE x 100/(RSE/0.11)]	15.74	17.7

Referring to note 17.d.5, in the case of success in the lawsuit for full offsetting of accumulated fiscal loss of Income Tax and of negative bases of Social Contribution, there would be a positive effect on the BIS Ratio of 2.24% (from 15.74 % to 17.98%),

NOTE 22 – Balanço por Moedas e Exposição Cambial

The purpose of this balance sheet is to show the assets and liabilities in foreign currency in Brazil and abroad.

	BB-Consolidated					
	09.30.2007				09.30.2006	
		Local	Foreign currency		Foreign currency	
	Balance	currency	Brazil	Brazil	Brazil	Exterior
ASSET	342,398,096	303,376,745	14,249,379	24,771,972	12,291,875	31,572,619
Current Assets and Long-Term Receivables	336,486,010	297,595,727	14,216,970	24,673,313	12,270,610	31,440,347
Cash and cash equivalents	4,365,753	3,780,436	170,071	415,246	228,501	790,854
Short-term interbank investments	51,419,078	42,409,027	2	9,010,049	–	17,530,474
Securities and derivative financial instruments	74,125,650	71,278,721	164,382	2,682,547	306,592	2,727,590
Interbank accounts	31,502,916	31,502,916	–	–	–	1,188
Interdepartmental accounts	73,306	73,306	–	–	–	–
Loan and lease operations	129,512,612	112,799,825	4,300,245	12,412,542	2,735,255	10,225,025
Other receivables and assets	45,486,695	35,751,496	9,582,270	152,929	9,000,262	165,216
Permanent Assets	5,912,086	5,781,018	32,409	98,659	21,265	132,272
Investments	1,276,046	1,229,348	32,409	14,289	21,265	23,909
Property and equipment	2,656,908	2,576,945	–	79,963	–	102,743
Leased assets	1,429,510	1,429,510	–	–	–	–
Deferred charges	549,622	545,215	–	4,407	–	5,620
LIABILITIES	342,398,096	305,746,239	13,478,214	23,173,643	17,032,221	25,127,724
Current and Long-Term Liabilities	319,226,173	282,578,957	13,478,214	23,169,002	17,032,221	25,121,775
Deposits	172,179,753	158,180,756	1,972,774	12,026,223	1,641,925	12,632,959
Demand deposits	38,711,780	35,805,410	1,971,635	934,735	1,641,155	903,765
Savings deposits	43,830,975	43,830,975	–	–	–	–
Interbank deposits	5,602,986	1,089,671	–	4,513,315	–	4,583,548
Time deposits	84,034,012	77,454,700	1,139	6,578,173	770	7,145,646
Deposits received under security repurchase agreements	74,845,448	70,260,037	–	4,585,411	–	2,994,203
Funds from acceptance and issue of securities	1,616,493	–	–	1,616,493	–	2,467,429
Interbank accounts	1,929,095	1,929,095	–	–	–	21,298
Interdepartmental accounts	1,497,225	135,183	1,362,042	–	1,239,659	–
Borrowing and onlendings	19,509,009	16,527,924	555,523	2,425,562	632,287	3,700,465
Derivative financial instruments	2,474,681	1,995,501	388,906	90,274	260,451	59,390
Other liabilities	45,174,469	33,550,461	9,198,969	2,425,039	13,257,899	3,246,031
DEFERRED INCOME	106,629	101,988	=	4,641	=	5,949
STOCKHOLDERS' EQUITY	23,065,294	23,065,294	=	=	=	=

Banco do Brasil adopts a policy of not generating foreign currency exposures that require coverage, and it remains within the exposure limit of 5% of the Reference Shareholders' Equity, as defined in CMN Resolution 2891/09.26.2001. The foreign exchange exposure at September 30, 2007 was R$ 1,179,935 (R$ 946,118 at September 30, 2006).

The Central Bank of Brazil made it optional to use the methodology that considers exposures in Euro, Dollar, Swiss Franc, Yen, Pound Sterling and Gold as a single currency, incorporating the diversification effect in the calculation of foreign exchange exposure. In order to improve its foreign exchange risk management procedures, Banco do Brasil adopted this methodology.

NOTE 23– Retirement and Pension and Health Plans - Post-Employment Benefits

23.a) Caixa de Previdência dos Funcionários do Banco do Brasil – Previ

Banco do Brasil is the sponsor of Caixa de Previdência dos Funcionários do Banco do Brasil (PREVI) which provides participants and their dependents with benefits which are complementary or similar to those of the Basic Government Retirement Plan. The plans offered through PREVI are of defined contribution. The plans offered through PREVI are of defined benefit (Plan 1), the latter having adopted the capitalization method for actuarial calculations. On September 30, 2007, Previ had 138,266 participants, with 36,831 active participants of Benefit Plan 1, 37,996 active participants of Previ Futuro Plan and 63,439 retirees (135,817 participants, as follows: 44,777 active participants of Benefit Plan 1, 34,120 active participants of Previ Futuro Plan and 56,920 retirees on 09.30.2006).

23.a.1) The funding of the vested and unvested benefits is summarized as follows:

a) Participants employed before April 14, 1967, who were not retired and who were not eligible on that date to apply for retirement, contemplated in the contract signed on 12.24.1997 between the Bank and Previ (Plan 1): the sponsor assumes the commitment for the payment of pensions for this group; mathematical reserves ensuring benefits corresponding to such group are fully paid-up at Previ. The retirement benefit of this group is characterized as a defined contribution.

b) Participants employed between April 15, 1967 and December 23, 1997 (Plan 1): from April/2006 to December/2006 Plan contribution rates were reduced by 40%, as a consequence of the use of part of the surplus determined in the balance sheet of Previ. The contributions of participants, beneficiaries (retirees and pensioners) and of the sponsor (Banco do Brasil) were suspended as of January/2007, in view of the accumulated surplus. This measure will be evaluated every twelve months, with its maintenance bound to the existence of the Special Reserve of Benefit Plan 1, resulting from a surplus of the Plan,

c) Participants employed as from December 24, 1997 (Plano Previ Futuro): active participants contribute with an amount between 7% and 17% of their contribution salary in Previ. Participation percentages vary according to the length of service in the company and the level of the participation salary. There is no contribution for retired participants. The sponsor contributes amounts equal to the contributions of the participants, limited to 14% of the total contribution payroll of these participants. The retirement benefit of this group is characterized as a defined contribution,

23.a.2) Effects of Benefit Plan 1, based on actuarial valuations as of December 31, 2005 and 2006 carried out by an independent actuary, and of the Plano Previ Futuro as required by CVM Resolution 371 of December 13, 2000:

a) Equity effect (reconciliation of assets and liabilities):

Specification	09.30.2007	09.30.2006
	Plan 1	Plan 1
1) Present value of actuarial liabilities with coverage	65,870,816	58,033,630
2) Present value of actuarial liabilities not covered	--	--
3) Present value of actuarial liabilities (1 + 2)	65,870,816	58,033,630
4) Fair value of the plan assets	(103,352,512)	(81,439,183)
5) Present value of liabilities in excess of (less than) the fair value of the assets (3 + 4)	(37,481,696)	(23,405,553)
6) Actuarial (gains) or losses not recognized	(35,117,539)	(20,661,362)

7) Net actuarial liability/(asset) to be recorded (5 - 6)	(2,364,157)	(2,744,191)

The Previ Futuro Plan, being a defined contribution plan, is not required to record actuarial assets or liabilities.

b) Amounts paid to Previ:

Specification	09.30.2007			09.30.2006		
	Plan 1	Previ Futuro Plan	Total	Plan 1	Previ Futuro Plan	Total
Sponsor contributions	1345	20,206	21,551	82,614	16,578	99,192

c) Impacts on Income for the quarter:

Specification	09.30.2007			09.30.2006		
	Plan 1	Previ Futuro Plan	Total	Plan 1	Previ Futuro Plan	Total
1) Cost of current service (with interest)	--	(39,423)	(39,423)	(67,603)	(32,347)	(99,950)
2) Interest on actuarial liabilities	--	--	--	(1,400,921)	--	(1,400,921)
3) Expected earnings on the plan assets	--	--	--	1,995,561	--	1,995,561
4) Deferment of the net earnings from assets and liabilities (2 + 3)	--	--	--	594,640	--	594,640
5) Total gross (expense)/income (1 - 2 - 3 + 4)	--	(39,423)	(39,423)	(67,603)	(32,347)	(99,950)
6) Expected contributions from participants	--	20,227	20,227	49,306	16,598	65,904
7) Previ Liabilities/Assets (expense)/income	(97,189)	--	(97,189)	1,137	--	1,137
8) Employer's Contribution exceeding cost of Benefit Plan no. 1	--	--	--	(60,186)	--	(60,186)
9) Subtotal net (expense)/income (5 + 6 + 7 + 8)	(97,189)	(19,196)	(116,385)	(77,346)	(15,749)	(93,095)
10) Previ management fee (5% of the employers' union dues)	--	(1,010)	(1,010)	(4,131)	(829)	(4,960)
11) Effect of the net (expense)/income (9 + 10)	(97,189)	(20,206)	(117,395)	(81,477)	(16,578)	(98,055)

23.a.3) The principal economic assumptions adopted for the actuarial calculations were the following:

Specification	09.30.2007	09.30.2006
- Real interest rate used for discounting actuarial liabilities to present value	6.3% p.a.	6.3% p.a.
- Real expected yield on plan assets	6.3% p.a.	6.3% p.a.
- Estimated salary increases:		
- Benefit Plan 1	0.9520% p.a.	1.3154% p.a.
- Plano Previ Futuro	3.6053% p.a.	3.3914% p.a.

Previ has been gradually changing the adopted mortality table from GAM-71 (altered) to GAM-83. A new mortality table, AT-83 plena, was deployed in July/2007 without causing any effects on the Bank's net income, in view of the superavit of Previ.

23.b) Benefits of sole responsibility of the Bank

Banco do Brasil is also responsible for assistance and pension benefits for employees employed before April 14, 1967, not covered by the PREVI Benefits Plan, with characteristics of a defined benefit plan, and the regime adopted for the actuarial calculations is that of capitalization, comprising 8,232 retired employees and surviving spouses at September 30, 2007 (8,493 retired employees and surviving spouses at September 30, 2006).

The main benefits are: (a) retirement pensions to founder participants and pension payments to survivors of participants deceased prior 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 retirement benefits and pension payments in excess of those provided by the PREVI Benefit Plans, as a result of judicial and administrative decisions due to the restructuring of job and salary plans and incentives created by the Bank.

23.b.1) The cost of these benefits is totally funded by Banco do Brasil.

23.b.2) Effects of Benefit Plan, based on actuarial valuations as of December 31, 2005 and 2006 carried out by an independent actuary, and of the Plano Previ Futuro as required by CVM Resolution 371 of December 13, 2000:

a) Equity effect (reconciliation of assets and liabilities):

Specification	**09.30.2007**	**09.30.2006**
1) Present value of actuarial liabilities with coverage	--	--
2) Present value of actuarial liabilities not covered (Plans without financial assets)	1,633,840	1,588,703
3) Present value of actuarial liabilities (1 + 2)	1,633,840	1,588,703
4) Fair value of the plan assets	--	--
5) Present value of liabilities in excess of the fair value of the assets (3 + 4)	1,633,840	1,588,703
6) Actuarial (gains) or losses not recognized	219,972	235,604
7) Net actuarial liability/(asset) to be recorded (5 - 6)	1,413,868	1,353,099

b) Amounts paid to Previ:

Specification	**09.30.2007**	**09.30.2006**
Total benefits paid to Previ	65,284	66,332

c) Impacts on Income for the quarter:

Specification	09.30.2007	09.30.2006
1) Cost of current service	--	--
2) Expected contributions from participants	--	--
3) Interest on actuarial liabilities	(41,572)	(36,431)
4) Actuarial (gains) or losses	(9,955)	(7,636)
5) Expected earnings on assets	--	--
6) Effect of the expense recorded (1 - 2 + 3 + 4 - 5)	(51,527)	(44,067)

23.b.3) The economic assumptions adopted for the actuarial calculations are the same as those adopted for the PREVI Plan 1 (item 23.a.3), except for the adoption of the new mortality table AT-83.

23.c) Cassi - Caixa de Assistência dos Funcionários do Banco do Brasil

The Bank is the sponsor of a Health Plan managed by CASSI - Caixa de Assistência dos Funcionários do Banco do Brasil. The main objective is to provide coverage for expenses with the promotion, protection, recovery and rehabilitation of a member's health and of his/her inscribed beneficiaries. At September 30, 2007 this plan had 166,331 participants, with 86,241 active and 80,090 retired participants and pensioners (158,767 participants, of which 85,939 were active and 72,828 retired participants and pensioners, at September 30 2006).

The Bank contributes monthly an amount equivalent to 150% of the total contributions from members (active and retired) and from pension beneficiaries of employees employed before December 23, 1997 and 100% of the total contributions from participants employed after that date. Monthly contributions from members and pension beneficiaries amount to 3% of the total payroll or the total retirement or pension plan benefits.

23.c.1) Effects of the CASSI Plan on the financial statements, based on actuarial appraisals as of December 31, 2005 and 2006 carried out by an independent actuary, as required by CVM Resolution 371/12.13.2000:

a) Equity effect (reconciliation of assets and liabilities):

Specification	**09.30.2007**	**09.30.2006**
1) Present value of actuarial liabilities with coverage		--
2) Present value of unsecured actuarial liabilities (Plans without financial assets)	3,562,867	3,232,214
3) Present value of actuarial liabilities (1 + 2)	3,562,867	3,232,214
4) Fair value of the plan assets		--
5) Present value of liabilities in excess of the fair value of the assets (3 + 4)	3,562,867	3,232,214
6) Actuarial (gains) or losses not recognized	1,045,076	1,258,908
7) Net actuarial liability (asset) to be recorded (5 - 6)	2,517,791	1,973,306

b) Amounts paid to Cassi:

Specification	**09.30.2007**	**09.30.2006**
Sponsor contributions	103,299	100,512

The amounts of R$ 103,299 thousand and R$ 100,512 thousand comprise Employer Contributions for Active employees and Pensioners, as follows: at September 30, 2007– Active employees R$ 35,169 thousand and Pensioners R$ 68,130 thousand, and at September 30, 2006 – Active employees R$ 37,424 thousand and Pensioners R$ 63,088 thousand.

c) Impacts on Income for the quarter:

Specification	09.30.2007	09.30.2006
1) Cost of current service (with interest)	(10,167)	(9,271)
2) Expected contributions from participants	--	--
3) Interest on actuarial liabilities	(94,805)	(77,835)
4) Actuarial (gains) or losses	(19,356)	(17,132)
5) Expenses with current employees	(35,169)	(37,424)
6) Expected earnings on assets	--	--
7) Effect of the expense recorded (1 - 2 + 3 - 4 – 5 - 6)	(159,497)	(141,662)

23.c.2) The economic assumptions adopted for the actuarial calculations were the same as those applied to the Previ Plan (item 23.a.3).

Procedures are currently underway for the execution of an agreement between the Bank and Cassi, in order to address the rights and obligations based on the Buylaws of Cassi (BB's Employee Welfare Fund Members' Plan). The Bank recorded R$ 409,415 thousand in the 3rd quarter of 2007 for this purpose. The table below shows the breakdown of this amount.

d) Impacts on income for the quarter of the BB x Cassi negotiation amount:

Specification	9.30.2007
1) Increase of contribution employees installed as from December 23, 1997 (from 3.0% to 4.5%)	(12,000)
2) Contribution 13th month Salary – Active employees	(10,500)
3) Contribution 13th month Salary – Retired employees	(228,000)
4) Indirect Dependents – Active employees	(5,582)
5) Indirect Dependents – Retired employees	(77,000)
6) Extraordinary Contribution	(60,000)
7) Interest on actuarial charges + Amortization of actuarial losses + Cost current service	(16,333)
8) Effect of the expense recorded (1 + 2 + 3 + 4 + 5 + 6 + 7)	(409,415)

23.d) Policy for the recognition of actuarial gains and losses

In accordance with CVM Deliberation 371, the actuarial gains or losses to be recognized as income or expense in a defined benefit plan are the amount of unrecognized gains and losses that exceed, in each period, the higher of the following limits:

- 10% of the present value of the total actuarial liability of the defined benefit; and
- 10% of the fair value of plan assets.

23.d.1) Benefits of Sole Responsibility of the Bank: Actuarial losses relating to these benefits are being recorded in the same year the actuarial calculation is made because the persons involved are all former employees, and thus there is no remaining length of service to amortize.

23.d.2) Cassi Actuarial Liability: the actuarial losses relating to this liability are recognized over the average remaining work period estimated for the employees participating in the plan (15.4 years as of 31.12.2006).

23.e) Summary of Assets/Liabilities of Previ and Cassi:

3rd Quarter 2007

Specification	Actuarial liability/ (asset) on 07.01.2007	(Expense) income recorded in the income statement considering actuarial adjustments	Transfer between unamortized reserves and advanced amortization	Amortization/ Use of the Actuarial Assets and Parity Fund Assets	Sponsor contributions made in the 3rd quarter	Actuarial liability/ (asset) on 09.30.2007
	A	B	C	D	E	F = (A – B + C + D + E)
Actuarial asset CVM No. 371	(2,460,002)	–	–	95,844	–	(2,364,158)
Actuarial asset/liability in respect of the 1997 contract	=	=	=	=	=	=
- Advanced amortization (1997 Agreement)	(10,300,360)	285,341	(1,276,865)	–	–	(11,862,566)
- Unamortized reserves (1997 contract)	10,300,360	(285,341)	1,276,865	–	–	11,862,566
Parity Fund Asset	(2,312,969)	54,959	–	1,345	–	(2,366,583)
Actuarial liability in respect of the Informal Plan (sole responsibility of the Bank)	1,427,625	(51,527)	–	–	(65,284)	1,413,868
CASSI actuarial liability	2,134,679	(451,242)	–	–	(68,130)	2,517,791
CASSI agreement	–	(82,500)	–	–	–	82,500

3rd Quarter 2006

Specification	Net actuarial liability/ (asset) on 07.01.2006	(Expense) income recorded in the income statement considering actuarial adjustments	Transfer between unamortized reserves and advanced amortization	Amortization/ Use of the Actuarial Assets and Parity Fund Assets	Sponsor contributions made in the 3rd quarter	Net actuarial liability/ (asset) on 09.30.2006
	A	B	C	D	E	F = (A - B + C + D + E)
Actuarial asset CVM No. 371	(3,018,171)	–	–	273,980	–	(2,744,191)
Actuarial asset/liability in respect of the 1997 contract	47,260	48,281	=	(163,829)	164,850	=
- Advanced amortization (1997 Agreement)	(9,941,321)	169,710	365,934	(119,936)	23,917	(9,841,116)
- Unamortized reserves (1997 contract)	9,941,437	(168,573)	(365,934)	(43,893)	140,933	9,841,116

- Provision for actuarial losses	47,144	47,144	--	--	--	--
Parity Fund Asset	(2,106,393)	39,257	--	(87,811)	--	(2,233,461)
Actuarial liability in respect of the Informal Plan (sole responsibility of the Bank)	1,375,364	(44,067)	--	--	(66,332)	1,353,099
CASSI actuarial liability	1,932,156	(104,238)	--	--	(63,088)	1,973,306

NOTE 24 – Compensation Paid to Employees and Management

The monthly compensation of employees and management of the Bank in Brazil is presented below (in Reais) in the format required by item 4, Section C of Ministry of Finance Statement of Justification 139, dated March 17,1988, as follows:

	3rd quarter/2007	3rd quarter/2006
Lowest salary		
Standard amount	908.10	827.40
Semiannual bonus	227.03	206.85
Fixed amount – Trade Union Agreement 2004	35.10	31.80
Total	1,170.23	1,066.05
Highest salary		
Standard amount	1,255.80	1,144.50
Amount per individual/supplement for length of service - I	650.44	395.51
Amount per individual - standard amount	1,958.30	1,213.06
Variable temporary supplement – commissioned position	11,071.58	11,054.14
Additional per function	4,035.60	2,753.40
Additional for temporary work updated	861.00	1,709.10
Semiannual bonus	2,190.28	1,803.89
Total	22,023.00	20,073.60
Average salary	3,588.83	3,231.64
Management		
President	28,700.40	26,160.00
Vice-President	25,859.10	23,570.10
Director	22,023.00	20,073.60

NOTE 25 – Transfer of Employees to External Organizations

Federal government: transfers are regulated by article 93 of Law 8112/12.11.1990 (amended by Law 9257/12.11.97), by Decree 925/09.10.1993, and by PGFN/CJN Note 088/96 issued by the General Counsel of the Federal Treasury.

Labor unions: transfers occur in cases prescribed in the Collective Labor Agreement or by commitments assumed as a result of salary negotiations.

Other organizations/entities: transfers occur as a result of agreements of strategic business interest of the Bank.

	3rd quarter/2007		3rd quarter/2006	
	Employees transferred	Cost for the period	Employees transferred	Cost for the period
With costs for the Bank				
Federal Government	18	720	13	628
Labor Unions	129	2,524	130	2,694
Other Organizations/Entities	3	263	3	244
Without cost to the Bank				
Federal, state and municipal governments	290	–	335	–
External organizations (Cassi, FBB e Previ)	671	–	651	–
Employee entities	31	–	34	–
Subsidiary and associated companies	328	–	304	–
Total	1,470	–	1,470	–

NOTE 26 – Commitments, Responsibilities and Contingencies

26.a) Contingent liabilities

Banco do Brasil is a party to various lawsuits, which originate from the normal course of its business. For the formation of provision for legal claims, the bank adopts the criterion of classification of contingencies as remote, possible and probable, in conformity with CVM Resolution 489, of 10.03.2005. The possibility of occurrence of loss is evaluated based on a legal opinion that considers the progress of the suit, the jurisprudential status/development and other factors that imply alteration of the legal risk. Provision is made in the amount of the contingencies classified as probable; not including formation of provisions for contingencies classified as possible and remote.

We present below a brief description of the most relevant situations in which Banco do Brasil is involved, according to the legal nature.

Labor Lawsuits

The Bank is a party in labor lawsuits mainly filed by former employees or trade unions of the category. Allowance for probable losses R$ 2,402,458 (R$ 2,279,385 on 09.30.2006) recognized in the consolidated financial statements, represents various claimed requests, such as: severance pay, overtime, Supplement per Function and Representation, and others. Labor claims classified as possible amount to R$ 292,060 (R$ 272,869 on 09.30.2006).

Fiscal Lawsuits

The Bank is subject to challenges by the tax authorities in relation to taxes. These challenges could produce tax assessment notices with the subject matter of jurisdiction/accrual or the sum of taxable income or deductible expense. Most of the lawsuits originating from tax assessment notices refer to ISSQN, CPMF, CSLL, IRPJ and IOF, and as a guarantee for some of them, there are liens in cash or in properties. Issues of fiscal litigations considered probable amount to R$ 102,597 (R$ 79,417 on 9.30.2006) and possible to R$ 2,019,478 (R$ 236,911 on 9.30.2006). Representative fiscal claims:

- Tax foreclosure proposed on March 01, 2004 by the City Council of São Paulo, with a restated amount up to September 30, 2007 of R$ 69.4 million. The subject matter of the foreclosure is the collection of ISSQN on the clearing services of checks and other instruments and it is currently running at the Tax Foreclosure Office of São Paulo. According to the Bank's legal service, the odds of loss are possible.

- An administrative proceeding was filed on 02.02.2004 by the City Council of Rio de Janeiro, referring to the collection of ISS on the collection services executed by BB Administradora de Ativos e Distribuidora de Títulos e Valores Mobiliários. The amount under discussion restated up to September 30, 2007 was R$ 211 million. The Bank considers, with a basis on the opinion of its legal consultants, that the risk of loss involved in these proceedings is possible.

- Lawsuit on the limitation of offsetting of fiscal loss - See Note 17.d

Civil Lawsuits

The amount involved in these suits with probability of loss indicated as probable is R$ 1,133,721 (R$ 892,107 on 9.30.2006), while those considered a possible loss correspond to R$ 1,841,158 (R$ 1,430,576 on 9.30.2006).

As of 2007, the lawsuits that stand out are those classified as probable losses, aimed at the collection of difference between the inflation that occurred and the rate utilized for correction of financial investments during the period of the Economic Plans: Collor Plan: R$ 191,306, Bresser Plan: R$ 55,922 and Verão Plan: R$ 62,880.

The movement in provision for legal claims was as follows:

	Domestic and Foreign branches		BB-Consolidated	
	3rd quarter 2007	3rd quarter 2006	3rd quarter 2007	3rd quarter 2006
Labor claims				
Opening balance	2,369,183	2,232,980	2,369,183	2,232,980
Provision (reversal)	286,645	46,405	286,645	46,405
Provision used	(253,370)	-	(253,370)	-
Closing balance	2,402,458	2,279,385	2,402,458	2,279,385
Tax claims				
Opening balance	77,151	30,885	117,900	75,538
Provision (reversal)	(3,925)	2,538	(3,398)	3,879
Provision used	(11,904)	-	(11,904)	-
Closing balance	61,321	33,423	102,597	79,417
Civil claims				
Opening balance	992,781	913,592	997,339	943,389
Provision (reversal)	148,484	48,245	148,831	48,614
Provision used	(12,449)	(99,896)	(12,449)	(99,896)
Closing balance	1,128,816	861,941	1,133,721	892,107

26.b) Contingent tax assets

The Bank has filed lawsuits for reimbursement of taxes paid in error that will only be recognized in the financial statements if the Bank obtains a favorable outcome, in conformity with item 25 of Deliberation CVM n.º 489, of 10.03.2005. We emphasize the most important lawsuits not yet recorded:

- Unconstitutionality of Income Tax on Net Income paid in 1989 and in the 1st six months of 1992, in the amount of R$ 12,022 ;

- Tax on Financial Transactions (IOF) - Law 8,033/1990 (Price-level restatement), in the amount of R$ 187,051 ;

26. c) Legal Obligations

The Bank has made a provision in the amount of R$9,120,571 relating to the proceeding regarding the full carryfoward of the accumulated tax loss of Income Tax and of the negative bases of Social Contribution Tax; the enforceability of which has been suspended by the respective judicial deposits made since the beginning of the suit (Note 18.d).

26. d) Other Commitments

The Bank is the sponsor of Fundação Banco do Brasil whose purpose is the promotion, support, advancement and sponsorship of educational, cultural, social, philanthropic, and recreational/sporting activities, as well as the promotion of research activities of a technological and scientific nature, and rural and urban community assistance services. During the year, until 09.30.2007, the Bank contributed with R$ 63,441 to the Fundação Banco do Brasil.

Guarantees to third parties, for a fee and with counter-guarantees from the beneficiaries - guarantees, sureties and bonds - amounted to R$ 3,646,074 at 09.30.2007 (R$ 2,699,020 at 09.30.2006). A provision of R$ 21,667, recorded in Other Liabilities, is considered sufficient to cover any potential loss arising on these guarantees.

Available credit lines for loan and lease operations amount to R$34,326,205 at 09.30.2007 (R$ 25,802,431 at 09.30.2006).

The confirmed import and export letters of credit total R$ 713,397 at September 09.30.2007 (R$ 600,075 at 09.30, 2006).

The Bank is the operator of the Fund for Sectorial Investments (FISET), with net assets, at 09.30.2007, of R$ 2,236 (R$ 2,266 at 09.30.2006), and is the manager of the Public Service Employee Savings Program (PASEP), with net assets of R$ 1,473,318 at 09.30.2006 (R$ 1,416,275 at 09.30.2006). The Bank guarantees the latter a minimum remuneration equivalent to the Long-Term Interest Rate (TJLP).

Despite the reduced level of risk to which its assets are subject, the Bank contracts insurance coverage for its assets in amounts considered sufficient to cover any eventual losses.

NOTE 27 – Financial Instruments

The market value of a financial instrument, according to Instruction CVM no. 235 dated of 03.23.1995, is the value for which the instrument could be exchanged in an ordinary operation in an active market among interested parties, and not corresponding to a compulsory transaction or derived from a liquidation proceeding.

Determination of the Market Value

The Bank has computerized systems that process the positions subject to determination of the market value. If there is an active market, the financial instrument will have its market value determined with a basis on the prices practiced. In the absence of an active market, which is the case of most financial assets and liabilities, the market value is estimated by the quotation of similar financial instruments, or by the net current value of future cash flows adjusted based on the interest rate effective in the market on the balance sheet date.

The internal models utilized for calculation of the future cash flows consist of the construction of a mathematical algorithm that permits a description of the flow for each financial intermediation product. Backtesting is carried out periodically to verify the adherence of these methodologies.

Market and Liquidity Risk

Fluctuations in interest rates, price of security, price of good, exchange rate of the different currencies, indexes and settlement periods are considered in the determination of the market value of financial instruments. The methodology utilized also considers the liquidity potential of the instrument evaluated in comparison with the market liquidity.

Credit Risk

The improvement or deterioration of the credit risk of borrowers is considered in the market risk appraisal. For this purpose, the uncertainty regarding the receipt of amounts agreed on with the counterparts is estimated in the determination of the market value of financial instruments by the amount of provisions formed, pursuant to the criteria of Resolution 2,682, of 12.21.1999.

The table below presents financial instruments recorded in equity accounts, compared to market value:

	BB-Consolidated							
	09.30.2007		09.30.2006		Unrealized gain/loss, net of tax effects			
	Book value	Market Value	Book value	Market Value	On Income		On Stockholders' Equity	
					09.30.2007	09.30.2006	09.30.2007	09.30.2006
ASSETS								
'Short-term interbank investments	51,419,078	51,406,299	29,492,008	28,777,101	(12,778)	(714,907)	(12,779)	(714,907)
Securities and derivative financial instruments	72,541,014	72,542,391	73,318,463	73,196,839	499,826	185,689	1,377	(121,623)
Adjustment of securities available for sale (Note 5.a)	–	–			498,449	307,312	–	–
Adjustment of securities held to maturity (Note 5.a)	–	–			1,377	(121,623)	1,377	(121,623)
Derivative financial instruments	1,584,635	1,584,635	447,784	447,784	–	–		–
Loan operations	129,486,515	129,846,297	99,473,688	99,229,735	359,782	(243,953)	359,782	(243,953)
LIABILITIES								
Interbank deposits	5,602,986	5,608,051	5,578,713	5,580,855	(5,065)	(2,142)	(5,065)	(2,142)
Time deposits	65,353,270	65,303,801	57,018,752	56,996,605	49,469	22,147	49,469	22,147
Obligations related to Committed Operations	74,845,448	74,328,064	44,309,155	42,946,184	517,384	1,362,971	517,384	1,362,971
Borrowing and onlendings	19,509,010	19,504,611	17,680,890	17,678,008	4,399	2,882	4,399	2,882
Derivative financial instruments	2,474,681	2,474,681	3,432,206	3,432,206	–	–	–	–
Other liabilities	45,174,468	44,855,937	45,241,623	44,674,039	318,531	567,584	318,531	567,584
Unrealized gain/loss, net of tax effects					1,731,547	1,180,271	1,233,098	872,959

Criteria utilized for market value determination of financial instruments are detailed below :

Financial Instrument Assets

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 and derivative financial instruments

Accounted for by the market value, as provided for in BACEN Circular no. 3.068 of 11/08/2001, excluding from such criterion, held-to-maturity securities. The market value of securities, including those maintained until maturity, is obtained according to rates collected at the market.

Loan operations

Loans remunerated at pre-fixed rates have been estimated through discounted future cash flows, using for such purposes, interest rates used by the Bank for contracting similar operations at the balance sheet date. For loans remunerated at post-fixed rates, market value was considered book value due to the proximity of the amounts.

Financial Instrument Liabilities

Interbank deposits

The market value has been calculated through discount of the difference between future cash flows and rates currently applicable in the pre-fixed operations market. In case of post-fixed operations which maturities did not exceed 30 days, the book value was deemed to be approximately equivalent to the market value.

Time deposits

For the calculation of the market value, the same criteria as those for interbank deposits are used.

Deposits received under security repurchase agreements

For operations at pre-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 post-fixed 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, and not highlighted in the above table, book values are approximately equivalent to their correspondent market value.

Derivatives

In accordance with BACEN Circular 3082, of January 30, 2002, derivatives are recorded at market value. The market value of the derivatives is estimated according to an internal pricing model, being observed the rates disclosed for term operations similar terms and indexers on the last day of trading in the period.

NOTE 28 – Other Information

28.a) Distribution of Dividends and/or Interest on Own Capital
During a meeting held on 3.19.2007, the Board of Directors approved the setting, for the year 2007, 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 art. 43 of the Bank's By-Laws.

28.b) Split of BB Shares
On April 25, 2007, a General Meeting of Shareholders of the Bank decided to split the shares (BBAS3) representing the capital stock of the company, in the proportion of 1:3, i.e. two new shares for each existing share. Said split was performed on the stock exchange on June 4, 2007. There was no split of the series C subscription bonuses (BBAS13). The valid proportion was altered in the case of potential exercising of this security for 3.131799 common shares for each subscription bonus.

28.c) Public Offering of Shares
On October 15, 2007 a request for registration of a Secondary Public Offer of Banco do Brasil's Common Stock for part of the stock held by Caixa de Previdência dos Funcionários do Banco do Brasil (Previ) and BNDES Participações S.A. (BNDESPAR) was filed with the Securities Commission (CVM).

According to procedures provided for in CVM Instruction 400, of December 29, 2003, as amended, the Offering will be conducted in an unorganized over-the-counter market, to be held in Brazil, under the joint coordination of BB Banco de Investimento S.A. ("Lead Coordinator"), Banco UBS Pactual S.A. and Deutsche Bank S.A. (together with the Lead Coordinator, "Coordinators");

28.d) Study of Merger of Besc
On April 19, 2007, after discussions held with the Treasury Department of the State Government of Santa Catarina, the National Treasury Secretariat informed a decision relating to the development of studies geared toward the merger of Banco do Estado de Santa Catarina S.A (BESC) and of Besc S.A - Crédito Imobiliário (BESCRI) by Banco do Brasil S.A.

On 10.5.2007, the Bank communicated the signing by the National Treasury Secretariat, State Government of Santa Catarina and Banco do Brasil S.A., of a Rider to the Contract of the Program for Incentive of Reduction of the State Public Sector in the Banking Activity - PROES, relating to Banco do Estado de Santa Catarina S.A. - Besc e Besc S.A. Crédito Imobiliário - Bescri. The measure forwards the removal of Besc and of Bescri from the National Privatization Program - PND and its effectiveness is contingent upon the issuance of a specific Resolution of the Federal Senate as well as a Presidential Decree, which will permit the start of the merger process of the Besc Group by Banco do Brasil S.A. The deadline established to finalize the merger process will be 12 months as of the date the last appraising company is contracted.

28.e) Studies for acquisition of BRB
On September 04, 2007, the Government of the Federal District expressed itself in favor of the start of studies relating to the acquisition of the controlling interest of Banco de Brasília S.A - BRB by Banco do Brasil S.A, in compliance with the applicable legal norms and other conditions inherent to transactions of this nature.

28.f) Studies for merger of BEP
On September 06, 2007, after discussions held with the Treasury Department of the State of Piauí, the National Treasury decided to develop studies geared toward the merger of Banco do Estado do Piauí (BEP) by Banco do Brasil S.A.

28.g) "C" Bonus rescheduling proposal
The Stockholders' Meeting of 10.23.2007 approved a proposal forwarded by the Board of Directors for bringing the exercise of "C" Bonuses forward, allowing the holders of these Bonuses, at their sole discretion, to exercise their right in the period between November 1 and 30, 2007, observing the conditions approved at the Extraordinary General Meeting of 6.17.1996. Said proposal, if approved by the Meeting, does not abolish the exercise right in the period originally foreseen, from 03.31.2011 to 06.30.2011, for the remaining "C" Bonuses.

Cash Flow Statement

	BB - Domestic and Foreign branches		BB-Consolidated	
	3rd quarter/2007	3rd quarter/2006	3rd quarter/2007	3rd quarter/2006
Net Income	1,364,037	907,438	1,364,037	907,438
Depreciation and amortization	183,319	176,722	183,642	177,056
Depreciation of leased assets	8,007	–	111,874	80,219
Equity in the earnings (loss) of subsidiary and associated companies	(218,356)	(273,442)	(50,162)	(162,956)
Excess depreciation	-	–	(13,096)	(19,837)
Changes in the currency exchange rate	(77,416)	(3,262)	(105,891)	10,733
(Profit)/ loss on the sale of assets	(21,782)	-	(21,952)	–
Provision/(reversal) for devaluation of other assets	4,202	–	4,203	–
(Profit)/loss on the disposal of property and equipment in use	(14,009)	–	(14,009)	–
Other adjustments	13,372	(40,004)	8,112	(28,267)
Short-term interbank investments	(3,805,892)	(2,415,389)	194,905	266,351
Securities and derivative financial instruments	(2,072,361)	(1,763,042)	(2,055,088)	(3,089,077)
Interbank and interdepartmental accounts	(376,229)	(618,109)	(374,269)	(620,787)
Loan operations	(4,014,384)	(4,204,055)	(3,984,793)	(4,581,170)
Lease operations	75	(10,236)	(3,845)	(17,902)
Other receivables	(2,067,522)	96,833	(2,729,537)	(395,415)
Other assets	(428,687)	(115,620)	(416,041)	(115,363)
Ohter liabilities	(884,728)	5,389,442	(970,778)	5,693,131
Changes in deferred income	6,672	(5,259)	6,672	(5,053)
Mark-to-Market adjustment - Securities and derivative Financial Instruments	(59,371)	110,457	(59,371)	110,457
Capital increase	–	769,221	–	61
Cash Provided/(Used In) Operations	(12,461,053)	(1,998,305)	(8,925,387)	(1,790,381)
Cash Flows from Financing Activities				
Deposits	8,736,766	5,580,324	7,634,734	4,962,630
Repurchase agreements	88,974	(7,548,794)	126,583	(7,186,991)
Funds from acceptance and issue securities	335,772	18,589	129,636	(135,235)
Borrowing and onlendings	3,165,094	1,234,266	910,404	1,318,700
Derivative financial instruments	422,645	2,274,946	422,551	2,276,599
Dividends and bonuses proposed	(212,243)	–	(212,243)	–
Interest Interest on own capital proposed	(333,372)	–	(333,372)	–
Total Admission of Funds	12,203,636	1,559,331	8,678,293	1,235,703
Cash Flows from Investing Activities				
Dividends received from subsidiary/associated companies	–	–	150,683	242,078
Interest on own capital receivable	–	–	2,455	4,447
Disposal of non-operating assets	26,198	9,219	39,300	9,224
Disposal of property and equipment in use	11,887	33,237	12,704	33,195
Disposal of leased assets		5,593	18,084	19,069
Disposal of investments	752,813	19,397	-	19,397
Adjustment to market value of affiliates	–	-	79	–
Applications in assets not for own use	(5,680)	(4,052)	(5,702)	(4,064)
Applications in fixed assets for use	(87,955)	(53,747)	(87,955)	(53,747)
Applications in fixed assets for leasing	(1,171)	–	(189,928)	(191,076)
Applications in investments	(759,264)	–	(12,293)	(1,304)
Applications in deferred charges	(38,622)	(31,210)	(38,615)	(31,211)
Total dos Recursos Captados/Aplicados	(101,794)	(21,563)	111,188	46,008
Net Cash Variation	(359,211)	(460,537)	(358,282)	(508,670)
At the beginning of the period	4,717,510	5,014,440	4,724,035	5,067,877
At the end of the period	4,358,299	4,553,903	4,365,753	4,559,207
Increase (decrease) in cash and cash equivalents	(359,211)	(460,537)	(358,282)	(508,670)

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Statement of Added Value

	BB-Domestic and Foreign Branches				BB-Consolidated			
	3rd quarter/2007		3rd quarter/2006		3rd quarter/2007		3rd quarter/2006	
	Balance	%	Balance	%	Balance	%	Balance	%
Added value calculation								
Net income from financial intermediation	3,807,953		2,468,369		3,850,327		2,500,713	
Banking service fees	2,266,405		2,072,990		2,498,268		2,252,066	
Other Operating Income (Expenses)	(1,462,651)		(794,435)		(1,464,547)		(802,537)	
Non-operating income, net	34,492		21,888		42,677		22,531	
Added value	4,646,199		3,768,812		4,926,725		3,972,773	
Equity in the earnings (loss) of subsidiary and associated companies	218,356		273,442		50,162		162,956	
Gross added value	4,864,555		4,042,254		4,976,887		4,135,729	
Depreciation and amortization	(183,319)		(176,722)		(183,642)		(177,056)	
Added Value to be Distributed	4,681,236	100.00	3,865,532	100.00	4,793,245	100.00	3,958,673	100.00
Distribution of added value								
Employees	2,349,117	50.18	1,821,157	47.11	2,365,670	49.35	1,838,232	46.44
Salaries and fees	1,331,683		1,215,847		1,344,223		1,228,732	
Benefits, social charges and training	843,312		489,115		846,663		492,673	
Profit Sharing	174,122		116,195		174,784		116,827	
Governments	968,082	20.68	1,136,937	29.41	1,063,538	22.19	1,213,003	30.64
Domestic	952,897	20.36	1,128,831	29.20	1,047,787	21.86	1,204,519	30.43
Social security contributions (INSS) on salaries	256,097		221,253		258,062		223,308	
Tax expenses (except income tax and social contribution on net income)	488,034		442,459		511,689		461,752	
Income tax/social contribution on net income	208,766		465,119		278,036		519,459	
Abroad	15,185	0.32	8,106	0.21	15,751	0.33	8,484	0.21
Tax expenses (except income tax and social contribution on net income)	1,060		1,291		1,195		1,399	
Income tax/social contribution on net income	14,125		6,815		14,556		7,085	
Stockholders	1,364,037	29.14	907,438	23.48	1,364,037	28.46	907,438	22.92
Dividends / Interest on Own Capital of the Union	374,837		--		374,837		--	
Dividends / Interest on Own Capital of other stockholders	170,778		--		170,778		--	
Retained earnings	818,422		907,438		818,422		907,438	
Added value distributed	4,681,236	100.00	3,865,532	100.00	4,793,245	100.00	3,958,673	100.00

Banco do Brasil S.A.

Independent auditors' report on the Special Review of the Quarterly Financial information for the Quarter ended September 30, 2007

(A free translation of the original report in Portuguese as published in Brazil containing Quarterly Financial Information prepared in accordance with the regulations issued by the Brazilian Securities and Exchange Commission (CVM) specifically applicable to the preparation of the Quarterly Financial Information)

Independent auditors' special review report

To
The Board of Directors and Shareholders
Banco do Brasil S.A.
Brasília - DF

1. We have conducted a special review of the Quarterly Financial Information for Banco do Brasil S.A., individual and consolidated, for the quarter ended September 30, 2007, comprising the balance sheet, the statement of income, the performance analysis of results and relevant information, prepared in compliance with accounting practices adopted in Brazil. The financial statements of certain foreign branches, in which the assets, shareholders' equity and the net income totaled R$ 12,553 million, R$ 605 million and R$ 23 million, respectively, as of September 30, 2007, were reviewed by other independent auditors. Our opinion, insofar as it relates to the balances of these foreign branches is based solely on the reports of other independent auditors.

2. Our review was performed in accordance with auditing standards established by IBRACON – (Brazilian Institute of Independent Auditors) and the Federal Council of Accountancy (CFC), which comprised mainly: (a) inquiries and discussion with management responsible for the accounting, financial and operational areas of the Bank and its subsidiaries, regarding the principal criteria adopted in the preparation of the Quarterly Financial Information and (b) a review of the information and subsequent events which may have a material effect on the Bank and its subsidiaries' financial position and operations.

3. Based on our special review and the reports prepared by the other independent auditors, as mentioned in the first paragraph, we are not aware of any material changes that should be made to the Quarterly Financial Information described above, for them to be in accordance with the regulations issued by the Brazilian Securities and Exchange Commission (CVM) specifically applicable to the preparation of the Quarterly Financial Information.

4. The statement of cash flows and added value of Banco do Brasil S.A., individual and consolidated, for the quarter ended September 30, 2007, which are not required by the accounting practices adopted in Brazil, are being presented as supplementary information. This supplementary information were subject to the same special review procedures as those applied to the Quarterly Financial Information described in the second paragraph and, in our opinion, are presented fairly, in all material respects, in relation to the Quarterly Financial Information described in the first paragraph taken as a whole.

5. As described in Note 18(a), as of September 30, 2007, the Bank has assets recorded in the amount of R$ 13,877 million related to income tax and social contribution tax credits, the realization and maintenance of which are contingent upon the future generation of taxable income and compliance with the regulations defined in Resolutions 3059/02 and 3355/06, issued by the Brazilian Monetary Council.

November 09, 2007

KPMG Auditores Independentes
CRC 2SP014428/O-6-F-DF

The original version in Portuguese was signed by

Francesco Luigi Celso
Accountant CRC 1SP175348/O-5-S-DF

José Claudio Costa
Accountant CRC 1SP167720/O-1-S-DF

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Pedro Carlos de Mello
Contador Geral
Contador CRC-DF 5.773/O-7
CPF 132.520.380-72

Eduardo Cesar Pasa
Contador CRC-DF 017601/O-5
CPF 541.035.920-87

(D7) Financial Statements 2nd Quarter 2007 (Balance Sheet, Income Statements, Statement of Changes in Stockholder Equity, Statement of Changes in Financial Position, Notes to Financial Statements and Additional Information)

[Please see 2Q 2007 Financial Statement enclosed in the following pages]

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Dear Shareholders,

Banco do Brasil's key figures in this report are presented using the same model employed in the previous publication, in order to allow readers to compare data easily and follow the company's performance.

In terms of **financial performance**, the Bank recorded net income of R$ 2.5 billion in the semester, with a 24.3% return on shareholders' equity, in line with the strengthening of the domestic economy. During the semester, R$ 990.9 million was set aside as shareholders' compensation - R$ 651.9 million as interest on own capital and R$ 339 million in dividends.

In the first half of 2007, the international panorama continued to favor the flow of resources to emerging markets, in spite of transitory volatility of oil prices and turbulence observed in stock markets due to uncertainties regarding the economic and monetary policy performance of the United States.

On the domestic scene, the strengthening of the economic foundations, chiefly with regard to external solvency rates, has been an important parameter for the decline in country risk, a growth in the flow of foreign funds, and the recent rise in Brazil's credit rating by Fitch Rating and by Standard & Poor's. The issuer credit rating for long-term foreign currency bonds rose from "BB" to "BB+", placing the country one notch away from investment grade. The long-term domestic debt rating moved from "BB" to "BBB", reaching an unprecedented investment grade by S&P.

This trend has encouraged the entry of US dollars into the domestic market. As a result, the Brazilian real/US dollar parity has seen its lowest levels of the last six years.

The inflation scenario remains favorable: The change in the IPCA inflation index has shown variations below the core target defined by the monetary authorities (4.5%). The process of relaxing the monetary policy continued throughout this semester, with a reduction in the basic interest rate of 125 basis points, dropping from 13.25% to 12.0%.

The downslide in interest rates, the lengthening of loan/financing maturities and the continuous recovery of salaries and jobs have been the main factors in sustaining the expansion of consumption and of credit. This environment and the prospects of greater growth in the economy in coming years have encouraged investments, producing a

scenario of strong growth in domestic demand without price pressures that threaten reaching the inflation target.

The institution's good performance was acknowledged by the market: included by FGV in May in the list of the Largest and Best Financial Groups, Banco do Brasil was hailed as the best publicly owned bank in 2006 and had the highest average return among its peers in the last three years. In addition to once more occupying the position of the largest banking group in assets, BB was also the largest financial institution in loan transactions and total deposits.

The favorable outcome rose in particular from payroll loans, whose insolvency is reduced, from its vehicle financing strategy and from control of expenses.

Due to **customer** relations, important aspects are the growth in business with respect to vehicle financing and housing loans. It is also worth emphasizing the expansion of retail partnerships and the growth in relations with non-banking customers.

We made a record disbursement of US$ 7.4 billion in Advances against Export Exchange (ACC) and Advances against Exchange Funds Delivered (ACE). As to the disbursement of funds under the BNDES/Finame System (federal government investment banking system), BB achieved R$ 2.7 billion.

We reached the end of the 2006/2007 harvest with R$ 33.9 billion invested in agribusiness, a volume 26% higher than the figures for the previous harvest.

With respect to **internal process**, we launched Excellence in Management Program with a view to optimizing the Bank's back-office structure, centralizing the key procedures and support activities in the Operating Support Unit., thus relieving the customer assistance network, which is now able to extend its focus on doing business.

With regard to **organizational behavior**, there were investments of R$ 37 million for the training given to our staff members and 500 graduate scholarships and 132 language scholarships.

As to relations with **society**, we were pioneers in launching the Bank's Agenda 21, and undertaking responsibility for planning the Company's social and environmental commitments.

We intend to continue our growth during future periods and to provide a return on shareholders' investments, reciprocating our customers'

choice with excellence in assistance and the provision of quality services, creating benefits in favor of Brazilian society.

FINANCIAL PERFORMANCE

1. Performance report

For further information, see the Performance Analysis Report at BB's Portal (www.bb.com.br/ri)

The net income of R$ 2.5 billion in the first semester of 2007 was 36.3% lower than that recorded in the same period of 2006 and 14.9% higher than that recorded in the previous semester. Recurring income was 84.4% higher than the first semester of 2006. While during the first semester of 2006 non-operating income amounted to R$ 2.3 billion, as a result of the Early Retirement Program (PAA) this figure decreased by R$ 445.9 billion, net of taxes in the first semester of 2007.

Shareholders' equity increased 16.3%, amounting to R$ 22.3 billion in June. The BIS ratio reached 15.9% at the end of the semester, in comparison with 17.3% in June of 2006. This decrease is explained by the growth in tax credits, which requires a 300% allocation of capital.

Even so, excess capital rose to R$ 9.7 billion, providing leverage of R$ 88 billion for new loan transactions.

The investments of the BB in subsidiaries and wholly-owned companies reached R$ 1,2 billion in June 30th, an increase of 16,1% regarding the same period of the previous year. There wasn't any change in the share composition during the period.

Income from loans totaled R$ 12.2 billion, a 16.6% growth as compared to the first semester of 2006, while income from service revenues rose to R$ 4.8 billion, a 10.7% increase in 12 months, arising from the expansion in asset management and the growth in the customer base.

Administrative expenses, which comprise personnel expenses and other administrative expenses, totaled R$ 7.5 billion, which represents growth of 6.1% in relation to the previous semester, and 11.9% in relation to the first semester of 2006. It should be recalled that personnel expenses include R$ 676 million before taxes, in connection with the Early Retirement Program. *(See more on operating efficiency in the Internal Procedures section)*.

Expenses with provisions for credit risks totaled R$ 2.9 billion, a 28.1% decrease in comparison to the previous semester.

Accordingly, the operating income, which includes the income from financial intermediation, service revenues, administrative expenses and other operating revenues and expenses, amounted to R$ 3.8 billion.

Loan Portfolio

The loan portfolio of BB attained R$ 145.2 billion. This sum represents a 28.4% increase as against June of 2006.

R$ million

Loan Portfolio	Jun/06	Dec/06	Jun/07	Variation (%)	
				Jun/06	Dec/06
Brazil	**103,209**	**128,070**	**133,019**	**28.9**	**3.9**
. Individuals	21,637	26,130	27,904	29.0	6.8
. Businesses	41,658	55,166	56,345	35.3	2.1
- MSE	16,605	19,448	21,390	28.8	10.0
- Other	25,053	35,718	34,956	39.5	2.1
. Agribusiness	39,914	46,774	48,769	22.2	4.3
International	**9,894**	**12,318**	**12,214**	**23.5**	**(0.8)**
Total	**113,103**	**140,387**	**145,233**	**28.4**	**3.5**

Banco do Brasil's domestic loan portfolio increased by 28.9% in 12 months, as against a 21.4% increase in the Banking Industry (SFN), consolidating BB's leadership in lending in Brazil. The individual interest rate loans grew by 31.9%, 9.1 percentage points above the Industry's growth. The corporate portfolio rose by 35.3% during the period, with the Bank's continued leadership in this area, and agribusiness transactions increased by 22.2%.

Loans rated at risk levels AA, A, B and C accounted for 90.8% of BB's portfolio, in line with the Financial System's 91,2%. The portion of 90-day past-due items, covering total past-due transactions in the entire portfolio, totaled 2.4%, below the percentage recorded in the same prior-year period, of 3.2%.

Borrowings

The Bank ended the semester with R$ 239.3 billion borrowed, maintaining its leadership in Brazil. This is equal to a 25% growth as compared to same period for the previous year. Higher growth can be seen in time deposits – 22.9% in 12 months.

In the overseas market, the balance of funding in US dollars also recorded a positive variance of 4.25%, totaling US$ 10.7 million.

2. Stock Performance and subscription warrants

In the actual four-month-period portfolio (May – August), BB's shares reached 1.7% participation in Ibovespa (Bovespa index) and reached the 16th position among the index listed companies against 21st in the previous list (January-April).

With a view to providing more liquidity to the Bank's stock and access by small investors, a 1 to 3 stock split (BBAS3) took place in June. This step led to an increase in the number of outstanding shares without changing shareholders' equity and the percentage interests of shareholders. As there was no split in the Series C underwriting certificates (BBAS13), the valid proportion for the exercise of the respective rights was adjusted to 3.131799 common shares per certificate.

The financial market acknowledged the improved corporate governance, in addition to the Bank's economic foundations, and its shares ended the semester with appreciation of 79.6%, the largest among the banks listed in Ibovespa index, quoted at R$ 27.89. The Ibovespa index appreciated 48.9% during the same period.

BB's market capitalization rose to R$ 69.1 billion, a 67.4% increase. The net income per share reached R$ 1.00.

During the semester R$ 990.9 billion was allocated as shareholders' earnings - R$ 339 billion as dividends and R$ 651.9 billion as interest on capital.

The C Bonds appreciated by 132.4% in 12 months.

3. Corporate Governance

A participant in BOVESPA's *Novo Mercado* since 2006, Banco do Brasil is committed to transparency, to providing information, to fair dealings, and to social and environmental responsibility, and to keeping the organization's management in line with the interests of shareholders and society.

In the relationship with shareholders what merits special mention in the period is establishing the payout of 40% of net income, in compliance with the policy for payment of dividends and/or interest on own capital every quarter and the splitting of shares.

The Bank held 14 meetings with analysts from the capital market at the Apimec regional offices during the semester. Another 58 meetings and teleconferences were also held with investors and analysts in Brazil, in addition to one international conferences and three road shows in the United States, in Europe and in Asia; besides four teleconferences on results with analysts (two in Portuguese and two in English).

With respect to changes in the administrative staff, it is worth emphasizing the effective appointment, in April, of the then interim president of Banco do Brasil, Antonio Francisco de Lima Neto. Lima Neto has been an employee of BB since 1979 and has occupied the following positions, amongst others: Vice-president of Retail and Distribution, Provisional Vice-president of International Business and Wholesale and Director of the Commercial area.

Also in April the Shareholders' Annual General Meeting and the Shareholders' Special General Meeting elected five members, and their respective alternates, to the Board of Inspectors for the 2007/2008 term of office, and seven members of the Bank's Board of Directors for the 2007/2009 term of office. Three of these were appointed by minority shareholders and the remainder by the controlling shareholder, in keeping with the rule of at least two independent board members as defined in the BOVESPA Novo Mercado Regulations.

Since May 2007, an environment has been available in BB's Internet Portal where it is possible to report any cases of non-compliance with legal and normative provisions, regulations and internal codes applicable to Banco do Brasil and to its wholly-owned financial subsidiaries. This information is accessed exclusively by the Audit Committee of Banco do Brasil, a statutory advisory body of the Board of Administrators, which is formed by people without other relationships with BB.

In compliance with CVM instruction 381, Banco do Brasil informs that services not related to external audits provided by *KPMG* Auditores Independentes did not exceed 5% of the total fees received for

external audit services. The companies for which the external audit services were performed are Banco do Brasil S.A. and its subsidiaries.

CLIENTS

1. The Retail Market

At the end of the first semester of 2007 the Bank's retail activities recorded 23.3 million account holders and 9.4 million non-account holders (savings customers and INSS beneficiaries), totaling 32.7 million individual customers, a growth of 3% in relation to the previous year. In addition, this area was comprised of 1.6 million micro and small businesses, of which 94.6 are included in the criteria defined by the General Law on Micro and Small Businesses.

The Bank has specialized branch offices to service high income customers - BB Private and BB Estilo. During the first semester this customer base witnessed a 61% increase, and a 30% growth in managed assets .

To service lower income customers, the Bank has a wholly owned subsidiary (Banco Popular do Brasil). At the end of the period BPB was present in 1.3 municipalities in Brazil and had 1.4 million customers.

Loans

The payroll guaranteed loan portfolio at June 2007 totaled R$ 10.2 billion, 17.6% in market share with 3.4 million loan agreements in effect. With this result, BB gained the leadership in the payroll guaranteed loan market.

The vehicle financing portfolio has continued to grow: the total rose 92.5% as compared to the previous semester and ended the period with a balance of R$ 1.7 billion. It is worth to emphasize the partnership financing strategy, responsible for R$ 216.1 million of the total hired amount during the second quarter.

While the Bank prepares to create its own real estate loan portfolio, it has entered into a partnership with Associação de Poupança e Empréstimo do Exército (Poupex) offering housing loans through this institution, in order to satisfy demand in the short run by the Bank's employees and customers. Since May, approved applications amounted to R$ 124.9 million, and letters of credit / loans granted totaled R$ 91.7 million.

By the end of the half, Banco Popular had offered R$ 42 million in loans, in 228 thousand operations of R$ 185 value average. Its loan portfolio reached R$ 43.4 million at the end of the period.

The loan portfolio for Small and Micro Enterprises (SME) rose to R$ 21.4 billion at the end of the period, a 28.8% increase as compared to the same period for 2006 and equal to 14.7% of the Bank's entire loan portfolio. Around 78% of SME portfolio was liberated for working capital operations and 22% for investments financing.

In order to provide access to loans and to increase business with the SME segment, the Bank developed and implemented a new loan methodology for SME risk analysis, which has been in use by the Bank for less than one year.

Borrowings

The Bank offers its customers a broad range of funding services, such as mutual funds, CDB and saving accounts. At the end of the semester the Bank had recorded R$ 81.4 billion in time deposits, and thus maintained its leadership in this market. The savings accounts had 16.3 million customers and funding of R$ 40.8 billion.

Cards

The card business added R$ 397 billion to the Bank's revenues during the semester. The card base rose to 59.8 million at the end of June, with an expressive growth in the number of cards and private label retail partnerships, which grew sharply from 56 thousand in December 2006 to 276 thousand by the end of the semester. In comparison to the same period in 2006, the total card base increased 60%.

During the semester the bank earned R$ 22.4 billion with cards, an amount 26% higher than for the same period in 2006. Of this amount, R$ 12.3 billion refers to credit cards and R$ 10.2 billion to charge cards.

Ourocard Empresarial, intended for micro and small businesses, increased to 752 thousand plastic cards, which represents a 66.7% expansion in 12 months. Billings from cards in this segment amounted to R$ 942.6 million, an increase of 38.9% as compared to the same period for the previous year.

Banco Popular introduced its Visa Electron charge card, an unprecedented event for the lower income market, which enables access to any banking transaction at the Banco Popular points of sales

and processing of purchases in the Visa network throughout Brazil. From its introduction in March, 363 thousand cards have been issued.

Insurance, pension plans, capitalization and consortium

The insurance, pension funds, and capitalization business added R$ 631.2 million to the Bank during the first semester, with respect to inflation accounting and service revenues, which translates into a 31.3% increase as compared to the previous year.

Aliança do Brasil earned R$ 698 million in premiums, a 7.3% increase as compared to the same period in 2006, totalling 3.5 million customers in this portfolio.

Brasilveículos ended the semester with a 6.3% market share, and ranked in 6th place in the market. It billed R$ 562.5 million in premiums during the period and issued 443.4 thousand policies, equal to 718 thousand vehicle insured, a 13.1% growth in 12 months.

Brasilsaúde adopted a new model of activity in a partnership with independent brokers and focused on the Rio de Janeiro and São Paulo markets. It ended the period with a portfolio of 81.6 thousand persons insured and R$ 63.3 million in premiums collected.

Brasilprev recorded revenues of R$ 1.4 billion during the period (14.7% from the higher income segment), a 31.3% increase in 12 months. The sales volume increased 101.6% during the semester and the rate of net funding rose reached 55%, which assured a performance that was better than the competition.

During the semester Brasilcap maintained its leadership in provisions, with 23,1% share, and in revenues acquired, with 25,1% in June. BrasilCap turn over reached R$ 923.7 million which represents a 6.8% increase in relation to same period of previous year.

After three years in the market, BB Consórcios is the third largest market manager per number of shares. There are over 147 thousand active participants. The tractor and truck portfolio grew 20% and the automobiles one 22.8%.

Retail Relationship Channels

The Bank ended the semester with 15.2 thousand of its own points of service in 3.2 thousand municipalities in Brazil, the largest network in

the country, and with a supplementary framework of 2.2 thousand locations through the "Aqui tem BB" correspondent network.

The Bank's customers also had the support of alternative channels (Automatic Teller Machines - ATM, service center, the bb.com.br website, mobile banking, the shared external self-service terminals, and lottery shops). During the period the Bank expanded the sharing of ATM with Caixa Econômica Federal throughout the country, and started a project to share ATM network with Bradesco. It also entered into an agreement for Banco Popular's customers to use the BB network.

In the High Income area, BB Private operated four offices located in regions of high income concentration - São Paulo, Rio de Janeiro, Belo Horizonte and Porto Alegre. BB Estilo in turn had 54 branch offices and 453 points of sales.

During the semester BB also expanded its customer service to non-account holders through its concessionaires, retail partnerships and the Bank's internal channels, opening, for example, a facility in João Pessoa (PB) with a retail partner and another in Brasília (DF) with a sales company. It is expected that by year-end a further 117 points of sales focused on non-account holders will be opened.

2. The Wholesale Market

With a composition of medium, large, and corporate customers, institutional investors and financial institutions, classified according to annual invoicing and activity, at the end of the semester the Bank's wholesale activities comprised 35.5 thousand customers.

Loans

The corporate loan portfolio for the wholesale market, which includes agribusiness and companies registered overseas, rose to R$ 50.3 billion, a 43.6% increase in 12 months.

The balance of working capital transactions, including those based on receivables, rose to R$ 19 billion, a 70.2% increase compared to the same period in 2006.

With regards to capital expenditure loan facilities, the on-lending of BNDES and Finame funds deserves special mention. They presented a balance of R$ 3.4 billion, against R$ 2 billion for the same period in 2006. Transactions in connection with Fundo Constitucional de Financiamento do Centro-Oeste (FCO) and Fundo de Amparo ao

Trabalhador (FAT), totaled R$ 1.2 billion at the end of June, an increase of 34.3% in 12 months.

Business Solutions

The advisory services provided by the Bank to large Brazilian corporate groups and to overseas investors led to an expressive volume of structured transactions during the first semester of 2007: R$ 280.5 million.

Cash management services provided by the Bank create a set of customized solutions integrated to corporate management systems. At the end of the semester the Bank had 7.9 thousand agreements with companies for providing payroll services and 446.3 thousand collection agreements in effect.

Supplementary Pension Plans

BB's open pension plans portfolio concluded the semester with R$ 14.1 billion volume and 1.9 million participants. In the field of closed supplementary pension plans, the Bank is active through BB Previdência, which concluded the semester with total assets of R$ 1.2 billion, spread over 40 Plans in 51 sponsoring companies, with over 50 thousand participants.

Cards

The corporate card base in the wholesale segment rose to 69 thousand plastic cards, a 31.4% increase in 12 months. Annual billings increased 24.8%, totaling R$ 317.8 million.

The Bank is the largest issuer of BNDES cards, with 69.7 thousand plastic cards in circulation at the end of June, a 194.5% growth in 12 months. Billings totaled R$ 40.8 million, 173.8% greater than during the same period in the previous year.

In the field of benefit-voucher cards, the number of Visa Vale cards issued by the Bank rose to 986 thousand units, with billings of R$ 623 million.

Retail Partnerships

At the end of the semester the Bank had 25 partnerships with countrywide networks in a number of activities, such as household appliances, airways, automobile manufacturers, and telephone operators. Through these partnerships the Bank has provided loans,

capitalization bonds, insurance, correspondent bank service, and private label cards to account and non-account customers.

An innovation introduced during the semester was the Distribution Card, a means of payment designed for a company's productive chain, which provides credit terms when paying for recurring purchases.

The partnership business generated has led a growth in the Bank's loan portfolio of R$ 155 million, and the issuing of 651 thousand cards in eight month of activities.

Wholesale Relationship Channels

The bank ended the period with 84 wholesale branch offices, 68 for legal entities and 16 for corporate customers in addition to 43 platforms located in retail branch offices. At the end of the semester there were 1 million customers enabled to use Gerenciador Financeiro, an internet channel for corporate customers. During the period 497.8 million transactions were performed through this channel, 22.3% more than during the first semester of 2006.

3. The Government Market

BB was responsible for 4.4 million payments during the semester to public employees.

The Government Card base grew 47.7% in 12 months and reached 44.7 thousand cards issued. Billings increased 66.7%, totaling R$ 52.4 million.

During the semester the bank collected 3.7 million Social Security payment vouchers (GPS), in the total amount of R$ 9.9 billion, equal to 30.8% of the total volume paid to Social Security.

In connection with IRS, the Bank collected 6.8 million tax payment vouchers in the total amount of R$ 21.9 billion, equal to 20.5% of the total volume.

BB also led in the collection of state and municipal taxes, collecting, respectively, 27.6 million and 13.5 million payment vouchers.

Banco do Brasil provided the Social Security systems of states and municipalities with solutions for technical and operational sharing of these services and management of the respective funds, totaling 55 agreements at the end of the semester, with 228.5 thousand public employees and assets of R$ 4.8 billion.

Another service provided to public bodies is the electronic purchase and service provision system: the *'Licitações-e'* channel. During the semester 12.4 thousand electronic public bids were made, worth R$ 1.7 billion.

Government Relationship Channels

The government network ended the period with 39 branch offices. During the semester the Bank increased its customer assistance by installing 50 Government Platforms in large municipalities.

Self-service for the public sector registered 11.1 thousand customers by the end of the semester, who were responsible for 27.1 million transactions, a 24.4% increase compared to the same period in 2006.

4. Agribusiness

The Bank's ranks in first place in the agribusiness loan portfolio among the financial institutions that compose the National System for Rural Credit, with a 59.4% share that represents 33.6% of the Bank's loan transactions.

At the end of the semester the Bank's agribusiness portfolio showed a balance of R$ 48.8 billion, an increase of 22.2% in 12 months. The portfolio was composed of 38.9%in working capital loans 19.9% for sales, and 40.4% in investment transactions.

For the 2006/2007 harvest, the Bank has set aside R$ 33.9 billion for agriculture.

The bank received R$ 853 million as equalization payments during the first semester of 2007, 161% more than in the same period in 2006.

Agribusiness Relationship Channels

At the end of the semester the Bank's distribution network was composed of over 1.7 thousand branch offices dedicated to agribusiness, of which 620 were engaged in commercial agriculture and 1.1 thousand were engaged in assisting smallholders.

5. The Overseas Market

The bank is present in 22 countries, with a network of 16 branch offices, 10 sub-branches, 10 representation officers and business units, in addition to five subsidiaries. In addition to its own branch offices, the Bank has a supplementary network of 1.5 thousand correspondent banks in 147 countries.

During the semester the Bank exceeded the mark of 400 thousand points of sales for providing transfer of funds services to and from over 200 countries overseas.

6. Foreign Trade

The Bank maintained its leadership in the export exchange market, with a 26.8% share . At the end of the semester Advances against export exchange (ACC) and advances against exchange funds delivered (ACE) totaled US$ 7.4 billion, with a total of 14 thousand contracts: An all-time record.

The only Brazilian bank to offer 100% online export exchange for transactions of up to US$ 1 million, the Bank recorded 50.4 thousand contracts for automatic ACC/ACE and spot exchange online during the semester. These transactions totaled US$ 1.5 billion, a 32.5% increase compared with the same period for the previous year.

The volume of import financing set a record during this semester and reached US$ 2.4 billion, an increase of 27.8% as compared to same period for the previous year. In June the Bank innovated by allowing import exchange to be processed through the Internet for transactions up to US$ 1 million.

During the first semester US$ 754 million was disbursed in connection with Export Pre-Payments, a 37% growth as compared to the same period for the previous year. On-lending of BNDES-Exim transactions by the Bank totaled US$ 545.5 million, and maintained the Bank in a leading position among financial agents for the BNDES foreign trade area.

The Bank's volume of syndicated transactions with overseas funding rose to US$ 502.2 million in the first semester of 2007.

Revenues derived from foreign trade advisory services increased 26.3% in comparison with the same period for the previous year and totaled R$ 4.8 million.

7. The Capital Market

Banco do Brasil is active in the local capital market through BB Banco de Investimentos S.A., Banco do Brasil (BB-BI). During the semester BB-BI participated in fixed income transactions with a volume of R$ 5.8 billion. With regard to variable income, the Bank coordinated in 12 Initial Public Offerings in a total amount of R$ 9.4 billion in emissions, and in transactions with Certificado de Potencial Adicional de

Construção (Cepac), involving R$ 130 million. Securitization involved a total volume of R$ 200 million. The Bank also participated in the retail distribution in 15 Initial Public Offerings totaling R$ 9.9 billion in emissions.

During the period, the Bank had a significant participation in the floating of fixed income securities on the international market, with a presence in eight such bond transactions in overseas capital markets through its offshore brokerage firm BB Securities Ltd. involving a total of roughly US$ 3.4 billion in offshore transactions.

Special mention should be made of the increasing participation in Brazilian real denominated issues in the overseas market for domestic and international financial institutions and also for Brazil, which totaled R$ 4.7 billion. In this respect, the Bank was co-manager of all the offshore bond issues by Brazil during the period, in a total of roughly US$ 2.9 billion in six transactions.

8. Third-party Asset Management

BB DTVM, the largest Latin American asset manager, ended the semester with a record R$ 208.9 billion in assets, an increase of 23.5% in 12 months and a 19.1% market share.

BB DTVM manages 356 investment funds and 74 managed portfolios spread out over activities such as retail, high income private, wholesale, government, institutional investors, and overseas investors, totaling 1.5 million fund participants.

INTERNAL PROCEDURES

1. Risk Management

In accordance with the best practices adopted in world markets, and with the recommendations of the Basel Committee, market, liquidity, credit and operating risks are managed under a consolidated structure by Banco do Brasil.

Management is undertaken independent and separated from the business units, and the Global Risk Committee, a group composed of the Executive Committee, directors and executives, is responsible for defining management strategies for the Bank and its wholly owned subsidiaries. All decisions are made through in a plenary session.

With respect to Basel II, Banco do Brasil is adapting its procedures with a view to implementing an advanced approach for measuring

capital. Mention should be made of the Bank's negotiations with Banco Central do Brasil and the banking industry with regard to a proposal for regulation for Brazil.

Credit Risk - Among the key activities carried out during the semester, there is a preparation by the Bank for implementing the New Accord, as well as the examination of Public Notice no. 26 (calculation of capital requirements and exposure limits). In recognition of the technological efforts required to support these actions, additional funds were allocated for the development of IT infra-structure.

Operating Risks - Actions were carried out for implementing an operating risk management structure, pursuant to CMN Resolution 3380, covering a management model, concept, operating risk classes and policy, documentation procedures and storing of information, operating risk management reports and disclosure procedures. In June, the Board of Directors approved the implementation of a set of rules to ensure the Bank's total conformity with the provisions in the Resolution.

Market and Liquidity Risks - A Strategy and Risk Limits for Private Security Portfolios were defined; and a calculation of the consolidated market VaR for the positions of the commercial bank and its overseas branches and subsidiaries. The Bank is able to meet the requirements of CMN Resolution 3464, which deals with the market risk management structure, within the established deadline.

In its internal risk management procedures, Banco do Brasil employs the concept of capital based on internal models. The table below compares capital commitment pursuant to current criteria (Regulatory Capital) and the use of capital based on internal models:

R$ million

Required Shareholders' Equity	Regulatory		Internal Model	
	4Q06	2Q07	4Q06	2Q07
Risk Weight Assets Requirement	19,130	21,323	3,585	4,117
Loan Portfolio (*)	12,452	13,884	3,585	4,117
Others (**)	6,678	7,439	-	-
Market Risk Requirement (Trading Book)	439	535	1,920	1,908
Operational Risk Requirement	-	-	1,069	1,140
Total	**19,569**	**21,858**	**6,574**	**7,165**

(*) Loan operations and warrants operations.

(**) Tax Credit Income Tax, CDI-Financial Institutions not related, Exchange Portfolio and Other Assets.

Due to market and liquidity risks, according to article 8th of Brazilian Central Bank rule 3068/01, BB confirms the intention and the financial

capacity to keep, until the maturity, the securities classified as held-to-maturity securities. The financial capacity is supported by the projection of cash flow that does not consider the possibility of sale of those securities.

2. Collections and Credit Recovery

The Bank reinforced its collection management procedure by transferring debt inventories to one single system. It led to gains in terms of reduced risks, costs and collection complexity, and improved management information.

From June 2006 to June 2007, the share of past-due loans over 15 days in the total portfolio fell from 5% to 4.1%. In past-due loans over 90 days, a reduction of 80 basis points was seen, from 3.2% to 2.4%.

During the first semester of 2007 the Bank intensified management actions focused on the past-due loans portfolio. The sum recovered during this period amounted to R$ 732 million, an increase of 38.1% as compared to the first semester of 2006.

Among the steps taken to recover past due loans are the creation of an alternative tool for solving debt, based on a statistical model for the definition of a negotiating floor, with the following key features: a) agility and low operating costs; b) the adoption of joint efforts by the Assets Restructuring Management Department and Legal Counsel in developing actions to accelerate the outcome of lawsuits considered strategic for the Bank in terms of financial returns.

3. Cost Control and Management

Administrative expenses were kept under strict control and totaled R$ 7.5 billion, a 11.9% increase in 12 months. During the same period operating revenues rose to R$ 15.2 billion, an increase of 3.4%.

Accordingly, the efficiency rate (administrative expenses/operating revenues) was 49.1%, compared with 45.5% for the same period in the previous year, and the coverage index (personnel expenses covered by service revenues) reached 110.1%, 210 base points less than in June 2006.

The Bank's Phone Customer Service, an important instrument for improving operating efficiency, performed an average of 6.8 million transactions per month.

In addition, with the continuous search for improved efficiency, the Bank implemented the use of *free* software. Among the benefits of using this *free* software are independence from suppliers, greater security, and reduced costs (savings estimated at almost R$ 90 million in four years).

In May, the Bank informed to the market a set of actions intended to improve operating efficiency: the Excellence in Management Program. This program consists of steps for optimizing the decision making process at different levels in the Bank. It establishes new relationship parameters with customers and centralizes operating support procedures, improving the delivery terms of services to customers, relieving the customer assistance network and permitting it to focus on new business.

4. Internal Controls

With the use of the guidelines in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the domains of the Control Objectives for Information and Related Technology (Cobit), an action plan for the year 2007 was structured and is being implemented, organizing and formalizing the activities which will be carried out during the fiscal year. There are also plans for segregated verifications of compliance and advisory actions, with a focus on disseminating a culture that encourages improvements in the Bank's internal controls.

Assessment of internal controls in the organizational units, including the distribution networks and subsidiaries, is in line with the best market practices. The model to be employed is based on three control levels: the first, by means of a self-assessment at the strategic level and by means of auto-checks at the operating level; the second, in a segregated manner and performed by the Internal Controlling Department by means of checks and back-testing; and the third level, performed by means of independent and systematic assessments by internal auditors, with a focus on risks, controls and governance.

Automated control solutions were also put into place, and electronic tests and investments made in employee training increased.

5. Prevention and Avoidance of Money Laundering

The following actions taken for preventing money laundering during the first semester of 2007 are worthy of mention: preparation of the strategic plan for the prevention and avoidance of money laundering by

Banco do Brasil for 2006-2007 term; advisory actions to Bank-controlled companies for improvement of procedures; implementation of risk-rating functions for the signals shown by an application which identifies money laundering signs.

6. Technology, Infra-structure, and Logistics

In 2007 automated channels represented 89.9%of the transactions performed by Bank customers, and the network of 39.9 thousand automatic teller machines were responsible for 45.9% of the volume of these transactions.

Around 32.2% of self-service transactions were carried out through the Internet in 2007. Nearly 8,4 million customers registered to use the Internet channel are also enabled to use cell phone self-service, which already provides assistance to more than 400 thousand users, who carry out roughly 2 million transactions per month. The target is to reach 1 million users in 2007.

The Bank launched its new Internet website in June. The main change lies in the concept of assistance focused on customer relationships and not only on services. The BB website is one of the most complete sites in the Brazil's financial market.

The Bank has gone ahead with the building of its Datacenter compound, projected for providing a secure and hospitable environment for information technology equipment not affected by foreign variables, in accordance with central bank requirements and those of Basle II and the Sarbanes-Oxley Act.

ORGANIZATIONAL BEHAVIOR

Banco do Brasil ended the semester with 79.3 thousand career employees, 63.4% men and 36.6% women. In addition, at the end of the period, the Bank had 4.2 thousand outsourced personnel from firms specialized in providing temporary labor, and 9.8 thousand interns.

In May, the Bank launched the program "Excellence in Management - Structuring Actions", with a view to ensuring the Bank's competitiveness and sustainability in the coming years.

Among the approved actions, mention should be made of the Early Retirement Plan (PAA), which created the conditions for socially responsible resignation by employees who had completed the required requisites to obtain their early pension supplement from PREVI (50

years old or qualified to apply for social security benefits, and with 15 years of contributions to PREVI).

Simultaneously, it introduced the Staff Adequacy Plan (PAQ), which provided alternatives for relocation of employees allotted in units that had been re-sized or closed.

During the semester around 6.9 thousand employees were released with PAA incentives. Other 102 employees were released through PAQ. Through these actions, the Bank recorded R$ 445.9 million before taxes to meet the agreements. The Bank estimates that these actions will be reflected positively in the profit figures as of 2008.

The employees involved in the re-organization of departments were submitted to an electronic competition and removal system to ease their re-allocation.

In the case of those employees leaving the Bank, the Previous Conciliation Committees were made available to discuss labor conflicts and work on out-of-court agreements, with gains for both parties.

1. Training and Career Planning

During the semester, investments of R$ 37 million were made in employee training, 47% more than the same period last year. By the end of the period, the average training per employee was of 71 hours. 31 thousand employees participated in courses using the e-learning platform provided by Banco do Brasil's Corporate University. Moreover, 500 graduate scholarships were granted, as well as 33 for master's and doctor's degrees, and 132 for the study of foreign languages.

The Professional Advancement Program, which assesses employees through tests and promotes professional advancement in the Bank, attended over 40 thousand employees from all over the country. Around 16 thousand employees were granted certification. In the pilot qualifying stage, which consists of an assessment of the required managerial profile for the exercise of management functions in the branch network, 270 employees participated and 158 were approved.

2. Social Security, Health, and Meals

Banco do Brasil paid R$ 39 million as the employer's contribution to the Previ Futuro Plan. The employer's and employees' contributions to the Benefits 1 Plan were suspended as a consequence of Previ's accumulated surplus, following an agreement between the Bank and employees. This suspension is the equivalent of a reduction in

expenses of approximately R$ 300 million for the year and will be reassessed for every 12-month period. Its maintenance will depend on the existence of the Benefit 1 Plan's Special Reserve arising from the Plan's surplus status. Contributions to the Previ Futuro Plan (employees admitted during the last nine years) will remain unchanged.

The employee health plan (Cassi) received R$ 206.4 million for its funding. The employees' food program received R$ 290.3 million in benefits for food assistance and supplies during the period.

The profit sharing program (PLR) distributed R$ 272 million during the period with respect to the profits for the second semester of 2006.

3. Internal Ombudsman

The Ombudsman's office acts to prevent and solve conflicts, contributing to protecting a democratic and healthy work environment. During the semester this office received 4.9 thousand contacts.

SOCIETY

In the first half of the year, BB launched its Agenda 21 - a planning tool that directs the implementation of administrative and business practices based on principles of socio-environmental responsibility (RSA). BB's Agenda 21 is divided into three major areas: business with sustainable development focus, administrative and business practices with socio-environmental responsibility, and private social investment.

BB's Agenda 21 is available in full at the address: http://www.bb.com.br/portal/emp/ep/srv/cpt/dwn/Agenda.pdf.

Certifications, treaties and agreements related to RSA	
2003	Signing of the United Nations Global Pact
2004	BB assumes the commitment of developing a business Agenda 21
2005	Anti-Slave Labor Pact
	Equator Principles
	Carbon Emission Information Report
2006	Adoption of the Indicators proposed by the Global Reporting Initiative - GRI
2007	Publication of BB's Agenda 21

1. Shareholders and Market Analysts

See more information on the initiatives of BB in its relationship with its shareholders in the Corporate Governance section.

BB pursues disclosure, accountability and equal treatment of shareholders in its relationship with the market. For these purposes, the Bank held 14 meetings with capital market analysts at the regional offices of Apimec in the first semester. These meetings were held in cities outside the traditional financial circuit, such as Ribeirão Preto (SP), Campinas (SP), Vitória (ES) and Florianópolis (SC), for the first time.

At the end of the semester, BB reformulated its Investor Relations site (www.bb.com.br/ri), which gained new functionalities. BB also offers shareholders and investors a virtual relationship channel - the Shareholder's Room.

2. Clients

Sustainable Regional Development (DRS)

DRS is a new business model for the Bank that considers the viability of productive activities in their economic, social and environmental dimensions, respecting cultural diversity. Through DRS, BB and partners seek sustainable, inclusive and participative solutions, supporting practices that value the participation of agents of the value chains of rural and urban activities.

Through its DRS strategy, Banco do Brasil acts as a supporter of the economy, integrating and converging the actions necessary for improving the entire productive process, in an economically viable, socially fair and environmentally correct manner, enhancing the value of local culture and knowledge.

At the end of the semester, BB had 3.6 thousand branches qualified to develop the DRS strategy and had made R$ 1.3 billion available in credit to these businesses. This resulted 307.3 thousand families being involved in DRS Business Plans in 3.3 thousand municipalities. During the period DRS Units were also created in all the retail superintendencies to expand and optimize business.

Local Productive Arrangements (APL) and Credit Cooperatives

APL is a grouping of companies, cooperatives and entrepreneurs, in the same region, which carry out correlated and

interdependent productive activities. Through supporting these APLs, BB promotes the development of regional economies, as well as the generation of jobs and income.

At the end of June, BB operated in 139 APLs, serving 6,6 thousand companies and 421 entrepreneurs, to which R$ 707 million was granted in loans for working capital and for financing investments. R$ 106 million was set aside in funds for APL member companies to invest in foreign trade and R$ 107 million for operations geared towards agribusiness.

For the credit cooperative segment, BB offers a Compensation Integrated Service (SPB), whereby cooperatives have access to the System for Clearing of Checks and Other Instruments and to the System for Settlement of Payments and Transfers. At the end of the period, 275 individual credit cooperatives maintained partnerships with BB via the SPB.

Products and Services with Socio-environmental Attributes

BB's socio-environmentally responsible performance also occurs through the supply of products with socio-environmental attributes. For expansion of forest production, BB Florestal had already surpassed its target for disbursements for the year in the first quarter. R$ 209.9 million had been contracted by the end of June, an amount 15.8% higher than that observed in the same period last year.

BB Ações-ISE, the first equity investment fund of the market referenced in the Business Sustainability Index of the São Paulo Stock Exchange (ISE), registered a return of 14.1% in the period. BB Referenciado DI Social 200, another fund with socio-environmental attributes, which sets aside 50% of its management fee for support for social actions, transferred R$ 590 million in the period to X projects.

Banking Inclusion

To cater to the low-income segment, ensuring banking inclusion and democratization of access to credit, BB relies on its wholly-owned subsidiary Banco Popular do Brasil (BPB).

Besides having made R$ 26.5 million available in credit, BPB carried out 1.1 thousand operations in order to stimulate entrepreneur activities and income generation in the scope of the Oriented Productive Microcredit National Program.

To serve people with special needs, BB offers special access to the Call Center of Banco do Brasil for clients with hearing problems and BB's Internet portal is prepared to receive visually handicapped clients. Clients with locomotion difficulties and elderly clients have easy access to BB branches and to the self-service rooms. Furthermore, the Bank offers 4.3 thousand self-service terminals in the universal model, pursuant to the rules defined by ABNT.

External Ombudsman Department

The Ombudsman Department is the point of admission for criticism and suggestions. This shows that BB values its customer's opinion.

3. Community and Government

Among the following initiatives implemented by BB that benefit the Community and that are aligned with the social policies of the Government some merit an emphasis: 4.7 thousand adolescents served by the Adolescent Worker Program, for underprivileged youths between 15 and 17 years of age; 1.5 thousand employees qualified in volunteer courses, to work in the communities; and 20 telecenters opened in 2007, forming a network of 1.6 thousand telecenters. BB expects to end the year 2007 with 2 thousand telecenters inaugurated.

Sports and Culture

BB has been sponsoring Brazilian sports for 21 years and for 16 years it has been the official sponsor of Brazilian Volleyball. Investments of R$ 37 million were made in the first semester in sports marketing, in the categories of indoor volleyball, beach volleyball, yachting, tennis and indoor soccer.

During the period 25 sports events were held in 27 cities, with over 237.4 thousand people participating. On these occasions, BB organized 90 customer relationship events with the sponsored athletes, obtained 175.3 tons of food through donations, held 123 sports workshops for 3.4 thousand children from low income families and generated 6.8 thousand temporary jobs.

The Bank is a pioneer in neutralizing the emission of carbon gas at sports events. The forecast is that by the end of 2007 BB will have planted 20 thousand seedling trees.

During the semester, BB invested R$ 17.3 million in 515 cultural events in the three Cultural Centers (CCBB) and in the Cultural Circuit, which visited two cities. These events received 3 million visitors.

Social activity in these initiatives merits an emphasis: 162 thousand students benefited from the Educational Program developed by the CCBBs and by the Cultural Circuit and R$ 85 thousand, related to 20% of the box office takings of CCBB, was transferred to government programs and projects.

Fundação Banco do Brasil (FBB) – Banco do Brasil Foundation

In the first semester of the year, FBB opened a Computer Reconditioning Center in the Federal District, focused on educating adolescents and on reconditioning computers in partnership with Banco do Brasil, the Ministry of Planning, Budget and Management, Association for Support for the Family, to the Group and to the Community (Afago) and to Cobra Tecnologia.

During the semester, the social investments of FBB amounted to R$ 35.4 million, of which R$ 20 million was transferred by BB for the development of social technologies.

In partnership with Sebrae, the Foundation deployed 888 social technology units for Sustainable Integrated Agro-ecological Production in 36 municipalities, which generate income for families from the Brazilian Semi-Arid region.

In the area of education, BB Educar program, dedicated to teaching adults and adolescents over 15 years of age to read and write, responded to the needs of 13.8 thousand people in the semester. Programa Integração AABB Comunidade, which proposes actions for the delivery of services to youths from low income families through educational, play, sports and health activities, was present in 392 municipalities all over Brazil, involving 47.9 thousand children and adolescents.

4. Suppliers and Partners

The purchasing process at BB is directed by Bidding Law 8666/93. However, concerned with improving its relationship with suppliers, the Bank established additional relationship policies that makes what is expected from each one of the parties transparent and establishes specific clauses regarding the non-use of child labor and forced labor, as well as compliance with the current legislation.

In addition, the Bank adopts Service Level Agreements, a document designed to guarantee mutual commitment with respect to the obligations established in contracts, and offers a direct channel on the

Internet to facilitate communication between BB and its partners (www.bb.com.br/appbb/portal/bb/forn/index.jsp). Moreover, the Bank prioritizes the performance of electronic purchases of goods and services, with a view to democratizing participation in the process.

5. Employees and Collaborators

Refer to the section on "Organizational Behavior".

6. Environment

Banco do Brasil supports ventures for the expansion of the energy capacity, the development of alternative sources of generation and co-generation of clean energy, and the development of agribusiness and the transformation industry.

BB is developing a specific business model, with strategic alliances and partnerships, for the certification processes of projects and marketing of carbon credits.

Since the year 2005, BB has also been supporting the request for opening of information on the emission of greenhouse gases sent to the top 500 companies in the world – the Carbon Disclosure Project.

In addition, BB implements actions with a view to mitigating the environmental impacts of its activities. During the semester, for example, BB entered into a partnership with the Government of the Federal District to plant trees as a means of offsetting the impact of the printing of its Annual Report of 2006, published in April.

In the same semester, BB started to use recycled paper for the envelopes for deposits and for credit card invoices.

Eco-efficiency Program

The Eco-efficiency Program is BB's Environmental Management System and its objective is to reduce operating costs and the impact on the environment, through the monitoring and systematic, documented evaluation of the consumption of inputs and of the disposal of waste from its productive processes.

On account of the Energy Conservation Program, for example, which establishes the rational use of equipment and makes employees aware of energy wastage, BB obtained a reduction of 14% in expenses with electric power in Brasília in March and Febreruary.

To rationalize the printing of documents, BB implemented "printing islands" in the senior management areas of the Company. In this

manner, it concentrated resources for photocopying, faxes, scanners and corporate printing in a single place, permitting a reduction in the amount of equipment of over 30%. The result of this project was a saving, among other resources, of 9% in the amount of A4 paper used, which generates a R$ 500 thousand saving. Until the end of the year, BB estimates that the paper use will be reduced in 150 thousand reams, with a R$ 1 million saving.

Main awards, certificates and acknowledgements received in the first semester of 2007

Banks/Financial Institutions	"Mérito Lojista 2006" (Shopowner Merit) Award, in the Category of Services, Commercial Bank Segment
	"Financial Times of Sustainable Finance 2007" Award, in the category of Sustainable Banking in Emerging Markets - Latin America
	"The largest and best financial groups in the country" award - Brazilian Institute of Economics (IBRE), Fundação Getúlio Vargas
Social and Environmental Responsibility	Top score in the survey for the Socio-environmental Responsibility page of Banco do Brasil carried out by the Spanish consulting firm Management & Excellence
Communication and Marketing	"Promotional Marketing Case of the Year" Award, Brasília stage - Brazilian Association of Marketing and Advertising Columnists
	Brand in second place in terms of growth in 2006, with appreciation of 110%, according to the ranking of the Istoé Dinheiro magazine
Others	"Personality of the Year 2007" Award to the President of BB - Brazilian Chamber of Commerce in Great Britain
Management	"Oswaldo Chechia" Award - ABRH Nacional
	"National Award of Public Management" (PQGF) - Ministry of Planning, Budget and Management - bronze medal in the category of Public Companies and Private and Public Joint Stock Company, for the areas of Agribusiness and Credit

Technology	"e-Finance 2007" Award: Best set of applications for mobile banking; best application for a branch; best use of business intelligence; best set of applications for cards and payment methods; best banking correspondent operation; best solution in data administration; and best set of solutions for ITIL management.
	"VII Prêmio ABT", in the category of Relationship Operation in Own or Outsourced Call Center
Capital Market	"BBB-" rating - Fitch Ratings
	"Best Financial Institution Bond for 2006" - Latin Finance magazine
Investment Funds	14 funds of BB DTVM classified in the ranking of most profitable funds in the last 12 months - Istoé Dinheiro magazine
	Four funds listed in "Star Ranking" - ValorInveste magazine

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BALANCE SHEET

ASSETS		BB - Domestic and Foreign branches		BB-Consolidated	
		06.30.2007	06.30.2006	06.30.2007	06.30.2006
CURRENT ASSETS		203,057,225	151,329,815	194,186,307	143,833,593
Available Funds		4,717,510	5,014,440	4,724,035	5,067,877
Short-term interbank investments	(Note 4)	56,715,410	32,627,336	47,377,686	24,814,598
Money market		39,960,907	19,910,095	39,960,907	19,910,095
Interbank deposits		16,754,503	12,717,241	7,416,779	4,904,503
Securities and derivative financial instruments					
Instruments	(Note 5)	28,601,335	21,031,061	29,179,929	21,572,692
Own portfolio		11,580,753	12,592,264	12,159,772	13,133,485
Subject to repurchase agreements		13,577,574	5,109,762	13,577,574	5,110,763
Deposits with the Brazilian Central Bank		1,659,845	2,063,516	1,659,845	2,063,516
Pledged in guarantee		867,821	74,448	867,821	74,448
Securities subject to repurchase agreements (with free movement)		--	910,327	--	910,327
Derivative financial instruments		915,342	280,744	914,917	280,153
Interbank accounts		30,727,366	26,189,248	30,758,775	26,207,665
Payments and receipts pending settlement		1,930,300	2,260,994	1,930,401	2,261,078
Restricted deposits					
Brazilian Central Bank		28,692,699	23,736,784	28,710,876	23,742,838
National Treasury - rural credits receivable		13,028	100,814	13,028	100,814
National Housing Financing System (SFH)		1,615	1,450	1,615	1,450
Interbank onlendings		46	46	46	46
Correspondent banks		89,678	89,160	102,809	101,439
Interdepartmental accounts		32,331	22,033	32,331	22,033
Thrid-party funds in transit		–	5	–	5
Internal transfers of funds		32,331	22,028	32,331	22,028
Loan operations	(Note 6)	60,082,957	49,187,955	60,181,067	49,375,711
Loan operations					
Public sector		1,000,562	769,365	1,005,330	773,612
Private sector		63,381,382	52,629,935	63,612,393	52,978,099
(Allowance for loan losses)	(Note 6d)	(4,298,987)	(4,211,345)	(4,436,656)	(4,376,000)
Lease operations	(Note 6)	28	3,555	(3,923)	(1,303)
Lease and sublease receivables					
Public sector		56,077	54,044	56,077	54,044
Private sector		1,198	3,618	427,638	364,111
(Unearned income from lease operations)		(57,244)	(53,831)	(472,805)	(402,427)
(Allowance for losses from leasing operations)		(3)	(276)	(14,833)	(17,031)
Other receivables		21,116,867	16,581,956	20,857,880	16,086,539
Receivables from guarantees honored		49,486	114,568	49,486	114,568
Foreign exchange portfolio	(Note 7a)	9,892,176	10,454,190	9,892,176	10,454,190
Income receivable		822,583	604,274	266,285	179,986
Negotiation and intermediation of securities		1,187	6,118	158,831	84,090
Special operations		575	575	575	575
Sundry	(Note 7c)	10,848,516	6,944,920	10,992,750	6,802,323
(Allowance for losses from other receivables)	(Note 6e & 6f)	(497,656)	(1,542,689)	(502,223)	(1,549,193)
Other assets		1,063,421	672,231	1,078,527	687,781
Investments		3	3	3	3
Other assets	(Note 8)	257,309	300,661	271,347	319,998
(Allowance for losses from other assets)		(147,256)	(169,952)	(147,970)	(176,166)
Prepaid expenses		953,365	541,519	955,147	543,946

LONG-TERM RECEIVABLES	130,556,977	122,572,266	132,878,469	124,355,782
Short-term interbank investments (Note 4)	4,105,996	4,800,703	4,236,297	4,943,761
Money market	76,519	--	--	--
Interbank deposits	4,029,477	4,800,703	4,236,297	4,943,761
Securities and derivative financial instruments				
Instruments (Note 5)	41,623,711	48,366,842	42,890,634	49,104,478
Own portfolio	9,467,258	19,356,821	10,638,062	20,000,372
Subject to repurchase agreements	29,287,894	26,107,673	29,384,013	26,201,758
Deposits with the Brazilian Central Bank	2,489,783	1,900,217	2,489,783	1,900,217
Pledged in guarantee	46,272	359,156	46,272	359,156
Securities subject to repurchase agreements (within free movement)	--	460,041	--	460,041
Derivative financial instruments	332,504	182,934	332,504	182,934
Loan operations (Note 6)	64,446,675	44,762,513	65,320,655	45,516,807
Loan operations				
Public sector	3,604,870	2,396,875	3,625,461	2,419,268
Private sector	65,508,795	45,977,636	66,362,296	46,709,792
(Allowance for loan losses) (Note 6d)	(4,666,990)	(3,611,998)	(4,667,102)	(3,612,253)
Lease operations (Note 6)	22	3,415	26,174	14,950
Lease and sublease receivables				
Public sector	44,061	51,925	44,061	51,925
Private sector	945	3,475	540,687	438,802
(Unearned income from lease operations)	(44,981)	(51,720)	(551,535)	(467,385)
(Allowance for losses from leasing operations)	(3)	(265)	(7,039)	(8,392)
Other receivables	20,380,573	24,638,793	20,404,709	24,775,786
Receivables from guarantees honored	--	35,891	--	35,891
Income receivable	31,581	31,818	31,581	31,818
Specific credits (Note 7b)	719,365	644,369	719,365	644,369
Sundry (Note 7c)	19,976,698	25,806,554	20,007,336	25,950,246
(Allowance for losses from other receivables) (Notes 6e & 6f)	(347,071)	(1,879,839)	(353,573)	(1,886,538)
PERMANENT ASSETS	6,428,798	7,304,673	5,902,794	5,646,207
Investments	3,056,848	3,681,748	1,262,465	1,087,117
Investments in subsidiary and associated companies (Note 20)				
Domestic	2,252,507	2,121,259	1,206,684	1,039,521
Foreign	764,920	1,522,320	--	--
Other investments	91,298	91,719	127,070	127,907
(Allowance for losses from investments)	(51,877)	(53,550)	(71,289)	(80,311)
Property and equipment (Note 9)	2,714,218	2,931,039	2,714,944	2,931,979
Land and buildings in use	2,327,834	2,276,383	2,327,834	2,276,383
Other property and equipment in use	4,251,438	4,301,672	4,257,306	4,308,268
(Accumulated depreciation)	(3,865,054)	(3,647,016)	(3,870,196)	(3,652,672)
Leased assets (Note 9)	100,222	102,751	1,361,905	1,031,026
Leased assets	159,143	127,721	1,748,446	1,271,909
(Accumulated depreciation)	(58,921)	(24,970)	(386,541)	(240,883)
Deferred charges	557,510	589,135	563,480	596,085
Organization and expansion costs	1,347,027	1,190,615	1,365,349	1,209,889
(Accumulated amortization)	(789,517)	(601,480)	(801,869)	(613,804)
Total	340,043,000	281,206,754	332,967,570	273,835,582

BALANCE SHEET

LIABILITIES / STOCKHOLDERS' EQUITY	BB - Domestic and Foreign branches		BB-Consolidated	
	06.30.2007	06.30.2006	06.30.2007	06.30.2006
CURRENT LIABILITIES	262,943,758	213,272,729	254,442,297	204,805,692
Deposits (Note 10)	148,466,359	126,174,935	141,580,802	118,903,082
Demand deposits	36,789,190	31,289,927	36,841,335	31,363,177
Savings deposits	40,830,991	33,215,243	40,830,991	33,215,243
Interbank deposits	8,156,844	8,111,380	1,153,532	696,026
Time deposits	62,389,752	53,429,393	62,455,362	53,499,644
Sundry	299,582	128,992	299,582	128,992
Deposits received under security repurchase agreements	66,593,684	46,974,971	66,153,812	46,246,592
Own portfolio	37,964,868	27,554,984	37,550,640	26,844,605
Third-party portfolio	28,358,816	18,173,288	28,333,172	18,155,288
Within free movement Portfolio	270,000	1,246,699	270,000	1,246,699
Funds from acceptance and issue of securities	188,221	397,395	713,378	938,928
Foreign securities	188,221	397,395	713,378	938,928
Interbank accounts	1,681,562	2,029,286	1,697,372	2,037,288
Receipts and payments pending settlement	1,679,261	2,028,475	1,695,071	2,036,477
Correspondent banks	2,301	811	2,301	811
Interdepartmental accounts	1,318,099	1,387,504	1,318,099	1,387,504
Third-party funds in transit	1,292,712	1,368,861	1,292,712	1,368,861
Internal transfers of funds	25,387	18,643	25,387	18,643
Borrowings (Note 11)	2,915,177	2,809,985	1,632,264	1,734,498
Foreign borrowings	2,915,177	2,809,985	1,632,264	1,734,498
Local onlendings - official institutions (Note 12)	10,155,258	8,386,092	10,164,259	8,390,552
National Treasury	3,140,754	3,067,029	3,140,754	3,067,029
National Bank for Economic and Social Development (BNDES)	1,937,192	2,357,604	1,937,192	2,357,604
National Industrial Financing Authority (FINAME)	4,579,967	2,781,789	4,588,804	2,786,101
Other institutions	497,345	179,670	497,509	179,818
Foreign onlendings	1,064,512	25,029	3,863	95
Foreign onlendings	1,064,512	25,029	3,863	95
Derivative financial instruments (Note 5b)	1,860,024	1,035,637	1,857,881	1,034,177
Derivative financial instruments	1,860,024	1,035,637	1,857,881	1,034,177
Other liabilities	28,700,862	24,051,895	29,320,567	24,132,976
Collection and payment of taxes and social contribution	1,850,081	2,244,572	1,850,961	2,245,002
Foreign exchange portfolio (Note 14a)	14,165,826	8,520,822	14,165,826	8,520,822
Social and statutory	761,450	2,091,587	762,773	2,092,849
Taxes and social security contributions	2,010,946	2,162,719	2,321,070	2,409,213
Negotiation and intermediation of securities	532,635	591,583	167,805	78,047
Financial and development funds (Note 14b)	66,832	47,285	66,832	47,285
Hybrid capital and debt instruments	--	1,076,359	--	1,076,359
Sundry (Note 14d)	9,313,092	7,316,968	9,985,300	7,663,399

LONG-TERM LIABILITIES	54,693,866	48,627,822	56,119,897	49,723,687
Deposits (Note 10)	19,305,472	16,325,591	22,964,216	21,036,405
Interbank deposits	333,616	448,561	3,992,360	5,159,375
Time deposits	18,971,856	15,877,030	18,971,856	15,877,030
Deposits received under security repurchase agreements	8,565,053	5,249,555	8,565,053	5,249,555
Own portfolio	4,329,632	2,714,413	4,329,632	2,714,413
Third-party portfolio	4,205,421	2,411,842	4,205,421	2,411,842
Within free movement Portfolio	30,000	123,300	30,000	123,300
Funds from acceptance and issue of securities	--	200,000	773,479	1,663,736
Foreign securities	--	200,000	773,479	1,663,736
Borrowings (Note 11)	2,094,492	4,918,389	1,722,073	2,195,844
Foreign borrowings	2,094,492	4,918,389	1,722,073	2,195,844
Local onlendings - official institutions (Note 12)	5,061,068	4,036,669	5,075,765	4,040,819
National Bank for Economic and Social Development (BNDES)	2,905,789	1,852,404	2,905,789	1,852,404
National Industrial Financing Authority (FINAME)	2,155,279	2,184,265	2,169,976	2,188,415
Foreign onlendings	2,232,614	1,236,888	382	382
Foreign onlendings	2,232,614	1,236,888	382	382
Derivative financial instruments (Note 5b)	193,611	121,430	194,249	121,430
Derivative financial instruments	193,611	121,430	194,249	121,430
Other liabilities	17,241,556	16,539,300	16,824,680	15,415,516
Taxes and social security contributions	--	--	106,115	69,662
Negotiation and intermediation of securities	775,926	1,463,694	--	2,700
Financial and development funds (Note 14b)	1,939,589	1,934,223	1,939,589	1,934,223
Special operations	2,363	2,376	2,363	2,376
Subordinated debt (Note 14e)	9,574,027	8,408,921	9,574,027	8,408,921
Hybrid capital and debt instruments	977,582	21,635	977,582	21,635
Sundry (Note 14d)	3,972,069	4,708,451	4,225,004	4,975,999
DEFERRED INCOME	99,957	127,729	99,957	127,729
Deferred income	99,957	127,729	99,957	127,729
STOCKHOLDERS' EQUITY (Note 17)	22,305,419	19,178,474	22,305,419	19,178,474
Capital	12,710,693	11,912,834	12,710,693	11,912,834
Local residents	12,664,846	11,866,987	12,664,846	11,866,987
Foreign residents	45,847	45,847	45,847	45,847
Capital reserves	--	355,638	--	355,638
Revaluation reserves	6,390	23,264	6,390	23,264
Revenue reserves	9,145,150	6,787,498	9,145,150	6,787,498
Adjustiment to market value - securities and derivatives financial instruments. (Note 17i)	443,186	99,240	443,186	99,240
Total	340,043,000	281,206,754	332,967,570	273,835,582

The accompanying notes are an integral part of these financial statements.

Semester ended at June 30, 2007

STATEMENT OF INCOME

		BB-Domestic and Foreign Branches		BB-Consolidated	
		1st sem/2007	1st sem/2006	1st sem/2007	1st sem/2006
INCOME FROM FINANCIAL INTERMEDIATION		19,783,592	18,359,148	20,066,515	18,588,277
Loans		12,048,183	10,330,189	12,170,557	10,434,378
Leases		33,856	23,146	327,757	240,800
Securities		6,342,999	6,896,968	6,209,700	6,804,264
Derivative financial instruments		353,551	(318,293)	352,596	(319,771)
Foreign exchange, net		204,592	608,624	205,494	610,092
Compulsory deposits		800,411	818,514	800,411	818,514
EXPENSES FROM FINANCIAL INTERMEDIATION		(12,546,842)	(13,447,272)	(12,756,490)	(13,602,712)
Deposits and funds obtained in the money market		(8,812,223)	(8,357,898)	(8,803,533)	(8,348,830)
Borrowings and onlendings		(801,678)	(1,034,609)	(802,868)	(1,035,026)
Leases		(27,510)	(15,129)	(233,077)	(162,747)
Allowance for loan losses	(Note 6e & 6f)	(2,905,431)	(4,039,636)	(2,917,012)	(4,056,109)
GROSS FINANCIAL INTERMEDIATION INCOME		7,236,750	4,911,876	7,310,025	4,985,565
OTHER OPERATING INCOME/EXPENSES		(3,557,480)	(1,941,219)	(3,488,653)	(1,916,847)
Service revenues	(Note 16a)	4,409,085	4,003,098	4,814,202	4,348,554
Personnel expenses	(Note 16b)	(4,333,877)	(3,837,838)	(4,371,852)	(3,876,662)
Other administrative expenses	(Note 16c)	(3,082,082)	(2,775,208)	(3,113,791)	(2,811,807)
Tax Expenses		(969,566)	(853,200)	(1,013,637)	(890,836)
Equity in the (earnings)/loss of subsidiary and associated companies	(Note 20)	300,188	270,955	(19,743)	22,807
Other operating income	(Note 16d)	2,613,163	3,167,004	2,692,107	3,178,059
Other operating expenses	(Note 16e)	(2,494,391)	(1,916,030)	(2,475,939)	(1,886,962)
OPERATING INCOME		3,679,270	2,970,657	3,821,372	3,068,718
NON-OPERATING INCOME	(Note 16f)	37,948	48,878	42,751	50,927
Non-operating income		92,010	101,038	97,621	104,253
Non-operating expenses		(54,062)	(52,160)	(54,870)	(53,326)
PROFIT BEFORE TAXATION AND PROFIT SHARING		3,717,218	3,019,535	3,864,123	3,119,645
INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME	(Note 18)	(923,801)	1,363,767	(1,069,531)	1,265,017
Income tax		(1,209,181)	(1,099,735)	(1,326,935)	(1,188,976)
Social contribution on net income		(438,405)	(410,440)	(478,772)	(440,867)
Deferred tax credits		723,785	2,873,942	736,176	2,894,860
PROFIT SHARING		(316,249)	(495,113)	(317,424)	(496,473)
NET INCOME		2,477,168	3,888,189	2,477,168	3,888,189
Number of shares		2,475,949,269	825,313,502	2,475,949,269	825,313,502
(Treasury Stock)		--	--	--	--
Total shares used in calculation of net income per share		2,475,949,269	825,313,502	2,475,949,269	825,313,502
Net income per share		1.00	4.71	1.00	4.71

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STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

EVENTS	Capital	Capital reserves			Reavalution reserves in subsidiary and associated companies	Revenue reserves			Adjustment to Market Value - Marketable Securities and Derivatives		Retained earnings	Treasury shares	Total
		Donations and fiscal incentives	Profit from the sale of treasury stock	Share premium account		Legal	Statutory	Expansion Reserves	Bank	Subsidiary and associated companies			
Balance at 12.31.2005	10,797,337	44	140	4,594	23,351	793,677	471,899	4,754,574	36,847	93,080	--	(125,779)	16,849,764
Capital increase (Nota 17c)	811,178	(44)	(140)	(4,594)	--	--	--	(806,398)	--	--	--	--	--
Capital increase by the exercise of subscription bonuses (Nota 17c)	304,321	--	--	--	--	--	--	--	--	--	--	--	304,321
Disposal of treasury shares	--	--	355,638	--	--	--	--	--	--	--	--	125,779	481,417
Adjustment to market value - securities and derivative financial instruments (Nota 17h)	--	--	--	--	--	--	--	--	(25,951)	(1,496)	--	--	(27,447)
Tax effect on adjustments - securities and derivative financial instruments (Nota 17h)	--	--	--	--	--	--	--	--	9,637	(12,877)	--	--	(3,240)
Dividends	--	--	--	--	--	--	--	(780,000)	--	--	--	--	(780,000)
Prescribed dividends	--	--	--	--	--	--	--	--	--	--	745	--	745
Other events:													
Realization of revaluation reserve (Nota 17d)		--	--	--	(87)	--	--	--	--	--	87	--	--
Net income for the semester	--	--	--	--	--	--	--	--	--	--	3,888,189	--	3,888,189
Appropriations													--
Reserves	--	--	--	--	--	194,410	116,646	2,022,690	--	--	(2,333,746)	--	--
Dividends (Nota 17f)	--	--	--	--	--	--	--	--	--	--	(862,238)	--	(862,238)
Interest on own capital (Nota 17f)	--	--	--	--	--	--	--	--	--	--	(693,037)	--	(693,037)
Balance at 06.30.2006	11,912,834	--	355,638	--	23,264	988,087	588,545	5,210,866	20,533	78,707	--	--	19,178,474
Changes in the semester	1,115,497	(44)	355,498	(4,594)	(87)	194,410	116,646	456,292	(16,314)	(14,373)	--	125,779	2,328,710
Balance at 12.31.2006	11,912,895	--	355,638	--	8,597	1,095,866	1,794,058	5,210,866	133,682	246,356	--	--	20,758,158
Capital increase by the exercise of subscription bonuses (Nota 17c)	797,798	--	(355,638)	--	--	--	--	(442,160)	--	--	--	--	--
Adjustment to market value - securities and derivative financial instruments (Nota 17h)	--	--	--	--	--	--	--	--	67,364	(24,880)	--	--	42,484
Tax effect on adjustments - securities and derivative financial instruments (Nota 17h)	--	--	--	--	--	--	--	--	33,341	(14,877)	--	--	18,464
Other events:													
Revaluations in subsidiary and associated companies	--	--	--	--	12	--	--	--	--	--	--	--	12
Realization of revaluation reserve in subsidiary and associated companies (Nota 17d)	--	--	--	--	(219)	--	--	--	--	--	219	--	--
Net income for the semester	--	--	--	--	--	--	--	--	--	--	2,477,168	--	2,477,168
Appropriations													
Reserves	--	--	--	--	--	123,858	1,605,108	--	--	--	(1,728,966)	--	--
Dividends (Nota 17f)	--	--	--	--	--	--	(242,446)	--	--	--	(96,522)	--	(338,968)
Interest on own capital (Nota 17f)	--	--	--	--	--	--	--	--	--	--	(651,899)	--	(651,899)
Balance at 06.30.2007	12,710,693	--	--	--	8,390	1,219,724	3,156,720	4,768,706	234,587	208,599	--	--	22,305,419
Changes in the semester	797,798	--	(355,638)	--	(207)	123,858	1,362,662	(442,160)	100,705	(39,757)	--	--	1,547,261

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

	BB-Domestic and Foreign branches		BB-Consolidated	
	1st sem/2007	1st sem/2006	1st sem/2007	1st sem/2006
FINANCIAL RESOURCES WERE PROVIDED BY	41,984,025	26,780,564	41,011,764	28,787,713
Net income	2,477,168	3,888,189	2,477,168	3,888,189
Adjustments to net income	(225,797)	(43,494)	186,949	188,060
Depreciation and amortization	361,656	339,644	362,497	340,308
Depreciation of leased assets	15,386	11,069	205,339	143,351
Equity in the earnings (loss) of subsidiary and associated companies	(300,188)	(270,955)	19,743	(22,807)
(Profit)/loss on the sale of assets	1,597	11	--	11
Excess depreciation	--	--	(37,995)	(30,482)
Changes in the currency exchange rate	(311,319)	(123,220)	(382,896)	(245,364)
Provision/(reversal) for devaluation of other assets	(7,380)	(7,126)	(30)	(7,099)
(Profit)/loss on the disposal of property	(22,408)	2,569	(22,408)	--
Other adjustments	36,659	4,604	42,699	10,142
Changes in deferred income	(28,659)	3,167	(28,659)	3,167
Marked-to-Market – Securities and Derivative Financial Instruments	60,948	30,687	60,948	30,687
Third party funds:				
Increase in liabilities	37,733,890	22,386,000	37,099,204	24,325,695
Deposits	6,298,134	293,676	5,704,060	2,281,229
Deposits received under security repurchase agreements	25,265,245	21,042,233	25,435,474	20,987,887
Funds from acceptance and issue securities	--	--	914,845	--
Interbank and interdepartmental accounts	--	463,801	--	471,793
Borrowings and onlendings	587,742	--	526,165	--
Derivative financial instruments	--	586,290	--	584,786
Other liabilities	5,582,769	--	4,518,660	--
Decrease in current assets and long-term receivables	1,295,806	--	856,584	5,862
Securities and derivative financial instruments	1,292,186	--	856,584	--
Lease operations	3,620	--	--	5,862
Disposal of assets and investments	56,424	59,113	98,877	88,412
Non-operating assets	55,337	28,850	55,451	29,279
Property and equipment in use	1,087	30,263	1,087	30,263
Leased assets	--	--	42,339	28,619
Investments	--	--	--	251
Dividends received from subsidiary/associated companies	614,245	456,812	253,793	247,201
Interest on own capital receivable	--	--	6,900	10,440
FINANCIAL RESOURCES WERE USED FOR:	42,009,036	27,594,063	41,036,539	29,547,499
Capital increase of subsidiaries	--	--	--	25,765
Dividends and Bonuses Proposed	338,968	862,238	338,968	862,238
Interest on own capital receivable	651,899	693,037	651,899	693,037
Changes in deferred income	207	--	207	--
Reversals in Assets and Investments	181,108	218,675	563,712	491,632
Non-operating assets	14,255	22,661	14,561	23,001
Property and equipment in use	124,701	99,699	124,704	99,699
Leased assets	--	25,384	351,841	368,362
Adjustment to market value of subsidiaries	--	--	(105)	--
Investments	42,152	70,931	72,711	570
Deferred charges	132,928	82,017	72,372	81,987
Increase in current assets and long-term receivables	38,266,661	21,273,477	37,402,726	21,558,396
Short-term interbank investments	23,037,258	861,616	22,526,286	762,436
Securities and derivative financial instruments	--	4,083,076	--	4,207,053
Interbank and interdepartmental accounts	2,465,992	1,704,661	2,474,990	1,704,473
Loan operations	11,960,839	8,594,994	11,844,053	8,950,887
Lease operations	--	9,678	11,075	--
Other receivables	674,180	5,852,712	599,557	5,754,328
Other assets	128,392	166,740	146,765	179,219
Decrease in liabilities	2,437,265	4,464,619	2,006,655	5,834,444
Funds from acceptance and issue securities	416,716	22,681	--	562,986
Interbank and interdepartmental accounts	563,126	--	547,380	--
Borrowings and onlendings	--	310,565	--	1,866,556
Derivative financial instruments	1,457,423	--	1,459,275	--
Other liabilities	--	4,131,373	--	3,404,902
Increase (decrease) in cash and cash equivalents	(25,011)	(813,499)	(24,775)	(759,786)
Change in cash and cash equivalents:				
At the beginning of the period	4,742,521	5,827,939	4,748,810	5,827,663
At the end of the period	4,717,510	5,014,440	4,724,035	5,067,877
Increase (decrease) in cash and cash equivalents	(25,011)	(813,499)	(24,775)	(759,786)

The accompanying notes are an integral part of these financial statements

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

June 30, 2006

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NOTE 1 – The Bank and its Operations

Banco do Brasil S.A. (the "Bank") is a publicly listed company established under private law, with both public and private stockholders, and subject to the requirements of Brazilian corporate legislation. Its corporate purpose is to carry out all asset, liability and accessory banking operations, to provide banking services, to intermediate and originate financial transactions and to perform any other activity permitted of institutions that form 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 Art. 19 of Law 4595/1964.

NOTE 2 – Presentation of the Financial Statements

2.a) The Financial Statements have been prepared in accordance with the requirements of Law 6404/1976 and observing the rules and instructions issued by the Brazilian Central Bank (BACEN) and the Brazilian Securities Commission (CVM) include the operations of Banco do Brasil S.A. in Brazil and its branches and subsidiaries abroad (BB-Domestic and Foreign Branches), and the consolidated position of the branches and financial subsidiaries in Brazil and abroad and the foreign special purpose entities (BB-Consolidated), and the amounts are presented in thousand of Reais, except when indicated.

The account balances of the "Foreign branches" and the "Foreign branches and subsidiaries" included in the financial statements of "BB - Domestic and Foreign Branches" and "BB - Consolidated", respectively, are as follows:

	Foreign branches		Foreign Branches and Subsidiaries	
	06.30.2007	**06.30.2006**	**06.30.2007**	**06.30.2006**
Current assets	29,225,981	24,305,980	29,320,192	24,481,514
Long-term receivables	11,578,006	11,535,654	11,497,660	12,099,857
Permanent assets	102,402	138,193	125,946	161,488
Total assets	40,906,389	35,979,827	40,943,798	36,742,859
Current liabilities	31,087,642	27,082,329	30,246,716	26,182,380
Long-term liabilities	6,527,547	6,447,021	6,640,963	6,587,683
Deferred income	5,172	4,670	5,172	4,670
Shareholder's equity	3,286,028	2,445,807	4,050,947	3,968,126
Total liabilities and stockholders' equity	40,906,389	35,979,827	40,943,798	36,742,859
Net income for the semester	119,280	45,772	151,223	105,425

2.b) The consolidated financial statements (BB - Consolidated) comprise domestic companies and foreign branches and subsidiaries, as follows: Banco do Brasil - AG. Vienna (Austria), BB Leasing Company Ltd., Brasilian American Merchant Bank – BAMB, BB Securities Ltd., BB Securities LLc. and the domestic subsidiaries: BB Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A., BB Banco de Investimento S.A., BB Leasing S.A. - Arrendamento Mercantil and BB Banco Popular do Brasil S.A.

In order to comply with CVM Instruction No. 408, of August 18, 2004, the following Foreign Special Purpose Entities (SPEs) have been included in the consolidation, as from December 2005: Dollar Diversified Payment Rights Finance Company and Nikkei Remittance Rights Finance Company.

The asset and liability and the income and expense accounts reflecting transactions between the foreign branches and subsidiaries and Banco do Brasil S.A. were eliminated in the consolidation. The translation into Reais of the

financial statements prepared in a foreign currency is carried out using current exchange rates, in conformity with CVM Decision 28/1986.

BB - Corretora de Seguros e Administradora de Bens S.A., BB - Administradora de Cartões de Crédito S.A., BB-Tur Viagens e Turismo Ltda., Cobra Tecnologia S.A., Ativos S.A. and BB - Administradora de Consórcios S.A. were not included in the consolidation, in accordance with article 23 of CVM Instruction 247/03.27.1996, as they do not materially affect the consolidated financial statements, and Brasil Aconselhamento Financeiro S.A was also not included because it is in the process of liquidation. The investments in these companies were recorded using the equity method of accounting, and the information required by article 20 of CVM Instruction 247 of 03.27.1996 and CVM Deliberation 26 of 02.05.1986 is presented in Notes 20 and 21, respectively.

2.c) The Cash Flow Statement, prepared in accordance with Accounting Standards and Procedures - NPC 20, of 4.30.1999, issued by the Brazilian Institute of Accountants - IBRACON, and the Statement of Added Value, prepared in accordance with Resolution CFC n.º 1,010, of 1.21.2005, of the Federal Accounting Council, are being shown as supplementary information to the basic financial statements.

NOTE 3 – Significant Accounting practices

3.a) Income and expenses are recognized on the accrual basis.

3.b) Assets and liabilities with floating rates are recorded at their present values, on a pro rata basis, in accordance with variations in the contractual indices. Assets and liabilities with fixed rates are recorded at their future values, adjusted to reflect unearned income or prepaid expenses. Assets and liabilities denominated in or indexed to foreign currencies are adjusted in accordance with the exchange rates or official indices as of the balance sheet date and are presented at their realizable values. Transaction gains and losses are recorded in income for the period. For the subsidiaries located abroad, assets and liabilities are translated into Brazilian Reais at the closing exchange rate on the balance sheet date.

3.c) Interbank Investments
Interbank funds applied are recorded at the investment value or purchase price, plus income accrued up to the balance sheet date.

3.d) Securities

Securities purchased for the Bank's own portfolio are recorded at the amount paid, including brokerage charges and fees, and are classified based on the intention of management, in one of three different categories; as follows:

3.d.1) Trading securities: these are securities purchased in order to be actively and frequently traded. They are adjusted monthly to their market value, and increases and decreases in market value are recorded in income and expense accounts for the period;

3.d.2) Available-for-sale securities: these are securities which are not classified as either trading or held-to-maturity. They are adjusted monthly to their market value, and increases and decreases in market value are recorded, net of tax effects, in a separate stockholders' equity account;

3.d.3) Held–to-maturity securities: these are securities that the Bank both intends and has the financial capacity to hold to maturity. The financial capacity is supported by a cash flow projection that does not consider the possibility of selling these securities. They are not adjusted to their market value.

The mark-to-market methodology used for securities was established following consistent and verifiable criteria, which considers the average trading price on the day of calculation or, if not available, pricing models that estimate the probable net realizable value.

Income accrued on the securities, irrespective of the category in which they are classified, is accrued on a pro rata basis up to the date of maturity or final sale, using an exponential or straight-line method, based on the contractual remuneration and purchase price distributed over the investment period, and recorded directly in income for the period.

Losses from securities classified as available–for-sale and held-to-maturity, if judged to be other than temporary, are recorded as an expense for the period, and a new cost basis for the asset is established.

Upon their sale, the difference between the selling price and book value is recorded on the date of the transaction as either a gain or loss from securities.

3.e) Derivative financial instruments

Derivative financial instruments are recorded at market value in each monthly balance sheet and when the Bank publishes financial statements. Increases or decreases in market value are recorded in the income or expense accounts of the respective financial instruments.

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

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

3.e.1) Market risk hedge - increases or decreases in value of the derivative financial instruments classified in this category, as well as of the item hedged, are recorded in income and expense accounts for the period;

3.e.2) Cash flow hedge - the effective portion of the increases or decreases in value of the derivative financial instruments classified in this category is recorded, net of tax effects, in a separate stockholders' equity account. The effective portion is that for which the variation of the item hedged, as relates to the corresponding risk, is offset by the variation in the derivative financial instrument used to execute the hedge, considering the accumulated gain or loss. Other variations in these instruments (i.e. the ineffective portion) are recorded directly in income or expense accounts for the period.

3.f) Loan and lease operations, advances on foreign exchange contracts, other receivables with characteristics of loans and the allowance for loan losses

Loan and lease operations, advances on foreign exchange contracts and other receivables with characteristics of loans are classified according to management's evaluation with respect to the risk level of the credit, taking into consideration the economic environment, past experience and specific risks in relation to the operation, the debtors and guarantors; and observing the parameters established by Bacen Resolution n.º 2,682/1999, which requires the periodic analysis of the portfolio and assignment of ratings in one of nine categories, ranging from AA (minimum risk) to H (maximum risk).

Income from loans overdue for more than 60 days, regardless of their risk category, will only be recognized as income when effectively received (i.e. on the cash basis).

Operations classified in level H continue in this rating for up to 6 months, at which time they are written off against the existing provision and controlled, for five years, in memorandum accounts, no longer being recognized in the balance sheet.

Renegotiated operations are maintained, at a minimum, at the same level at which they were rated prior to the renegotiation. The renegotiation of loans that had already been written off against the provision are classified as H, and any gains from the renegotiation are only recognized as income when effectively received.

The allowance for loan losses, considered sufficient by management, satisfies the minimum requirements established by the aforementioned Resolution n.º 2682/1999, as demonstrated in Note 6.d.

3.g) Permanent assets

3.g.1) Equity investments, when material, are recorded using the equity method based on the shareholder's equity information provided by the subsidiaries or the associated, in accordance with BACEN and CVM instructions and rules. Investments are recorded in the Permanent Assets account.

The financial information of the foreign branches and subsidiaries is adapted to conform to the accounting practices adopted in Brazil and translated to Reais, with the impacts recorded in income for the period. Other permanent investments are stated at cost, price level-restated up to December 31, 1995, and are adjusted to market value through the formation of provision.

3.g.2) Property and equipment is stated at cost, less depreciation, calculated on the straight-line method at the following annual rates: buildings and leasehold improvements - 4%; vehicles, installations and equipment - 20%; others - 10%.

Costs are capitalized when there is an increase in the expected economic benefit to be provided by an asset. Organization and expansion costs recorded in Permanent Assets - Deferred Charges relate to: leasehold improvements in properties owned by third parties for the installation of facilities, amortized at rates based on the rental terms; and the cost of purchase and development of systems, amortized at an annual rate of 20%.

3.g.3) Deferred Charges are recorded at the acquisition cost, net of amortization when applicable, and are composed mainly by: leasehold improvements in properties owned by third parties for the installation of facilities, amortized at rates based on the rental terms; and the cost of purchase and development of systems, amortized at an annual rate of 20%.

3.h) Employee benefits

Short-term benefits for existing employees are recognized on the accrual basis as the services which result in these benefits are provided. Post-employment benefits, comprising supplementary retirement benefits, medical assistance and other benefits for which the Bank is responsible, were calculated at December 31, 2006 in accordance with the criteria established by CVM Deliberation 371 of 12.13.2000.

3.i) Income and Social Contribution Taxes

3.i.1) Corporate income tax is calculated at the basic rate of 15% plus a surcharge of 10% on taxable income, and the Social Contribution on net income is calculated at the basic rate of 9% on taxable income (Note 18.a).

3.i.2) The tax credits were recorded at the current rates calculated on their respective bases, and the recording, maintenance and reversal/use of the credits, is in accordance with Resolution 3059, of December 20, 2002, of the National Monetary Council (changed to Resolution CMN 3355, of March 31, 2006), and are supported by a technical study of future realization prepared by Bank management.

3.i.3) The Bank has recorded IRPJ, CSLL, Pasep and Cofins tax credits on the negative mark-to-market adjustments of securities and derivative financial instruments recorded in a separate account in Stockholders' equity.

3.i.4) IRPJ, CSLL, Pasep and Cofins deferred tax liabilities have been recorded on the positive mark-to-market adjustments of securities and derivative financial instruments recorded in income and the separate account in Stockholders' equity.

3.j) Contingent assets, liabilities and legal obligations

The recognition, measurement and disclosure of contingent assets and liabilities, and legal obligations is performed in accordance with the criteria defined in CVM Deliberation n.º 489/2005, which legalized the adoption of Statement NPC 22 of the Brazilian Institute of Accountants - IBRACON.

Contingent assets are only recognized in the financial statements when there is existing evidence demonstrating that realization of the asset is a certainty.

Contingent liabilities are recognized in the financial statements when, based on the opinion of legal counsel and Management, the risk of loss of a lawsuit or administrative proceeding is considered probable, with a likely outflow of financial resources being required to settle the obligations, and when the amounts involved can be measured with sufficient reliability.

The provisions for claims are recorded taking into consideration the possibility of success by the plaintiff in the lawsuit against the Bank and or the subsidiaries.

The provisions for labor claims are recorded considering, also, the jurisprudence applicable to each claim.

The contingencies classified as probable are not recorded, and are required to be disclosed in the financial statements' notes, and the the contingencies classified as remote do not require any provision or disclosure (see Note 28.a).

Legal obligations - fiscal and social security - derived from tax obligations provided for in the applicable legislation, regardless of the probability of success of any lawsuits in progress, and which are recognized in full in the financial statements.

3.k) Use of estimates and judgements

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires Management to make judgments and assumptions, when applicable, in determining accounting estimates. Significant assets and liabilities subject to these judgments and assumptions include the residual value of property, plant and equipment, the allowance for loan losses deferred income tax assets, the provision for contingencies, valuation of derivative financial instruments, and the assets and liabilities relating to employee benefit plans. The actual amounts involved in these transactions will only be known upon their effective settlements.

NOTE 4 – Interbank Investments

	BB - Domestic and Foreign branches		BB-Consolidated	
	06.30.2007	06.30.2006	06.30.2007	06.30.2006
Repurchase agreements	40,037,426	19,910,095	39,960,907	19,910,095
Sales pending settlement - own operations	10,281,152	1,219,971	10,281,151	1,219,971
Sales pending settlement - financed operations	29,756,274	18,690,124	29,679,756	18,960,124
Interbank deposits	19,106,997	16,521,819	11,653,076	9,848,264
Foreign currency deposits	1,676,983	996,125	-	-
Total	60,821,406	37,428,039	51,613,983	29,758,359

NOTE 5 – Securities and Derivative Financial Instruments

The criteria used for the calculation of market values of marketable securities and derivative financial instruments are as follows:

- the average of the representative trading price on the day of the calculation and the daily adjustments of futures market transactions reported by ANDIMA, BM&F, BOVESPA and the Brazilian Central Bank; or

- the net probable realizable value obtained through extrapolating interest rates, foreign exchange rates, price and currency indices, consistent with prices observed during the semester.

5.a)Securities

The cost (plus accrued income) and market value of securities at June 30, 2007 is as follows:

BB - Domestic and foreign branches

	06.30.2007								06.30.2006		
	Market Value										
	With no Maturity	0-30	31-180	181-360	over 360	Cost	Total Market Value	Unrealized gain (loss)	Cost	Total Market Value	Unrealized gain (loss)
1 - Trading securities	-	-	2,131,785	3,012,517	5,329,130	10,429,653	10,473,432	-	5,475,335	5,480,562	-
Domestic	-	-	2,126,381	3,012,517	5,253,776	10,346,607	10,392,674	-	5,475,335	5,480,562	-
Financial Treasury Bills	-	-	138,042	95,120	2,189,966	2,422,641	2,423,128	-	1,558,504	1,558,910	-
Federal Treasury Bills	-	-	1,988,339	2,917,235	1,654,370	6,536,604	6,559,944	-	3,851,353	3,857,987	-
Federal Treasury Notes	-	-	-	162	1,408,400	1,386,322	1,408,562	-	65,478	63,665	-
Debentures	-	-	-	-	1,040	1,040	1,040	-	-	-	-
Abroad	-	-	5,404	-	75,354	83,046	80,758	-	-	-	-
Brazilian foreign debt securities	-	-	1,722	-	56,593	60,333	58,315	-	-	-	-
Foreign debt securities - other countries	-	-	3,682	-	18,761	22,713	22,443	-	-	-	-
2 - Available-for-sale securities	30,266	1,120,395	4,635,183	6,467,329	23,665,399	37,508,578	37,918,572	411,996	38,518,210	38,591,645	73,435
Domestic	22,624	977,646	4,522,241	6,380,302	22,259,739	35,682,077	36,162,552	280,475	37,035,673	37,068,651	32,978
Financial Treasury Bills	-	896,708	2,353,704	4,640,143	14,678,270	22,704,455	22,768,825	64,370	29,829,223	29,971,022	141,799
Federal Treasury Bills	-	792	1,322,437	1,429,915	2,780,980	5,474,029	5,534,124	60,095	181,895	181,395	(500)
Brazilian Central Bank Notes	-	-	-	-	-	-	-	-	165,629	161,853	(3,776)
Federal Treasury Notes	-	-	-	2,164,932	3,533,038	5,553,219	5,697,970	144,751	3,660,629	3,583,895	(76,734)
Federal Government securities - other	-	-	439,855	-	940,358	1,376,062	1,380,213	4,151	1,646,682	1,655,992	9,310
5.a)Securities (cont.)											
Debentures	-	-	-	-	87,030	87,282	87,030	(252)	34,624	32,937	(1,687)
Agricultural debt securities	-	-	396	248	6,618	8,460	7,262	(1,198)	14,975	12,611	(2,364)
Shares in investment funds	6,501	-	-	-	-	6,501	6,501	-	6,500	6,500	-
Shares in social development funds	979	-	-	-	-	1,545	979	(566)	1,545	630	(915)
Shares in listed companies	15,144	-	-	-	-	7,363	15,144	7,781	7,364	2,850	(4,514)

Rural Product Bills (Commodities)	-	80,146	405,849	145,064	3,658	632,655	634,717	2,062	1,486,607	1,458,966	(27,641)
Securities in special status company	-	-	-	-	29,787	30,506	29,787	(719)	-	-	-
Abroad	7,642	142,749	112,942	87,027	1,405,660	1,624,499	1,756,020	131,521	1,482,537	1,522,994	40,457
EUROBONDS	-	-	-	-	-	-	-	-	15,266	15,180	(86)
Brazilian foreign debt securities	-	142,749	112,642	83,184	1,366,742	1,574,732	1,705,317	130,585	1,367,692	1,407,527	39,835
Foreign debt securities - other countries	-	-	1	-	38,918	39,110	38,919	(191)	92,666	92,338	(328)
Shares in equity funds	7,641	-	-	-	-	6,515	7,641	1,126	6,913	7,948	1,035
Shares in listed companies	1	-	-	-	-	-	1	1	-	1	1
Other	-	-	299	3,843	-	4,142	4,142	-	-	-	-
3 - Held-to-maturity securities	-	226,841	4,341,025	1,926,421	14,068,844	20,585,196	20,563,131	-	24,862,018	24,656,241	-
Domestic	-	49	4,306,436	1,639,801	13,950,020	19,942,510	19,896,306	-	24,149,008	23,896,520	-
Financial Treasury Bills	-	-	1,639,880	1,639,801	13,935,004	17,213,846	17,214,685	-	20,872,591	20,870,659	-
Federal Treasury Notes	-	-	2,664,623	-	15,016	2,726,668	2,679,639	-	2,523,655	2,273,371	-
Federal Government securities - other	-	-	-	-	-	-	-	-	743,942	743,991	-
Commodities	-	49	1,933	-	-	1,996	1,982	-	8,820	8,499	-
Other	-	-	-	-	-	-	-	-	-	-	-
Abroad	-	226,792	34,589	286,620	118,824	642,686	666,825	-	713,010	759,721	-
EUROBONDS	-	-	-	13,128	-	13,130	13,128	-	-	-	-
Brazilian foreign debt securities	-	222,307	20,378	273,407	118,739	610,692	634,631	-	682,642	729,353	-
Time deposits	-	-	-	-	-	-	-	-	13,913	13,907	-
Foreign debt securities - other countries	-	-	-	85	85	168	170	-	413	419	-
Other	-	4,485	14,211	-	-	18,696	18,696	-	16,042	16,042	-
Total	30,266	1,347,236	11,107,993	13,406,267	43,063,373	68,521,425	68,955,135	411,996	68,855,563	68,728,448	73,435

Maturity in days	06.30.2007 Market Value					Total			06.30.2006 Total		
	With no Maturity	0-30	31-180	181-360	over 360	Cost	Market Value	Unrealized gain (loss)	Cost	Market Value	Unrealized gain (loss)
Total by portfolio	30,266	1,347,236	11,107,993	13,406,267	43,063,373	68,521,425	68,955,135	411,996	68,855,563	68,728,448	73,435
a) Own portfolio	30,266	301,113	6,373,985	5,010,532	9,295,354	20,861,116	21,011,250	151,450	32,142,210	31,957,845	24,077
b) Subject to repurchase agreements	-	1,046,123	2,483,559	8,142,287	31,208,178	42,597,500	42,880,147	259,636	32,530,038	32,586,006	46,917
c) Deposits with the Brazilian Central Bank	-	-	1,632,996	5,206	2,511,424	4,149,573	4,149,626	53	3,749,635	3,750,962	2,370
d) Pledged in guarantee	-	-	617,453	248,242	48,417	913,236	914,112	857	433,680	433,635	71

Maturity in years	06.30.2007 Market Value					Total		06.30.2006 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	Market Value	Cost	Market Value
Total by category	30,266	25,861,496	36,520,583	5,153,925	1,388,865	68,521,425	68,955,135	68,855,563	68,728,448
1 - Trading securities	-	5,144,302	5,137,639	116,137	75,354	10,429,653	10,473,432	5,475,335	5,480,562
2 - Available-for-sale securities	30,266	14,222,907	21,987,625	364,263	1,313,511	37,505,576	37,918,572	38,518,210	38,591,645
3 - Held-to-maturity securities	-	6,494,287	9,395,319	4,673,525	-	20,585,196	20,563,131	24,862,018	24,656,241

The securities portfolio at market value is as follows:

	06.30.2007		06.30.2006	
		% of total portfolio		% of total portfolio
By category	68,977,200	100%	68,934,225	100%
1 – Trading securities	10,473,432	15%	5,480,562	8%
2 - Available-for–sale securities	37,918,572	55%	38,591,645	56%
3 - Held–to-maturity securities	20,585,196	30%	24,862,018	36%
Book value	68,977,200	100%	68,934,225	100%
Marked-to market effects on Held-to-maturity securities	22,065		205,777	
Portfolio at marked to marked value	68,955,135		68,728,488	

5.a)Securities (cont.)

BB – Consolidated

Maturity in days	06.30.2007 Market Value: With no Maturity	0-30	31-180	181-360	over 360	06.30.2007 Total: Cost	Market Value	Unrealized gain (loss)	06.30.2006 Total: Cost	Market Value	Unrealized gain (loss)
1 - Trading securities	6,397	225,176	2,143,251	3,151,765	5,329,129	10,813,899	10,855,718	=	5,562,392	5,568,343	=
Domestic	3,495	225,176	2,126,381	3,012,517	5,253,776	10,574,643	10,621,345	=	5,496,271	5,503,761	=
Financial Treasury Bills	–	–	138,042	95,120	2,189,966	2,422,641	2,423,128	–	1,558,504	1,558,910	–
Federal Treasury Bills	–	–	1,988,339	2,917,235	1,654,370	6,536,604	6,559,944	–	3,851,353	3,857,987	–
Federal Treasury Notes	–	–	–	162	1,408,400	1,386,322	1,408,562	–	65,478	63,665	–
Debentures	–	10,515	–	–	1,040	10,880	11,555	–	–	–	–
Promissory Notes	–	214,661	–	–	–	214,661	214,661	–	–	–	–
Shares in listed companies	681	–	–	–	–	718	681	–	16,435	18,698	–
Shares in investment funds	2,785	–	–	–	–	2,785	2,785	–	4,501	4,501	–
Other	29	–	–	–	–	32	29	–	–	–	–
Abroad	2,902	=	16,870	139,248	75,353	239,056	234,373	=	66,121	64,582	=
EUROBONDS	1,252	–	4,400	79,541	–	86,637	85,193	–	43,962	42,985	=
Brazilian foreign debt securities	1,650	–	8,788	59,707	56,592	129,707	126,737	–	22,169	21,597	–
Foreign debt securities - other countries	–	–	3,682	–	18,761	22,712	22,443	–	–	–	–
2 - Available-for-sale securities	842,985	1,120,395	4,801,063	6,486,179	24,126,275	38,774,512	39,378,897	604,385	39,602,765	39,780,554	177,789
Domestic	835,343	977,646	4,522,241	6,401,152	22,587,765	36,894,906	37,324,147	429,241	37,841,113	37,948,591	107,478
Financial Treasury Bills	–	896,708	2,353,704	4,660,993	14,895,039	22,742,062	22,806,444	64,382	29,856,083	29,997,869	141,786
Federal Treasury Bills	–	792	1,322,437	1,429,915	2,760,980	5,474,029	5,534,124	60,095	181,895	181,395	(500)
Brazilian Central Bank Notes	–	–	–	–	–	–	–	–	165,629	161,853	(3,776)
Federal Treasury Notes	–	–	–	2,164,932	3,533,038	5,553,219	5,697,970	144,751	3,660,629	3,583,895	(76,734)
Federal Government securities – other	–	–	439,855	–	940,358	1,376,062	1,380,213	4,151	1,646,682	1,655,992	9,310
Debentures	–	–	–	–	371,807	372,059	371,807	(252)	139,819	139,885	66
Agricultural debt securities	–	–	396	248	6,618	6,460	7,262	(1,198)	14,975	12,611	(2,364)
Shares in investment funds	6,501	–	–	–	5,597	12,058	12,098	40	15,806	16,197	391
Shares in social development funds	979	–	–	–	–	10,321	979	(9,342)	10,321	630	(9,691)
Shares in listed companies	589,376	–	–	–	–	451,968	589,376	137,408	469,462	535,223	65,761
Shares in privately-held companies	264	–	–	–	–	7	264	257	2,749	2,986	237
Shares in equity funds	213,986	–	–	–	20,883	208,352	234,869	26,517	189,503	200,944	11,441
Rural Product Bills (Commodities)	–	80,146	405,849	145,064	3,658	632,655	634,717	2,062	1,486,607	1,458,966	(27,641)
Securities in special status company	–	–	–	–	29,787	31,314	29,787	(1,527)	808	–	(808)
Other	24,237	–	–	–	–	22,320	24,237	1,917	145	145	–
Abroad	7,642	142,749	278,822	87,027	1,538,510	1,879,606	2,054,750	175,144	1,761,652	1,831,963	70,311
EUROBONDS	–	–	–	–	–	–	–	–	15,266	15,180	(86)
Brazilian foreign debt securities	–	142,749	112,642	83,184	1,462,860	1,640,362	1,801,435	161,073	1,441,288	1,502,613	61,325
Foreign debt securities - other countries	–	–	165,881	–	38,918	204,990	204,799	(191)	258,630	258,302	(328)
Shares in equity funds	7,641	–	–	–	33,189	29,246	40,810	11,564	32,455	40,253	7,798
Shares in listed companies	1	–	–	–	3,563	866	3,564	2,698	973	2,624	1,651
Other	–	–	299	3,843	–	4,142	4,142	–	13,040	12,991	(49)
3 - Held-to-maturity securities	2,708	226,841	4,341,573	1,926,421	14,068,925	20,566,527	20,566,468	=	24,865,186	24,659,414	=
Domestic	=	49	4,306,436	1,639,801	13,950,020	19,942,510	19,896,306	=	24,149,008	23,896,520	=
Financial Treasury Bills	–	–	1,639,880	1,639,801	13,935,004	17,213,846	17,214,685	–	20,872,591	20,870,859	–
Federal Treasury Notes	–	–	2,664,623	–	15,016	2,726,668	2,679,639	–	2,523,655	2,273,371	–
Federal Government securities – other	–	–	–	–	–	–	–	–	743,942	743,991	–
Commodities	–	49	1,933	–	–	1,996	1,982	–	8,820	8,499	–
Other	–	–	–	–	–	–	–	–	–	–	–
Abroad	2,708	226,792	35,137	286,620	118,905	646,017	670,162	=	716,178	762,894	=
EUROBONDS	–	–	–	13,128	–	13,130	13,128	–	–	–	–
Brazilian foreign debt securities	2,708	222,307	20,923	273,407	118,739	613,945	638,084	–	685,652	732,364	–
Time deposits	–	–	–	–	–	–	–	–	13,913	13,907	
Foreign debt securities - other countries	–	–	–	85	85	168	170	–	466	473	–
Other	–	4,485	14,214	–	81	18,774	18,780	–	16,147	16,150	–
Total	852,090	1,572,412	11,285,887	13,566,365	43,524,329	70,176,738	70,801,083	604,385	70,030,343	70,008,311	177,789

Maturity in days	06.30.2007 Market Value: With no Maturity	0-30	31-180	181-360	Over 360	06.30.2007 Total: Cost	Market Value	Unrealized gain (loss)	06.30.2006 Total: Cost	Market Value	Unrealized gain (loss)
Total by portfolio	852,090	1,572,412	11,285,887	13,566,365	43,524,329	70,176,738	70,801,083	604,385	70,030,343	70,008,311	177,789
a) Own portfolio	852,090	526,289	6,551,879	5,170,630	9,660,191	22,450,800	22,761,079	313,349	33,243,391	33,142,622	106,941
b) Subject to repurchase agreements	–	1,046,123	2,483,559	8,142,287	31,304,297	42,663,129	42,976,266	290,124	32,603,636	32,681,092	68,407
c) Deposits with the Brazilian Central Bank	–	–	1,632,996	5,206	2,511,424	4,149,573	4,149,626	55	3,749,636	3,750,962	2,370
d) Pledged in guarantee	–	–	617,453	248,242	48,417	913,236	914,112	857	433,680	433,635	71

5.a)Securities (cont.)

Maturity in years	06.30.2007 Market Value: 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	06.30.2007 Total: Cost	Market Value	06.30.2006 Total: Cost	Market Value
Total by category	852,090	28,424,664	36,780,534	5,216,525	1,527,270	70,176,736	70,801,083	70,030,343	70,008,311
1 - Trading securities	8,397	5,520,192	5,137,639	116,137	75,353	10,813,699	10,855,718	5,562,395	5,568,343
2 - Available-for-sale securities	842,985	14,409,637	22,247,495	426,863	1,451,917	38,774,512	39,378,897	39,602,762	39,780,554
3 - Held-to-maturity securities	2,708	8,494,835	9,395,400	4,673,525	-	20,588,527	20,566,468	24,865,186	24,659,414

The securities portfolio at market value is as follows:

	06.30.2007		06.30.2006	
		% of total portfolio		% of total Portfolio
By category	70,823,142	100%	70,214,083	100%
1 - Trading securities	10,855,718	15%	5,568,343	8%
2 - Available-for–sale securities	39,378,897	56%	39,780,554	57%
3 - Held-to–maturity securities	20,588,527	29%	24,865,186	35%
Book value	70,823,142	100%	70,214,083	100%
Marked-to-market effects on Held-to-maturity securities	22,059		205,772	
Portfolio at marked to marked value	70,801,083		70,008,311	

5.b) Derivative financial instruments

The Bank uses derivative financial instruments to manage, in a consolidated manner, its positions, and to meet clients' needs, classifying own positions as either Held for Hedging (market risk) or Trading, both portfolios subject to limits and approvals, This information is made available to the pricing, trading, controls and results analysis areas; which are segregated within the Bank.

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

The Bank uses appropriate tools and systems to manage its derivatives portfolios, Trading in new derivatives, whether standardized instruments or not, is subject to prior risk analysis.

The hedging strategy for equity positions is in-line with macroeconomic analyses and is approved by management ("Conselho Diretor").

Risk analysis at the subsidiaries is individual, however, controls are consolidated,
The Bank uses statistical methods and simulations to measure the risks inherent in its positions, including derivatives, such as value at risk, sensibility and *stress* analyses.

Risks

The main risks inherent to derivative financial instruments resulting from the Bank's and its subsidiaries' business are credit, market and operating risks, all similar to those related to other types of financial instruments.

Market risk is the exposure created by a potential fluctuation in interest rates, exchange rates, quotations of goods, prices quoted on stock markets and other values, and is a function of the type of product, the volume of operations, the terms and conditions of the contract and the underlying volatility.

Credit risk is the exposure to loss in the event of default by a counterparty to a transaction, The credit exposure in futures contracts is minimized due to the daily settlement in cash, Swap contracts registered on the CETIP and BM&F are subject to credit risk if the counterparty is unable or unwilling to comply with his contractual liabilities, Total credit exposure arising from swaps, at June 30, 2007 amount to R$ 1,627,763 (R$ 1,071,055 at June 30, 2006), The credit risk associated with options contracts is limited to the premiums paid on purchased options.

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

The tables below show the notional amounts, cost and market value, at June 30, 2007, of the derivative financial instruments.

Trading derivatives (by index)

		BB-Domestic and Foreign Branches						BB-Consolidated					
By index		06.30.2007			06.30.2006			06.30.2007			06.30.2006		
	Counter-party parte	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value
Exchange traded													
Forward contracts													
Purchase commitments		3,394,402	25,407	25,065	573,884	(20,670)	(20,707)	3,394,402	25,407	25,065	573,884	(20,670)	(20,697)
DI	B	2,258,394	7,763	7,763	–	(8,473)	(8,473)	2,258,394	7,763	7,763	–	(8,473)	(8,473)
Currencies	B	51,680	41,260	41,260	–	–	–	51,680	41,260	41,260	–	–	–
US dollar	B	–	–	–	–	24,754	24,754	–	–	–	–	24,754	24,754
Index	B	–	(107)	(107)	–	(8)	(8)		(107)	(107)	–	(8)	(8)
Foreign exchange coupon	B	145,457	(29,760)	(29,760)	339,116	(46,186)	(46,186)	145,457	(29,760)	(29,760)	339,116	(46,186)	(46,186)
Libor	IF	919,893	–	(342)	172,194	–	(37)	919,893	–	(342)	172,194	–	(27)
Commodities	B	–	(5)	(5)	–	(1)	(1)	–	(5)	(5)	–	(1)	(1)
SCC (*)	B	18,978	6,256	6,256	62,554	9,244	9,244	18,978	6,256	6,256	62,554	9,244	9,244
Sales commitments		(1,102,394)	15,651	16,279	5,244,543	(12,773)	(11,204)	(1,102,394)	15,651	16,279	5,244,543	(12,773)	(11,204)
DI	B	102,108	(5,973)	(5,973)	2,568,076	(1,211)	(1,211)	102,108	(5,973)	(5,973)	2,568,076	(1,211)	(1,211)
Currencies	B	370,188	8,013	8,013	–	–	–	370,188	8,013	8,013	–	–	–
US dollar	B	–	–	–	398,140	(38,668)	(38,668)	–	–	–	398,140	(38,668)	(38,668)
Index	B	–	(128)	(128)	–	26	26	–	(128)	(128)	–	26	26
Foreign exchange coupon	B	90,611	13,735	13,735	204,240	27,081	27,081	90,611	13,735	13,735	204,240	27,081	27,081
Libor	IF	(1,665,471)	–	628	2,074,087	–	1,569	(1,665,471)	–	628	2,074,087	–	1,569
Commodities	B	170	4	4	–	(1)	(1)	170	4	4	–	(1)	(1)
Fixed-term options													
Asset position		684,436	44,235	94,891	487,904	95,914	116,728	684,436	44,235	94,891	487,904	95,914	116,728
Term	B	47,401	47,401	47,401	100,901	100,901	100,901	47,401	47,401	47,401	100,901	100,901	100,901
Currencies	B	637,035	(3,166)	47,490	387,003	(4,987)	15,827	637,035	(3,166)	47,490	387,003	(4,987)	15,827
Liability position		2,909,385	(385,780)	(307,756)	1,018,129	(149,780)	(143,878)	2,909,385	(385,780)	(307,756)	1,018,129	(149,780)	(143,878)
Term	B	(47,401)	(47,401)	(47,401)	(100,901)	(100,901)	(100,901)	(47,401)	(47,401)	(47,401)	(100,901)	(100,901)	(100,901)
Currencies	B	2,956,786	(338,359)	(260,355)	1,119,030	(48,879)	(42,977)	2,956,786	(338,359)	(260,355)	1,119,030	(48,879)	(42,977)
Options													
Purchase options		5,200	112	111	8,654	86	86	6,631	720	330	11,382	139	162
Shares	B	5,200	112	111	–	–	–	5,200	112	111	–	–	–
Financial assets & derivatives	C	–	–	–	8,654	86	86	1,431	608	219	11,382	139	162
Sales options		(655,957)	(1,245,064)	(1,259,448)	(183,558)	(439,176)	(441,904)	(654,526)	(1,245,672)	(1,259,667)	(180,830)	(439,229)	(441,981)
Shares	B	(655,957)	(1,245,064)	(1,259,448)	(192,212)	(439,090)	(441,818)	(655,957)	(1,245,064)	(1,259,448)	(192,212)	(439,090)	(441,818)
Financial assets & derivatives	IF	–	–	–	8,654	(86)	(86)	1,431	(608)	(219)	11,382	(139)	(163)
Over-the-counter trading													
Swap contracts													
Asset position		8,369,705	1,108,513	1,126,335	2,362,915	255,758	301,309	8,325,652	1,108,493	1,125,689	2,292,124	255,846	300,954
DI	C	3,588,064	615,608	582,720	1,086,575	224,428	231,075	3,688,064	615,608	582,720	1,086,575	224,428	231,075
	IF	3,781,586	431,917	433,822	130,812	1,620	2,667	3,781,586	431,917	433,822	130,812	1,620	2,667
Foreign currency	C	117,144	3,056	3,521	90,871	16,506	44,992	117,144	3,056	3,521	90,871	16,506	44,992
	IF	134,918	23,379	67,023	–	–	–	134,918	23,379	67,023	–	–	–
Prefixed	C	638,940	34,533	38,612	1,054,657	13,204	22,575	603,940	34,533	38,603	983,866	13,292	22,220
IPCA	C	9,053	20	637	–	–	–	–	–	–	–	–	–
Liability position		23,449,580	(442,856)	(466,590)	16,369,584	(528,004)	(544,066)	23,449,580	(442,856)	(466,590)	16,369,584	(528,004)	(544,066)
DI	C	18,931,162	(234,361)	(234,512)	12,848,706	(413,141)	(414,735)	18,931,162	(234,361)	(234,512)	12,848,706	(413,141)	(414,735)
	IF	2,045,457	(156,770)	(159,404)	122,746	(29,992)	(32,449)	2,045,457	(156,770)	(159,404)	122,746	(29,992)	(32,449)
Foreign currency	C	405,898	407	(3,942)	515,243	(10,866)	(13,021)	405,898	407	(3,942)	515,243	(10,866)	(13,021)
	IF	371,635	(11,380)	(27,528)	123,235	3,547	(5,383)	371,635	(11,380)	(27,528)	123,235	3,547	(5,383)

NOTE 5 – Securities and Derivative Financial Instruments (cont.)

Prefixed	C	330,094	(21,137)	(21,611)	48,240	(317)	(1,243)	330,094	(21,137)	(21,611)	48,240	(317)	(1,243)
	IF	9,000	(3)	(10)	-	-	-	9,000	(3)	(10)	-	-	-
TMS	C	990,008	(10,178)	(10,178)	2,387,898	(67,711)	(67,711)	990,008	(10,178)	(10,178)	2,387,898	(67,711)	(67,711)
TR	C	366,306	(9,434)	(9,405)	323,516	(9,524)	(9,524)	366,306	(9,434)	(9,405)	323,516	(9,524)	(9,524)
Forward contracts													
Asset position		3,020,709	33,508	28,509	2,053,256	111,112	45,555	3,020,715	33,507	28,511	2,042,988	111,676	45,243
Foreign currency	IF	2,857,050	33,311	26,314	1,466,487	109,993	44,436	2,857,056	33,312	26,316	1,456,219	110,557	44,124
Other	-	163,659	195	195	586,769	1,119	1,119	163,659	195	195	586,769	1,119	1,119
Liability position		4,250,802	(4,533)	(19,290)	2,015,447	(28,652)	(28,713)	4,161,388	(4,710)	(17,566)	1,920,131	(25,341)	(25,178)
Foreign currency	IF	3,225,466	(3,871)	(18,628)	1,864,191	(26,327)	(26,388)	3,136,072	(4,048)	(16,904)	1,768,875	(25,016)	(24,851)
Other	-	1,025,316	(662)	(662)	151,256	(325)	(325)	1,025,316	(662)	(662)	151,256	(325)	(325)

Counterparty: (B) Stock Exchange, (IF) Financial Institution, and (C) Client

(*) "Swap" transactions with periodical adjustments.

Trading derivatives (by maturity)

	BB-Domestic and Foreign Branches						BB-Consolidated					
By maturity	06.30.2007			06.30.2006			06.30.2007			06.30.2006		
	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value
Forwards contracts												
Purchase commitments	3,394,402	=	=	573,864	=	=	3,394,402	=	=	573,864	=	=
Up to 30 days	517,769	-	-	-	-	-	517,769	-	-	-	-	-
61 to 90 days	23,444	-	-	74,659	-	-	23,444	-	-	74,659	-	-
91 to 180 days	178,205	-	-	60,862	-	-	178,205	-	-	60,862	-	-
181 to 360 days	863,889	-	-	251,069	-	-	863,889	-	-	251,069	-	-
1 to 5 years	884,542	-	-	169,966	-	-	884,542	-	-	169,966	-	-
Over 5 years	926,553	-	-	17,308	-	-	926,553	-	-	17,308	-	-
Sales commitments	(1,102,394)	=	-	5,244,543	=	=	(1,102,394)	=	-	5,244,543	=	=
Up to 30 days	2,891	-	-	-	-	-	2,891	-	-	-	-	-
31 to 60 days	334,678	-	-	377,644	-	-	334,678	-	-	377,644	-	-
61 to 90 days	(284,959)	-	-	107,820	-	-	(284,959)	-	-	107,820	-	-
91 to 180 days	(188,389)	-	-	233,079	-	-	(188,389)	-	-	233,079	-	-
181 to 360 days	(293,697)	-	-	1,371,314	-	-	(293,697)	-	-	1,371,314	-	-
1 to 5 years	(669,067)	-	-	3,057,328	-	-	(669,067)	-	-	3,057,328	-	-
Over 5 years	(3,851)	-	-	97,358	-	-	(3,851)	-	-	97,358	-	-
Fixed-term options												
Termo de Títulos												
Asset position	47,401	47,401	47,401	100,901	100,901	100,901	47,401	47,401	47,401	100,901	100,901	100,901
Up to 30 days	47,401	47,401	47,401	100,901	100,901	100,901	47,401	47,401	47,401	100,901	100,901	100,901
Liability position	(47,401)	(47,401)	(47,401)	(100,901)	(100,901)	(100,901)	(47,401)	(47,401)	(47,401)	(100,901)	(100,901)	(100,901)
Up to 30 days	(47,401)	(47,401)	(47,401)	(100,901)	(100,901)	(100,901)	(47,401)	(47,401)	(47,401)	(100,901)	(100,901)	(100,901)
Currency maturity												
Asset position	637,035	(3,166)	47,490	367,003	(4,987)	15,827	637,035	(3,166)	47,490	367,003	(4,987)	15,827
Up to 30 days	207,019	(1)	7,305	84,165	311	4,429	207,019	(1)	7,305	84,165	311	4,429
31 to 60 days	86,870	(34)	6,639	45,195	267	3,419	86,870	(34)	6,639	45,195	267	3,419
61 to 90 days	57,411	(38)	5,661	21,169	32	1,939	57,411	(38)	5,661	21,169	32	1,939
91 to 180 days	213,004	(338)	26,568	36,481	(30)	3,199	213,004	(338)	26,568	36,481	(30)	3,199
181 to 360 days	26,922	(493)	841	167,769	(4,810)	2,479	26,922	(493)	841	167,769	(4,810)	2,479
1 to 5 years	45,809	(2,262)	476	12,224	(757)	362	45,809	(2,262)	476	12,224	(757)	362
Liability position	2,956,786	(338,359)	(260,355)	1,119,030	(48,879)	(42,977)	2,956,786	(338,359)	(260,355)	1,119,030	(48,879)	(42,977)
Up to 30 days	256,142	(15,921)	(15,345)	189,079	(5,917)	(9,385)	256,142	(15,921)	(15,345)	189,079	(5,917)	(9,385)
31 to 60 days	292,865	(29,223)	(27,269)	97,735	(1,905)	(2,873)	292,865	(29,223)	(27,269)	97,735	(1,905)	(2,873)
61 to 90 days	346,587	(39,896)	(35,990)	78,595	(1,569)	(2,555)	346,587	(39,896)	(35,990)	78,595	(1,569)	(2,555)
91 to 180 days	712,875	(79,769)	(66,364)	195,492	(6,735)	(5,449)	712,875	(79,769)	(66,364)	195,492	(6,735)	(5,449)
181 to 360 days	813,854	(94,048)	(67,510)	294,644	(18,756)	(10,324)	813,854	(94,048)	(67,510)	294,644	(18,756)	(10,324)
1 to 5 years	534,463	(79,502)	(47,877)	263,485	(13,997)	(12,391)	534,463	(79,502)	(47,877)	263,485	(13,997)	(12,391)
Options market												
Purchase options												
Shares	5,200	112	111	8,654	86	86	6,631	720	330	11,382	139	162
Up to 30 days	5,200	112	111	-	-	-	5,508	132	111	-	-	-
31 to 60 days	-	-	-	-	-	-	326	531	178	1,900	48	23
61 to 90 days	-	-	-	8,654	86	86	-	-	-	8,654	86	86
91 to 180 days	-	-	-	-	-	-	158	12	5	243	2	29
181 to 360 days	-	-	-	-	-	-	639	45	36	585	3	24

NOTE 5 – Securities and Derivative Financial Instruments (cont.)

Sales options												
Shares	(655,957)	(1,245,064)	(1,259,446)	(183,558)	(439,176)	(441,904)	(654,526)	(1,245,672)	(1,259,667)	(180,830)	(439,229)	(441,981)
Up to 30 days	(441,752)	(832,598)	(840,408)	(77,322)	(174,976)	(175,878)	(441,444)	(832,618)	(840,408)	(77,322)	(174,976)	(175,878)
31 to 60 days	(169,165)	(322,810)	(323,534)	-	-	-	(168,839)	(323,341)	(323,712)	1,900	(48)	(23)
61 to 90 days	(26,238)	(50,000)	(50,421)	(103,916)	(259,200)	(260,829)	(26,238)	(50,000)	(50,421)	(103,916)	(259,200)	(260,829)
91 to 180 days	-	-	-	(2,320)	(5,000)	(5,197)	158	(12)	(5)	(2,077)	(5,002)	(5,226)
181 to 360 days	(2,906)	(5,656)	(5,715)	-	-	-	(2,267)	(5,701)	(5,751)	585	(3)	(25)
1 to 5 years	(15,896)	(34,000)	(39,370)	-	-	-	(15,896)	(34,000)	(39,370)	-	-	-
Swap contracts												
Asset	8,369,705	1,108,513	1,126,335	2,362,915	255,758	301,309	8,325,652	1,108,493	1,125,689	2,292,124	255,849	300,954
Up to 30 days	1,089,128	144,249	144,390	492,070	16,352	24,051	1,054,128	144,249	144,381	492,070	16,352	24,051
31 to 60 days	884,651	119,372	119,671	133,168	1,895	2,842	884,651	119,372	119,671	133,168	1,895	2,842
61 to 90 days	1,050,495	92,773	94,788	366,018	2,618	3,959	1,050,495	92,773	94,788	366,018	2,618	3,959
91 to 180 days	1,129,410	222,386	267,640	314,646	27,857	30,880	1,129,410	222,386	267,640	314,646	27,857	30,880
181 to 360 days	1,973,856	183,363	184,226	402,448	11,347	11,234	1,973,856	183,363	184,226	331,657	11,435	10,879
1 to 5 years	2,232,165	344,480	313,863	654,565	195,689	228,343	2,223,112	344,460	313,226	654,565	195,689	228,343
5 to 10 years	10,000	1,890	1,757	-	-	-	10,000	1,890	1,757	-	-	-
Liability	23,449,560	(442,856)	(466,590)	16,369,584	(528,004)	(544,066)	23,449,560	(442,856)	(466,590)	16,369,584	(528,004)	(544,066)
Up to 30 days	1,208,218	(53,213)	(52,659)	285,611	(11,786)	(12,180)	1,208,218	(53,213)	(52,659)	285,611	(11,786)	(12,180)
31 to 60 days	8,466,391	(72,925)	(72,779)	5,541,937	(232,292)	(233,372)	8,466,391	(72,925)	(72,779)	5,541,937	(232,292)	(233,372)
61 to 90 days	1,262,168	(27,782)	(28,297)	1,813,475	(76,752)	(77,163)	1,262,168	(27,782)	(28,297)	1,813,475	(76,752)	(77,163)
91 to 180 days	1,225,206	(49,525)	(49,798)	1,197,839	(42,735)	(42,528)	1,225,206	(49,525)	(49,798)	1,197,839	(42,735)	(42,528)
181 to 360 days	3,345,461	(86,895)	(88,432)	2,961,649	(68,309)	(71,834)	3,345,461	(86,895)	(88,432)	2,961,649	(68,309)	(71,834)
1 to 5 years	7,942,116	(152,516)	(174,625)	4,569,073	(96,130)	(106,989)	7,942,116	(152,516)	(174,625)	4,569,073	(96,130)	(106,989)
Forward contracts												
Asset	3,020,709	33,506	26,509	2,053,259	111,112	45,555	3,020,715	33,507	26,511	2,042,988	111,676	45,243
Up to 30 days	1,324,812	6,721	6,988	749,666	6,168	11,322	1,324,812	6,722	6,990	749,578	6,166	11,322
31 to 60 days	312,145	4,514	6,208	396,994	88,483	9,339	312,145	4,514	6,208	392,486	88,185	9,099
61 to 90 days	212,101	4,060	3,004	199,113	6,971	8,338	212,107	4,060	3,004	199,113	6,971	8,338
91 to 180 days	541,343	10,200	5,347	346,716	6,205	8,178	541,343	10,200	5,347	346,628	6,206	8,177
181 to 360 days	630,308	8,011	4,962	353,937	4,095	8,224	630,308	8,011	4,962	353,776	4,099	8,222
1 to 5 years	-	-	-	4,521	(324)	130	-	-	-	1,407	49	85
5 to 10 years	-	-	-	2,309	(486)	24	-	-	-	-	-	-
Liability	4,250,802	(4,533)	(19,290)	2,015,447	(26,652)	(26,713)	4,161,388	(4,710)	(17,566)	1,920,131	(25,341)	(25,178)
Up to 30 days	2,420,880	(3,699)	(9,452)	1,276,727	(4,852)	(10,165)	2,376,397	(3,706)	(8,572)	1,221,426	(4,321)	(9,445)
31 to 60 days	56,813	(372)	(861)	55,581	(1,063)	(1,107)	17,713	(299)	(636)	16,822	(419)	(294)
61 to 90 days	218,792	64	(116)	2,827	(38)	(16)	218,775	64	(116)	2,802	(37)	(15)
91 to 180 days	1,078,698	195	(3,787)	230,612	(5,909)	(5,880)	1,077,808	116	(3,681)	230,612	(5,909)	(5,880)
181 to 360 days	470,798	(868)	(4,578)	190,153	(7,626)	(3,357)	470,829	(885)	(4,561)	190,134	(7,626)	(3,357)
1 to 5 years	2,789	131	(240)	259,547	(7,164)	(6,188)	66	-	-	258,335	(7,029)	(6,185)
5 to 10 years	2,054	16	(156)	-	-	-	-	-	-	-	-	-

The margin given as guarantee for transactions with derivative financial instruments is comprised of Financial Treasury Bills (LFT) and pledged TDA's, amounting to R$ 914,112 (R$ 433,634 at June 30, 2006).

Derivatives Financial Instruments segregated by current and long term transactions:

	BB-Domestic and Foreign Branches				BB-Consolidated			
	06.30.2007		06.30.2006		06.30.2007		06.30.2006	
	Current	Long Term	Current	Long Term	Current	Long Term	Current	Long Term
ASSET								
Fixed-term options	94,415	476	116,366	362	94,415	476	116,366	362
Options	111	--	86	--	330	--	162	--
Swap contracts	810,715	315,620	72,966	228,343	810,706	314,983	72,611	228,343
Forward contracts	26,509	--	45,401	154	26,511	--	45,158	85
Total	931,750	316,096	234,819	228,859	931,962	315,459	234,297	228,790
LIABILITIES								
Fixed-term options	(259,879)	(47,877)	(131,487)	(12,391)	(259,879)	(47,877)	(131,487)	(12,391)
Options	(1,220,078)	(39,370)	(441,904)	--	(1,220,297)	(39,370)	(441,981)	--
Swap contracts	(291,965)	(174,625)	(437,077)	(106,989)	(291,965)	(174,625)	(437,077)	(106,989)
Forward contracts	(18,894)	(396)	(20,525)	(6,188)	(17,566)	--	(18,991)	(6,185)
Total	(1,790,816)	(262,268)	(1,030,993)	(125,568)	(1,789,707)	(261,872)	(1,029,536)	(125,565)

NOTE 5 – Securities and Derivative Financial Instruments (cont.)

5.c) Adjustment to market value - securities and derivatives

The mark-to-market treatment established by the Central Bank of Brazil (Bacen) in Circular Letters 3068/2001 and 3082/2002 for securities classified as Trading and for derivative financial instruments, and later regulations, resulted in the following income and expense being recognized in the periods:

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1st/2007	1st/2006	1st/2007	1st/2006
Securities	(5,998)	(4,611)	(3,873)	(7,250)
Derivatives	68,044	(1,600)	67,800	(1,991)
Total	62,046	(6,211)	63,927	(9,241)

5.d) Securities reclassification in accordance with art.5° of BACEN's Circular 3.068, dated 11.08.2001

At June 30, 2007, in the underwriting portfolio, were reclassified from Type I (trading) to Type II (available-for-sale). The reclassification was performed in order to follow the portfolio's dynamism, as well as, Banco do Brasil's management intention, in accordance with a decision of Bank's Global Risk Committee, These securities amounted to R$ 229,378 (cost) – R$ 228,378 (market value).

NOTE 6 – Loan and Lease Operations

6.a) Details of the loan portfolio and "Other receivables" with characteristics of loans:

	BB - Domestic and Foreign branches		BB-Consolidated	
	06.30.2007	06.30.2006	06.30.2007	06.30.2006
Loan operations	124,529,632	93,950,468	125,501,722	94,892,518
Discounted loans and bills	51,190,022	39,430,945	51,441,120	39,695,135
Financing	36,294,182	22,449,721	37,153,358	23,292,918
Rural and agribusiness financing	46,011,002	39,892,718	46,011,002	39,892,718
Financing of securities	403	427	–	–
(Allowance for loan losses)	(8,965,977)	(7,823,343)	(9,103,758)	(7,988,253)
Other receivables with loan Characteristics	9,254,922	9,026,711	10,267,779	9,781,924
Receivables from guarantees honored	49,486	150,459	49,486	150,459
Advances on foreign exchange contracts	7,075,601	7,072,351	7,075,601	7,072,351
Sundry	2,445,051	2,204,466	3,457,982	2,959,910
(Allowance for losses on other receivables)	(315,216)	(400,565)	(315,290)	(400,796)
Lease operations	50	6,970	22,256	13,647
Lease operations	56	7,511	44,123	39,070
(Allowance for losses from lease operations)	(6)	(541)	(21,867)	(25,423)
Total	133,784,604	102,984,149	135,791,757	104,688,089

6.b) Details of the loan portfolio by sector, including operations with loan characteristics classified as "Other receivables":

	BB-Domestic and Foreign Branches				BB-Consolidated			
	06.30.2007	%	06.30.2006	%	06.30.2007	%	06.30.2006	%
Public sector	2,800,365	2.0	3,214,334	2.9	2,825,724	1.9	3,240,974	2.9
Domestic	600,271	0.4	484,985	0.4	600,271	0.5	484,985	0.4
Government	353,669	0.3	225,690	0.2	353,669	0.3	225,690	0.2
Direct administration	262,358	0.2	206,997	0.2	262,358	0.2	206,997	0.2
Indirect administration	91,311	0.1	18,693	--	91,311	0.1	18,693	--
Business entities	246,602	0.1	259,295	0.2	246,602	0.1	259,295	0.2
Industry	166,613	0.1	170,760	0.2	166,613	0.1	170,760	0.1
Commerce	39	--	--	--	39	--	--	--
Financial services	67,542	--	68,528	0.1	67,542	--	68,528	0.1
Other services	12,408	--	20,007	--	12,408	--	20,007	--
Abroad	2,200,094	1.6	2,729,349	2.5	2,225,453	1.5	2,755,989	2.5
Business entities	2,200,094	1.6	2,729,349	2.5	2,225,453	1.5	2,755,989	2.5
Industry	150,098	0.1	60,183	0.1	163,247	0.1	315,027	0.3
Other banks	48,824	--	41,927	--	48,824	--	41,927	--
Other services	2,001,172	1.5	2,627,239	2.4	2,013,382	1.4	2,399,035	2.2
PRIVATE SECTOR	140,265,438	98.0	107,994,264	97.1	142,406,948	98.1	109,861,587	97.1
Domestic	131,427,995	91.8	101,950,426	91.6	132,418,301	91.2	102,723,789	90.8
Rural	40,202,548	28.1	35,961,359	32.3	40,202,548	27.7	35,961,359	31.8
Industry	36,737,449	25.7	24,696,720	22.2	37,142,082	25.6	24,989,391	22.1
Commerce	14,353,353	10.0	11,689,204	10.5	14,592,812	10.0	11,890,206	10.5
Financial services	283	--	272	--	283	--	272	--
Private Individuals	25,484,005	17.8	19,448,450	17.5	25,539,007	17.6	19,547,442	17.3
Other services	14,650,357	10.2	10,154,421	9.1	14,941,569	10.3	10,335,119	9.1
Abroad	8,837,443	6.2	6,043,838	5.5	9,988,647	6.9	7,137,798	6.3
Commerce	372,511	0.3	775,678	0.7	405,455	0.3	845,808	0.7
Industry	6,782,230	4.7	4,447,161	4.0	7,704,690	5.3	5,193,781	4.6
Other companies	1,765	--	103,057	0.1	1,765	--	184,261	0.2
Other banks	1,355,596	0.9	514,122	0.5	1,401,078	1.0	556,198	0.5
Private Individuals	6,725	--	7,800	--	6,793	--	7,869	--
Other services	318,616	0.2	196,020	0.2	468,866	0.3	349,881	0.3
Total	143,065,803	100.0	111,208,598	100.0	145,232,672	100.0	113,102,561	100.0

6.c) Details of the loan portfolio by risk level and maturity (number of days), including operations with loan characteristics classified as "Other receivables":

BB-Domestic and Foreign Branches
Loans falling due (normal course)

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio 06.30.2007	%	Total portfolio 06.30.2006	%
AA	1,534,392	1,577,186	2,141,075	2,243,426	5,612,126	6,674,207	18,991,024	38,773,436	29%	16,849,877	16%
A	568,541	681,885	1,611,217	1,527,249	4,725,275	5,472,162	14,202,453	28,788,782	22%	29,868,037	28%
B	803,870	461,734	1,163,996	1,138,878	5,495,015	6,602,664	29,386,668	45,052,825	33%	33,763,529	32%
C	309,657	107,090	276,581	299,159	1,354,105	1,775,383	11,242,666	15,364,641	11%	16,838,371	16%
D	60,166	28,973	76,487	72,638	445,489	328,016	3,261,569	4,273,338	3%	4,564,467	4%
E	19,692	6,072	18,245	17,080	63,435	132,296	1,135,348	1,392,168	1%	1,001,892	1%
F	3,374	982	4,054	3,859	12,637	11,960	289,752	326,618	--	359,937	--
G	2,701	619	2,464	2,215	11,009	8,686	419,324	447,018	--	533,033	1%
H	14,590	3,897	13,351	16,911	38,320	49,508	1,635,423	1,772,000	1%	1,627,458	2%
Total	3,316,983	2,868,438	5,307,470	5,321,415	17,757,411	21,054,882	80,564,227	136,190,826	100%	105,406,601	100%

BB-Domestic and Foreign Branches
Loans past due

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio 06.30.2007	%	Total portfolio 06.30.2006	%
B	422,813	327,282	57,142	47	193	3,045	40	810,562	12%	344,593	7%
C	239,600	348,073	411,881	51,358	22,464	17,532	62	1,090,970	16%	687,052	12%
D	131,943	95,804	146,109	349,108	76,572	377	264	800,177	12%	671,290	12%
E	55,602	48,664	79,985	83,559	273,345	47,832	--	588,987	9%	460,209	8%
F	11,114	19,557	32,780	24,738	341,692	42,485	6	472,372	6%	419,645	7%
G	15,148	20,683	16,765	15,575	301,074	122,046	44,611	535,902	8%	353,308	6%
H	105,899	90,387	114,320	74,367	270,971	1,467,836	452,227	2,576,007	37%	2,865,900	48%
Total	982,119	950,450	858,982	598,752	1,286,311	1,701,153	497,210	6,874,977	100%	5,801,997	100%

BB-Consolidated
Loans falling due (normal course)

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio 06.30.2007	%	Total portfolio 06.30.2006	%
AA	1,556,312	1,583,151	2,161,362	2,244,258	5,620,813	6,722,778	19,482,186	39,370,860	28%	17,094,255	16%
A	572,163	681,948	1,614,173	1,527,659	4,732,999	5,488,195	14,814,455	29,431,592	22%	30,795,603	29%
B	810,766	461,870	1,164,815	1,139,835	5,559,066	6,628,516	29,935,756	45,700,624	34%	34,154,027	32%
C	310,689	107,674	278,633	301,220	1,361,279	1,783,297	11,306,929	15,449,721	11%	16,932,016	16%
D	61,834	28,993	76,552	72,718	445,751	330,255	3,291,410	4,307,513	3%	4,609,464	4%
E	19,850	6,073	18,249	17,908	63,660	137,553	1,137,161	1,400,454	1%	1,016,530	1%
F	3,407	1,059	4,056	3,909	13,145	12,016	289,934	327,526	--	361,192	--
G	2,701	620	2,467	2,221	11,038	8,751	419,724	447,522	--	535,518	--
H	16,086	3,900	13,365	16,939	38,468	49,741	1,743,317	1,881,816	1%	1,752,189	2%
Total	3,353,808	2,875,288	5,333,672	5,326,667	17,846,219	21,161,102	82,420,872	138,317,628	100%	107,250,794	100%

BB-Consolidated
Loans past due

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio 06.30.2007	%	Total portfolio 06.30.2006	%
B	423,678	327,959	57,231	47	193	3,045	41	812,194	12%	345,007	6%
C	240,752	350,749	412,871	51,376	22,470	17,532	62	1,095,812	16%	691,999	12%
D	132,463	96,115	149,814	349,718	76,614	381	264	805,369	12%	676,646	11%
E	55,691	48,852	80,412	86,204	273,930	47,832	--	592,921	8%	464,859	8%
F	11,160	19,638	32,827	24,843	344,314	42,485	6	475,273	6%	424,050	7%
G	15,183	20,737	16,822	15,591	304,065	122,046	44,612	539,056	8%	358,280	6%
H	105,988	90,552	114,678	74,706	274,213	1,481,128	453,154	2,594,419	38%	2,890,926	50%
Total	984,915	954,602	864,655	602,485	1,295,799	1,714,449	498,139	6,915,044	100%	5,851,767	100%

6.d) Details of the allowance for loan losses by risk level, including operations with loan characteristics classified as "Other receivables":

BB-Domestic and Foreign Branches

Risk Level	% Allowance	06.30.2007 Balance	06.30.2007 Allowance	06.30.2006 Balance	06.30.2006 Allowance
AA	0	38,773,437	–	16,849,875	–
A	0.5	28,788,782	143,944	29,868,037	149,340
B	1	45,863,387	458,634	34,108,123	341,081
C	3	16,455,611	493,668	17,525,423	525,763
D	10	5,073,515	507,352	5,235,758	523,576
E	30	1,981,155	594,347	1,462,101	438,630
F	50	798,990	399,495	779,582	389,791
G	70	982,920	688,044	886,340	620,438
H	100	4,348,006	4,348,006	4,493,359	4,493,359
Subtotal		143,065,803	7,633,490	111,208,598	7,481,978
Additional allowance - foreign*		–	14,994	–	28,491
Additional allowance - domestic **		–	1,632,715	–	713,980
Subtotal		143,065,803	9,281,199	111,208,598	8,224,449

BB-Consolidated

Risk Level	% Allowance	06.30.2007 Balance	06.30.2007 Allowance	06.30.2006 Balance	06.30.2006 Allowance
AA	0	39,370,860	–	17,094,255	–
A	0.5	29,431,592	147,158	30,795,604	153,977
B	1	46,512,818	465,128	34,499,034	344,990
C	3	16,545,533	496,366	17,624,014	528,720
D	10	5,112,882	511,288	5,286,110	528,611
E	30	1,993,375	598,013	1,481,389	444,417
F	50	802,799	401,400	785,241	392,621
G	70	986,578	690,604	893,798	625,659
H	100	4,476,235	4,476,235	4,643,116	4,643,116
Subtotal		145,232,672	7,786,192	113,102,561	7,662,111
Additional allowance - foreign*		–	22,007		38,348
Additional allowance - domestic **		–	1,632,716	–	714,013
Total		145,232,672	9,440,915	113,102,561	8,414,472

(*) Additional allowance required by foreign branches and subsidiaries - local regulations.

(**) Includes the amount of R$ 1,400 million for the purpose of prudently reflecting risks inherent in the portfolio, and an installment of R$ 53 million consisting of charges on Proagro operations, which is pending recovery from the Central Bank of Brazil.

6.e) Changes in the allowance for loan and lease losses and for operations with loan characteristics classified as "Other receivables":

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1st sem/2007	1st sem/2006	1st sem/2007	1st sem/2006
Opening balance	8,449,027	6,484,244	8,634,704	6,691,651
Provision/(reversal)	2,653,349	3,587,563	2,666,519	3,601,502
Exchange variation on allowances - foreign	(2,994)	(3,748)	(15,978)	(14,693)
Loans written off	(1,818,183)	(1,843,610)	(1,844,330)	(1,863,988)
Closing balance	9,281,199	8,224,449	9,440,915	8,414,472

6.f) Changes in the allowance for losses on other receivables without loan characteristics:

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1st sem/2007	1st sem/2006	1st sem/2007	1st sem/2006
Opening balance	3,459,814	2,569,411	3,472,403	2,579,850
Provision/(reversal)	252,082	452,073	250,493	454,607
Exchange variation on allowances - foreign	(338)	623	(338)	622
Loans written off	(755)	(144)	(755)	(144)
Reclassification (*)	(3,181,292)	–	(3,181,292)	–
Closing balance	529,511	3,021,963	540,511	3,034,935

(*) The judicial deposit's provision relating to the legal request for full offset of prior year income tax and social contribution against taxable income, recorded in Provision for losses on assets without loan characteristics, were reclassified to Liabilities – Other Liabilities – Taxes and social security contributions (Note 18.d).

6.g) Supplementary information:

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1st sem/2007	1st sem/2006	1st sem/2007	1st sem/2006
Renegotiated loans	4,404,875	3,235,969	4,430,717	3,235,969
Recoveries of loans written off (*)	726,447	528,058	731,785	529,442

(*) Recorded in the statement of income in the account "Income from financial intermediation - loans", as permitted by CMN Resolution 2836/05.30.2001, where, R$26,684 were recorded during the first semester of 2007 (book value totals of R$ 14.805) refers to loans to individuals and corporate entities. In the first semester of 2006, R$ 4.994 were recorded (book value amounts to R$ 16.541).

NOTE 7 – Other Receivables

7.a) Foreign exchange portfolio

	BB-Domestic and Foreign Branches		BB-Consolidated	
	06.30.2007	06.30.2006	06.30.2007	06.30.2006
Forward foreign exchange purchases pending settlement	8,832,987	8,816,952	8,832,987	8,816,952
Bills of exchange and time drafts in foreign currency	84,368	91,043	84,368	91,043
Receivables from sales of foreign exchange	12,883,635	6,648,658	12,883,635	6,648,658
Advances received	(12,016,024)	(5,226,563)	(12,016,024)	(5,226,563)
Foreign currency receivables	5,865	6,457	5,865	6,457
Income receivable on advances granted	101,334	117,592	101,334	117,592
Income receivable on financed imports	11	51	11	51
Total	9,892,176	10,454,190	9,892,176	10,454,190

7.b) Specific credits

These are credits from the Federal Treasury – extension of terms of rural financing – in the amount of R$ 719,365 (R$ 644,369 at June 30, 2006) as determined by Law 9138/1995.

7.c) Sundry

	BB - Domestic and Foreign branches		BB-Consolidated	
	06.30.2007	**06.30.2006**	**06.30.2007**	**06.30.2006**
Salary and other advances	202,983	186,042	202,997	186,061
Tax credits (Note 18 and 19)	13,616,757	9,108,811	13,745,834	9,222,897
Receivables from other assets	379,484	444,822	379,484	444,822
Receivables from guarantee deposits **	5,553,268	12,740,727	5,628,418	12,800,131
Income tax and social contribution on net income to offset	2,086,839	1,623,407	2,180,239	1,650,359
Accounts receivable – Federal Treasury	271,375	314,879	271,375	314,879
Accounts receivable – credit card operations	1,934,665	1,466,749	1,934,665	1,466,749
Accounts receivable – other	877,690	435,865	915,681	444,811
Sundry debtors – foreign	20,241	20,486	20,594	20,563
Sundry debtors – domestic *	5,462,854	5,997,890	5,466,121	6,000,944
Other	419,058	411,796	254,678	200,353
Total	30,825,214	32,751,474	31,000,086	32,752,569

(*) Includes the amount of R$ 1,619,470 (R$ 1,427,646 at June 30, 2006) relating to appeals filed for labor claims and R$ 838,914 (R$ 632,558 at June 30, 2006) arising from other appeals related to the Bank. In compliance with CVM Resolution 489/2005, restated judicial deposits, in the amount of R$ 9,279,787, referring to full carryforward of the accumulated tax loss of Income Tax and of Social Contribution Tax (Note 18.d), were reclassified in order to deduct provision for obligations and fiscal risks (Note 28.c).

(**) Includes the net amount of R$ 2,460,002 equivalent to "Actuarial Asset CVM nº 371" (R$ 2,970,911 at June 30, 2006), as shown in Note 25.e.

NOTE 8 – Other Assets

	BB - Domestic and Foreign branches		BB-Consolidated	
	06.30.2007	**06.30.2006**	**06.30.2007**	**06.30.2006**
Non-operating assets	236,602	278,059	250,640	297,396
Supply materials	20,707	22,602	20,707	22,602
Total	257,309	300,661	271,347	319,998

NOTE 09 - Property and equipment and leased assets

	BB - Domestic and Foreign branches				
		12.31.2006		06.30.2007	
	Annual Depreciation Rate (by group)	Residual Value	Changes	Depreciation	Closing balance
Property and equipment		2,861,380	46,710	(193,872)	2,714,218
Furniture and equipment in stock	--	38,338	(4,627)	--	33,711
Construction in progress	--	123,209	(21,869)	--	101,340
Land	--	176,088	(2,137)	--	173,951
Buildings	4%	945,394	43,685	(28,332)	960,747
Facilities	10%	200,954	10,191	(21,376)	189,769
Furniture and equipment in use	10%	318,951	8,475	(16,491)	310,935
Communication systems	10%	69,523	(1,353)	(3,572)	64,598
Data processing systems	20%	901,018	8,294	(116,861)	792,451
Security systems	10%	87,601	6,555	(7,617)	86,539
Transportation systems	20%	304	(504)	377	177
Leased assets		102,227	14,026	(16,031)	100,222
Total		2,963,607	60,736	(209,903)	2,814,440

	BB-Consolidated				
		12.31.2006		06.30.2007	
	Annual Depreciation Rate (by group)	Residual Value	Changes	Depreciation	Closing balance
Property and equipment		2,862,307	46,133	(193,496)	2,714,944
Furniture and equipment in stock	--	38,338	(4,627)	--	33,711
Construction in progress	--	123,209	(21,869)	--	101,340
Land	--	176,088	(2,137)	--	173,951
Buildings	4%	945,394	43,685	(28,332)	960,747
Facilities	10%	200,955	10,190	(21,376)	189,769
Furniture and equipment in use	10%	319,335	8,319	(16,400)	311,254
Communication systems	10%	69,522	(1,455)	(3,469)	64,598
Data processing systems	20%	901,562	7,975	(116,679)	792,858
Security systems	10%	87,601	6,555	(7,617)	86,539
Transportation systems	20%	303	(503)	377	177
Leased assets		1,228,102	207,699	(73,896)	1,361,905
Total		4,090,409	253,832	(267,392)	4,076,849

The ratio of fixed assets ratio to referential equity is 14.17% (16.13% at 06.30.2006), being in compliance with Resolution CMN n.º 2.669, dated 11.25.1999.

NOTE 10 – Deposits

	BB - Domestic and Foreign branches		BB-Consolidated	
	06.30.2007	06.30.2006	06.30.2007	06.30.2006
Demand deposits	36,789,190	31,289,927	36,841,335	31,363,177
Related companies	1,355,736	647,047	1,355,736	647,047
Individuals	13,429,486	10,948,672	13,437,466	10,958,274
Corporate entities	13,417,612	11,124,011	13,464,610	11,186,098
Financial institutions	234,393	200,996	231,104	201,807
Government	2,364,970	2,235,000	2,364,970	2,235,000
Domiciled abroad	41,625	16,865	40,810	16,775
Federal Treasury	316,458	254,343	316,458	254,343
Restricted	3,569,135	3,859,618	3,570,406	3,860,459
In foreign currency	2.031.087	1,977,868	2,031,087	1,977,868
Other	28,688	25,507	28,688	25,506
Savings deposits	40,830,991	33,215,243	40,830,991	33,215,243
Individuals	38,327,058	31,119,299	38,327,058	31,119,299
Corporate entities	2,060,611	1,681,341	2,060,611	1,681,341
Related companies	436,986	412,211	436,986	412,211
Financial institutions	6,336	2,392	6,336	2,392
Interbank deposits	8,490,460	8,559,941	5,145,892	5,855,401
Time deposits	81,361,608	69,306,423	81,427,218	69,376,674
Time deposits	35,759,744	33,648,432	35,825,354	33,718,683
Time deposits in foreign currency	1,568	331	1,568	331
Time deposits with automatic renewal	157,180	178,947	157,180	178,947
Remunerated judicial deposits	26,493,434	21,774,723	26,493,434	21,774,723
Special deposits relating to funds and programs (Note 14.c)	18,949,682	13,703,990	18,949,682	13,703,990
Deposits for investments	299,582	128,992	299,582	128,992
Total	167,771,831	142,500,526	164,545,018	139,939,487

NOTE 11– Borrowings - Foreign Borrowings

	BB - Domestic and Foreign branches						
	Up to 90 days	Form 91 to 360 days	from 1 to 3 years	from 3 to 5 years	from 5 to 15 years	Total 06.30.2007	Total 06.30.2006
Exports	35,388	40,284	--	--	--	75,672	120,235
Imports	126,455	160,719	52,872	56,361	31,757	428,164	351,127
Banks	495,460	--	--	--	--	495,460	397,225
Onlending to the public sector	--	276,664	498,052	--	1,157,501	1,932,217	2,554,085
Borrowings from BB Group companies abroad	531,263	576,082	297,733	--	--	1,405,078	3,517,399
Borrowings by BB Group companies abroad	541,172	131,690	--	216	--	673,078	788,303
Total	1,729,738	1,185,439	848,657	56,577	1,189,258	5,009,669	7,728,374

	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 06.30.2007	Total 06.30.2006
Imports	91,301	108,411	36,396	--	26,909	263,017	193,968
Banks	495,460	--	--	--	--	495,460	397,225
Onlending to the public sector	--	276,664	498,052	--	1,157,501	1,932,217	2,554,085
Borrowings by BB Group companies abroad	528,738	131,690	--	3,215	--	663,643	785,064
Total	1,115,499	516,765	534,448	3,215	1,184,410	3,354,337	3,930,342

Banco do Brasil S.A.'s policy, in respect of its foreign borrowings, is to seek the lowest possible cost for the maturity, type of instrument, and its balance sheet profile. The Bank uses the Libor and US Treasury rates, respectively, as references for its financial and capital transactions, constantly monitoring rates in the various markets.

NOTE 12– Domestic Onlending – Official Institutions

Programs	Financial charges	BB- Domestic and Foreign branches		BB- Consolidated	
		06.30.2007	06.30.2006	06.30.2007	06.30.2006
Federal Treasury		3,140,754	3,067,029	3,140,754	3,067,029
Rural credit		3,140,754	3,067,029	3,140,754	3,067,029
Farming/livestock breeding	TR or 9% p.a.	39,699	38,893	39,699	38,893
Cocoa	TJLP + 0.6% p.a. or 6.35% p.a.	44,392	41,880	44,392	41,880
Pronaf	TMS (available) or 1% p.a. to 7.25% p.a. (Invested)	2,843,332	2,742,237	2,843,332	2,742,237
Recoop	5.75% p.a. to 7.25% p.a.	213,330	244,019	213,330	244,019
Other		1	--	1	--
BNDES	*	4,842,981	4,210,008	4,842,981	4,210,008
Finame	**	6,735,246	4,966,054	6,758,780	4,974,516
Other institutions		497,345	179,670	497,509	179,818
Prohemp resources	--	715	940	715	940
FBB - Fundec II	–	9,300	10,083	9,300	10,083
Funcafé	TR or TMS (available) or TJLP + 3% p.a. or 4% p.a. or 5% p.a. (Invested)	487,186	168,487	487,186	168,487
Other	–	144	160	308	308
Total		15,216,326	12,422,761	15,240,024	12,431,371

(*) BNDES
- Programs with fixed interest rates: interest paid to the BNDES varies from 3% p.a. to 11% p.a.
- Programs with TJLP or foreign exchange variation: interest paid to the BNDES varies from 0.5% to 5% p.a.

(**) FINAME
- Programs with fixed interest rates: interest paid to BNDES/FINAME varies from 3.75% p.a. to 11% p.a.
- Programs with TJLP or foreign exchange variation: interest paid to BNDES/FINAME and BNDES/EXIM varies from 0.5% p.a. to 11.47% p.a.

NOTE 13 – Funds Obtained in Foreign Capital Markets (in R$/US$ million)

Transactions	Coupon	Amount	Date of funding	Maturity
a) DIRECT FUND RAISING				
"Global medium-term notes" program **(a.1)**	Zero – cupom	R$ 200	Dec/04	Dec/07
Subordinated debt	8.5% p.a.	US$ 300	Sep/04	Sep/14
Perpetual bonus **(a.2)**	7.95% p.a.	US$ 500	Jan/06	--
b) FUND RAISING THROUGH SPC				
Securitization of the flow of electronic remittances (MT - 100) **(b.1)**	7.890% p.a.	US$ 450	Dec/01	Dec/08
Securitization of the flow of electronic remittances (MT - 100) **(b.1)**	Libor 3m+0.60% p.a.	US$ 300	Jul/02	Jun/09
Securitization of the flow of electronic remittances (MT - 100) **(b.1)**	7.890% p.a.	US$ 40	Sep/02	Sep/09
Securitization of the flow of electronic remittances (MT - 100) **(b.1)**	7.26% p.a.	US$ 120	Mar/03	Mar/10
Securitization of the flow of electronic remittances (MT - 100) **(b.1)**	6.55% p.a.	US$ 250	Dec/03	Dec/13
Securitization of credit card receivables - Visanet **(b.2)**	5.911% p.a.	US$ 178	Jul/03	Jun/11
Securitization of credit card receivables - Visanet **(b.2)**	4.777% p.a.	US$ 45	Jul/03	Jun/11

Total issued by program:

	Foreign currency		*Reais**
"Global medium-term notes" program		--	200
Securitization of the flow of electronic remittances (MT - 100)	US$	677	1,303
Securitization of credit card receivables – Visanet	US$	157	302
Subordinated debt	US$	300	578
Perpetual bonus	US$	500	963
Total			3,346

(*) Exchange rate: US$ 1.00 x 1,9254.

a.1) Recorded under Foreign marketable securities.

Serie	Issue date	Maturity date	Volume	Term (years)	Coupon (%)	Issue Price	Return to the investor	Current rating
012	12/17/04	12/17/07	R$ 200 MM	3	zero	62.0385%	17.25%	-

a.2) Recorded in Other Liabilities – Hybrid Capital and Debt Instruments. On January 23, 2006, Banco do Brasil S.A concluded a foreign funding in the amount of US$ 500,000,000.00 through launching of perpetual securities. The operation has a redemption option by initiative of the issuer ("call") as from the 5th year, and, quarterly, each interest payment date thereafter.

The terms of these Perpetual Bonuses allow the Bank to suspend quarterly payments of interest and/or accessory payments on the aforementioned 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 Bank of Brazil, or its financial indicators are below the minimum level required by the regulations applicable to Brazilian banks; (ii) the Central Bank of Brazil or the Regulatory Authorities suspend payments of the aforementioned charges; (iii) an insolvency or bankruptcy event occurs; (iv) a 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 on 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, as established by the applicable

legislation, will act in order to avoid the statement or payment 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.

b.1) Recorded under Funds from acceptance and issue of securities - Foreign securities. The transaction was carried out through the Special Purpose Company (SPC) "Dollar Diversified Payment Rights Finance Company", incorporated under the laws of the Cayman Islands on November 6, 2001. The Head Office of the SPC is at BNP Paribas Private Bank & Trust Cayman Limited, P.O. Box 10632 APO 3rd Floor Royal Bank House, Shedden Road, George Town, Grand Cayman, Cayman Islands, and British West Indies. The capital of the SPC is US$1,000.00, divided into 1,000 shares of US$1.00 each. Banco do Brasil S.A. ("BB") does not maintain control, is not a shareholder, the owner, or a beneficiary of any of the results of operations of the SPC. On December 14, 2001, this SPC entered into an Administration Services Agreement with BNP Paribas Private Bank & Trust Cayman Limited. The SPC has declared that it does not have any subsidiaries, employees or debt, except for the securities described below.

The SPC was incorporated for the sole purpose of carrying out the transactions described below. The purpose of the SPC is: (a) issue and sell securities in the international market; (b) use funds raised from the issue of securities to pay for the purchase from BB of BB's rights on payment orders issued by correspondent banks in the USA and by BB's New York branch, in US dollars, to any BB branch in Brazil (Remittance Rights); (c) pay the principal and interest on securities and make other payments established in the related security issue agreements.

The SPC has no material assets other than the funds obtained from the issue of its capital, the Remittance Rights, and the duties arising from the issue agreements. The SPC's liabilities consist of the five issues of securities made in the international capital market, as follows:

Serie	Issue date	Maturity date	Amount (US$)	Term (years)	Coupon (%)	Issue Price	Return to the investor	Current rating
2001-1	12/27/01	12/15/08	450,000,000	7	7.890	100.0000	7.89%	BBB/Baa1
2002-1	07/03/02	06/15/09	300,000,000	7	L3M+0.60	100.0000	L3M+0.60	AAA/Aaa
2002-2	09/11/02	09/15/09	40,000,000	7	7.890	100.0000	7.89%	BBB/Baa1
2003-1	03/17/03	03/15/10	120,000,000	7	7.260	100.0000	7.26%	BBB/Baa1
2003-2	12/19/03	12/16/13	250,000,000	10	6.550	100.0000	6.55%	BBB/Baa1
		Total	**1,160,000,000**					

The liabilities arising from the securities are paid by the SPC using the funds accumulated in its account. When the amount corresponding to the next interest and/or amortization installment is reached, the entire excess amount is automatically released to BB. BB is not exposed to any potential losses.

This structure resulted in the reduction of the Brazil risk and helped obtain an investment grade rating for the transaction which, in the final analysis, reduced BB's fund raising costs. For the beneficiaries of the dekasseguis' remittances in Brazil, there were no changes, as even after the sale of the Remittance Rights to the SPC, BB regularly and punctually fulfills all payment orders within the same deadlines as previously established.

Under this structure, after the final maturity of each transaction, the SPC will have repaid all interest and principal of the transaction, thus returning the full ownership of the flow of remittances to BB. BB is not exposed to any potential losses.

b.2) Recorded in Other liabilities – Sundry - Contracts for assumption of liabilities. The transaction was carried out through the Special Purpose Company (SPC) "Brazilian Merchant Voucher Receivables", incorporated under the laws of the Cayman Islands on May 16, 2003. The Head Office of the SPC is at Walkers SPV limited, P.O. Box 908 GT, Mary Street, George Town, Grand Cayman, Cayman Islands.

The capital of the SPC is US$1,000.00, divided into 1,000 shares of US$1.00 each. Banco do Brasil S.A. ("BB") does not maintain control, is not a shareholder, the owner, or a beneficiary of any of the results of operations of the SPC. On 07.09.2003, the SPC entered into a Corporate Services Agreement with Walkers SPV Limited.

The SPC was incorporated for the sole purpose of carrying out the transactions described below. The purpose of the SPC is to: (a) issue and sell securities in the international market; (b) use funds raised with the issue of securities to pay for the purchase of the current and future rights of Companhia Brasileira de Meios de Pagamento ("Visanet") against Visa International Service Association of receivables ("Receivables") arising from (i) credit or debit purchases made in Brazil, in any currency processed by Visanet, using Visa cards issued by financial institutions located outside Brazil, or (ii) credit or debit purchases, processed by Visanet in foreign currency, made using Visa cards issued by financial institutions located in Brazil; c) pay the principal and interest on the securities and make other payments established in the related security issue agreements.

The SPC stated that it does not have any significant assets other than the funds from the issue of its capital and from the Receivables. It also stated that it does not have significant liabilities other than the obligations arising from the contracts for the issue of securities.

The SPC's liabilities consist of two issues of securities carried out in the international capital market, as follows:

Serie	Issue date	Maturity date	Amount (US$)	Term (years)	Coupon %	Issue Price	Return to the investor	Rating Current rating
2003-1	07/10/03	06/15/11	400,000,000*	8	5.911	100.0000	5.955%	BBB+/Baa1
2003-2	07/10/03	06/15/11	100,000,000**	8	4.777	95.0000	5.955%	BBB+/Baa1
		Total	**500,000,000**					

** Pursuant to the Series 2003 Visanet Support Agreement, BB received the amount of US$ 178,473,952, as described in the text below.*

*** Pursuant to the Series 2003 Visanet Support Agreement, BB received the amount of US$ 44,618,488, as described in the text below.*

The liabilities arising from the securities are paid by the SPC using the funds accumulated in its account. When the amount corresponding to the next interest and/or amortization installment is obtained, any excess amount is automatically released to Visanet.

Under the structure, which included, among other agreements, the agreement called "Series 2003 Visanet Support Agreement", entered into on July 10, 2003 by Visanet, BB and Bradesco, Visanet agreed to transfer to BB the funds arising from the sale of the Receivables, at the ratio of 44.618488%, calculated based on the shareholding interest of BB in Visanet on the transaction closing date, resulting in US$ 223,092,440.00 of funds being raised by BB.

Also under the same agreement, BB agreed to periodically transfer to Visanet amounts equivalent to the Receivables held by Visanet for the account of the SPC, pursuant to the Receivables purchase and sale agreement, at the ratio of 44.618488%.

This structure resulted in the reduction of the Brazil risk and helped obtain an investment grade rating for the transaction which, in the final analysis, reduced BB's fund raising costs. Under this structure, after the final maturity of each transaction, the SPC will have repaid all interest and principal of the transaction, thus returning the full ownership of the Receivables to Visanet. BB is not exposed to any potential losses from the transaction.

NOTE 14 – Other liabilities

14.a) Foreign exchange portfolio

	BB- Domestic and Foreign branches		BB-Consolidated	
	06.30.2007	**06.30.2006**	**06.30.2007**	**06.30.2006**
Forward foreign exchange sales pending settlement	12,193,902	6,647,989	12,193,902	6,647,989
Advances in foreign currencies	–	(8,654)	–	(8,654)
Import financing	(18,362)	(37,448)	(18,362)	(37,448)
Foreign exchange purchase liabilities	9,238,789	8,973,797	9,238,789	8,973,797
Advances on foreign exchange contracts	(7,263,276)	(7,072,351)	(7,263,276)	(7,072,351)
Foreign currency payables	11,764	13,548	11,764	13,548
Unearned income on advances granted	2,961	3,941	2,961	3,941
Charges payable on advances received	48	–	48	–
Total	14,165,826	8,520,822	14,165,826	8,520,822

14.b) Financial and development funds

Current and long-term

	BB- Domestic and Foreign branches		BB-Consolidated	
	06.30.2007	**06.30.2006**	**06.30.2007**	**06.30.2006**
PIS/PASEP	1,603,959	1,537,949	1,603,959	1,537,949
Merchant Navy	22,817	11,214	22,817	11,214
Land and Agrarian Reform - BB Banco da Terra	2,528	61,786	2,528	61,786
Special Lending Program for Agrarian Reform – Procera	321,668	325,892	321,668	325,892
Consolidation of Family Farming (CAF)	15,887	22,014	15,887	22,014
Fight against Poverty/Our First Land (CPR/NPT)	16,083	5,194	16,083	5,194
Other	23,479	17,459	23,479	17,459
Total	2,006,421	1,981,508	2,006,421	1,981,508

14.c) Fund for Worker Assistance (FAT) and Fund to Guarantee the Increase in Employment and Earnings (FUNPROGER)

FAT is a special accounting and financial fund, established by Law 7998, enacted on 01/11/90, attached to the Ministry of Labor and Employment (MTE) and managed by the Executive Council of the Worker Assistance Fund (CODEFAT), CODEFAT is a collective, tripartite and equal level organization, composed of representatives of workers, employers and the government, which acts as the manager of FAT.

The main sources of funding of FAT are contributions payable to the Social Integration Program (PIS) and to the Public Service Employees Savings Program (PIS/PASEP) FAT's objective is to fund the Unemployment Insurance Program (with specific responsibilities for payment of unemployment insurance benefits, professional qualification and prequalification, and orientation and intermediation of employment), the Salary Bonus (paragraph 3 of article 239 of the Federal Constitution), and finance programs for economic development as well as to promote employment.

The main actions to promote employment using FAT funds are centralized in the Programs for the Increase in Earnings (PROGER), whose resources are allocated by special deposits, established by Law 8352/12,28,1991, in official federal financial institutions (including, among others, PROGER in the Urban – Investment and Working Capital– and Rural, the National Program for Strengthening of 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 and FAT Digital Inclusion).

Banco do Brasil has a partnership with FAT in the conduct of the employment and income generation programs, through special deposits to be applied in Proger, Urban and Rural, in Pronaf, in FAT Housing and in the special lines mentioned above, For this purpose, the Bank offers credit lines directed to mini and small companies, cooperatives, informal economy workers, as well as rural sector workers.

The FAT special deposits, allocated with Banco do Brasil, while available; incur interest on a daily "pro rata" basis using the TMS (Average Selic Rate), As they are applied in loans, the interest rate is changed to the TJLP (Long-term Interest Rate) during the effective period of the loans.

The income on the Bank's funds is paid to FAT on a monthly basis, as established in CODEFAT Resolution No. 439, of June 02, 2005 and Resolution No. 489, of April, 2006.

The Guarantee Fund for Generation of Employment and Earnings (Funproger) is a special accounting fund established on November 23, 1999 by Law 9872, amended by Law 10360, of 12.27.2001, and by Law 11110, of 04.25.2005 and regulated by Codefat Resolution 409/10.28.2004, and is managed by Banco do Brasil under the supervision of Codefat/MTE, whose balance at June 30, 2007 is R$ 291,605 (R$ 247,939 at June 30, 2006).

The objective 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 the payment of a commission.

The net assets of FUNPROGER are accumulated through funds arising from the difference between the average SELIC Rate and the Long-Term Interest Rate (TJLP) in respect of the remuneration of the special deposit balances available in the 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.

Program	Resolution/ TADE	Available TMS (1)	Invested TJLP (2)	Total	Return of FAT funds Type (*)	Initial date	Final date
PROGER (Rural) and PRONAF		313,912	8,933,890	9,247,802			
Pronaf Custeio	04/2005	94,552	1,372,397	1,466,949	RA	11/2005	--
Pronaf Investimento	05/2005	135,859	3,645,350	3,781,209	RA	11/2005	--
Giro Rural – Securities acquisition	03/2005	58,103	2,077,804	2,135,907	SD	01/2008	01/2014
Giro Rural Fornecedores	14/2006	5,478	1,155,885	1,161,363	RA	08/2006	--
Rural Custeio	02/2006	2,211	11,455	13,666	RA	11/2005	--
Rural Investimento	13/2005	17,709	670,999	688,708	RA	11/2005	--
Proger Urbano		278,895	5,883,953	6,162,848			
Urbano Investimento	18/2005	217,601	3,330,592	3,548,193	RA	11/2005	--
Urbano Capital de Giro	15/2005	50,160	2,412,241	2,462,401	RA	11/2005	--
Empreendedor Popular	01/2006	11,134	141,120	152,254	RA	11/2005	--
Other		74,824	2,851,065	2,925,889			
Electric appliances	05/2006	4	3	7	RA	11/2005	--
Exports	27/2005	476	7,297	7,773	RA	11/2005	--
Rural Area Integration	26/2005	182	387,827	388,009	RA	11/2005	--
Urban Area Integration	25/2005	987	114,998	115,985	RA	11/2005	--
Housing - Construction	04/2006	3,461	294,079	297,540	RA	11/2005	--
Digital Inclusion	09/2005	3,565	4,690	8,255	RA	11/2005	--
FAT Giro Setorial Micro and Small Companies	08/2006	13,754	302,213	315,967	RA	09/2007	--
FAT Giro Setorial - Medium and Large Companies	09/2006	40,593	1,558,504	1,599,097	RA	09/2007	--
FAT Giro Cooperativo Agropecuário	10/2006	10,449	20,989	31,438	RA	07/2006	--
FAT Giro Setorial Micro small Companies	11/2006	357	22,690	23,047	RA	08/2006	--
FAT Fomentar - Medium and Large Companies	12/2006	996	137,775	138,771	RA	07/2006	--
Total		667,631	17,668,908	18,336,539			

(*) Automatic return, monthly, 2% over total balance and (SD) available balance

(1) Funds remunerated by the TMS

(2) Funds remunerated by the TJLP

14.d) Sundry

	BB- Domestic and Foreign branches		BB-Consolidated	
	06.30.2007	**06.30.2006**	**06.30.2007**	**06.30.2006**
Creditors for residual value advances	1,536	617	239,499	157,927
Contracts for the assumption of liabilities	441,345	836,828	300,805	411,152
Liabilities for purchases of goods and rights	49,220	116,214	49,220	116,214
Liabilities for official agreements	79,080	82,500	79,080	82,500
Accounts payable for payment of services provided	446,374	435,856	446,374	435,856
Provisions for payments (*)	6,289,591	5,315,313	6,342,662	5,317,906
Provisions for contingent liabilities (Note 15)	3,383,393	3,171,888	3,388,020	3,201,890
Funds restricted to credit operations	73,574	76,018	830,497	916,889
Sundry creditors – abroad	71,102	37,242	75,874	39,544
Sundry creditors – domestic	755,254	662,177	763,599	668,838
Credit card operations	1,684,319	1,284,681	1,684,319	1,284,681
Other	10,373	6,085	10,355	6,001
Total	13,285,161	12,025,419	14,210,304	12,639,398

(*) Include R$ 3,562,304 (R$ 3,276,680 at June 30, 2006) relating to " Actuarial Liability of the Informal Plan" (exclusive responsibility of the Bank) and the "Cassi Actuarial Liability" at June 30, 2006 (Note 25,e).

14.e) Subordinated debt

	Current and long-term			
	BB- Domestic and Foreign branches		BB-Consolidated	
	06.30.2007	06.30.2006	06.30.2007	06.30.2006
Subordinated debt qualifying as capital	9,539,656	8,366,611	9,539,656	8,366,611
Other subordinated debt	34,371	42,310	34,371	42,310
Total	9,574,027	8,408,921	9,574,027	8,408,921

As from June 30, 2001, as determined by CMN Vote No, 67 of June 28, 2001 and Bacen-Diret Official Letter 2001/1602 of June 29, 2001, Banco do Brasil has considered the funds from the Central-Western Constitutional Fund (FCO) R$ 8,986,061 (R$ 7,748,783 at June 30, 2006), as subordinated debt and as Level II Reference Equity, due to its low level of obligation and the length of the term to be maintained by the Bank.

NOTE 15 – Provisions for Vacation Pay, Paid Leave and Litigation

The changes in the provisions are as follows:

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st sem/2007	1st sem/2006	1st sem/2007	1st sem/2006
Vacation pay (other liabilities - sundry)				
Opening balance	734.998	723.657	734.998	723.657
Provision/(reversal)	330.305	299.316	330.305	299.316
Provision used	(383.049)	(362.026)	(383.049)	(362.026)
Closing balance	682.254	660.947	682.254	660.947
Paid leave (other liabilities - sundry)				
Opening balance	568.129	585.917	568.129	585.917
Provision/(reversal)	114.850	112.939	114.850	112.939
Provision used	(134.266)	(123.643)	(134.266)	(123.643)
Closing balance	548.713	575.213	548.713	575.213
Labor claims (other liabilities - sundry)				
Opening balance	2.360.483	2.129.075	2.360.483	2.129.075
Provision/(reversal)	279.067	256.669	279.067	256.669
Provision used	(270.367)	(152.764)	(270.367)	(152.764)
Closing balance	2.369.183	2.232.980	2.369.183	2.232.980
Tax claims (other liabilities - taxes and social security charges)				
Opening balance	35.243	28.523	82.517	70.447
Reclassification	32.756	–	32.756	–
Provision/(reversal)	10.298	2.567	3.538	5.295
Provision used	(1.146)	(205)	(1.146)	(204)
Closing balance	77.151	30.885	117.665	75.538

Other legal claims (other liabilities - sundry)				
Opening balance	885.284	844.079	888.751	871.838
Reclassification	(32.756)	--	(32.756)	--
Provision/(reversal)	173.314	95.840	174.405	97.878
Provision used	(33.061)	(26.327)	(33.061)	(26.327)
Closing balance	992.781	913.592	997.339	943.389

NOTE 16 – Analysis of Income Statement Items

16.a) Banking services fees

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st sem/07	1st sem/06	1st sem/07	1st sem/06
Investment funds	513,797	453,587	819,177	714,895
Collections	456,909	417,549	457,322	417,874
Collection services	15,014	13,750	18,549	16,315
Services rendered to related companies	108,041	94,194	148,537	126,080
Fund transfers	71,345	64,814	71,482	64,975
Guarantees granted	18,856	25,312	18,895	25,342
Settlement and transfer of funds systems	364,143	347,224	364,143	347,224
Examination of requests for exclusion from CCF	46,205	40,391	46,205	40,391
PASEP administration	12,216	13,065	12,216	13,065
Loans contracted	443,094	383,040	443,094	383,040
Deposit account fees	280,448	255,959	280,448	255,959
Fees on register information	60,162	58,279	60,162	58,279
Service package	923,048	821,497	923,048	821,497
Fees for official services	111,161	181,671	111,161	181,671
International trade services	13,421	11,676	13,421	11,676
Third party collection services	115,981	103,374	115,981	103,374
Commissions for administration of public sector Debt	23,541	23,813	23,541	23,813
Payments on account of third parties	85,680	75,925	85,680	75,925
Services rendered to Federal Treasury – Official Funds	69,176	--	69,176	--
Credit cards or debt	396,381	329,535	396,381	329,535
Other services	280,466	288,443	335,483	337,624
Total	4,409,085	4,003,098	4,814,202	4,348,554

16.b) Personnel expenses

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st sem/07	1st sem/06	1st sem/07	1st sem/06
Salaries	(1,708,533)	(1,740,252)	(1,733,838)	(1,766,331)
Benefits	(435,521)	(429,148)	(438,235)	(431,826)
Social Charges	(617,636)	(792,928)	(626,308)	(801,921)
Training	(26,441)	(21,421)	(26,862)	(21,603)
Directors' fees	(5,688)	(5,727)	(6,551)	(6,618)
Personnel provisions	(1,228,737)	(591,676)	(1,228,737)	(591,677)
Provisions for labor claims	(40,954)	(103,922)	(40,954)	(103,922)
Labor claim losses	(270,367)	(152,764)	(270,367)	(152,764)
Total	(4,333,877)	(3,837,838)	(4,371,852)	(3,876,662)

The Early Resignation Plan (PAA) for employees over 50 years of age with a minimum of 15 years of contribution to Caixa de Previdência dos Funcionários do Banco do Brasil (Previ - Banco do Brasil Employee Pension Fund), informed to the market at 05.11.2007, recorded 6,925 adhesions and generated an increase of R$ 675,674 (R$ 445,945, net of tax impacts), in administrative personnel provisions.

16.c) Administrative expenses

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st sem/07	1st sem/06	1st sem/07	1st sem/06
Water, electricity and gas	(141,490)	(133,928)	(141,603)	(134,035)
Rent	(139,225)	(135,949)	(141,288)	(138,481)
Leasing costs	(32,279)	(37,113)	(32,279)	(37,113)
Communications	(420,953)	(428,733)	(426,733)	(434,159)
Maintenance and upkeep	(115,406)	(102,079)	(115,967)	(102,626)
Materials	(56,248)	(60,561)	(56,414)	(60,742)
Data processing	(328,900)	(295,039)	(333,530)	(301,502)
Promotion and public relations	(64,942)	(66,488)	(65,033)	(67,349)
Advertising and publicity	(113,176)	(111,227)	(113,224)	(112,197)
Financial system services	(185,363)	(173,694)	(179,361)	(170,443)
Third party services	(250,152)	(224,549)	(263,001)	(233,734)
Security services	(239,850)	(214,030)	(239,921)	(214,104)
Specialized technical services	(31,169)	(28,086)	(32,393)	(30,343)
Transportation	(209,616)	(164,207)	(210,120)	(164,647)
Domestic travel	(36,873)	(32,027)	(37,167)	(32,728)
Amortization	(102,664)	(87,953)	(103,134)	(88,429)
Depreciation	(258,992)	(251,691)	(259,165)	(251,879)
Expenses with tax and civil lawsuits	(194,055)	(98,547)	(194,055)	(98,547)
Other	(160,729)	(129,307)	(169,403)	(138,749)
Total	(3,082,082)	(2,775,208)	(3,113,791)	(2,811,807)

16.d) Operating Income

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st sem/07	1st sem/06	1st sem/07	1st sem/06
Recovery of charges and expenses	338,100	165,762	338,971	166,090
Income from Special Operations	25,726	34,477	25,726	34,477
Income from specific credits	37,886	34,218	37,886	34,218
PREVI – Contributions parity agreement	114,763	1,412,030	114,763	1,412,030
Income from payments of INSS benefits	93,501	123,020	93,501	123,020
Warrants Deposits Receivable	553,341	623,187	553,341	623,187
Income from securities and credits receivable from the Federal Treasury	13,695	73,435	13,695	73,435
Dividends received	14,918	18,218	14,918	18,218
Equalization of rates – Law 8,427	3,686	4,587	3,686	4,587
Credit card transactions	51,416	35,244	51,416	35,244
Overdue advances on exchange contracts	5,112	4,738	5,112	4,738
Personnel expenses – Reversal of provisions	12,474	2,417	12,474	2,417
Services rendered to Federal Treasury – Official Funds	11,115	9,869	11,115	9,869
Foreign exchange gains	1,152,841	528,291	1,152,841	528,291
Taxes paid in error (Note 28,b)	83,737	15,771	147,362	15,771
Other	100,852	81,740	115,300	92,467
Total	2,613,163	3,167,004	2,692,107	3,178,059

16.e) Operating expenses

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st sem/07	1st sem/06	1st sem/07	1st sem/06
Discounts granted on renegotiations - credit operations	(37,125)	(50,519)	(37,125)	(50,519)
Updating of the pension liability	(98,693)	(91,512)	(98,693)	(91,512)
Interest on funds allocated for payment of benefit	(92,302)	(122,486)	(92,302)	(122,486)
Previ– Actuarial Asset Amortization – CVM Resolution n.º 371	(191,688)	(98,419)	(191,688)	(98,419)
Previ – Plano Benefícios 1 – Actuarial Losses – CVM Resolution n.º 371	--	(47,145)	--	(47,145)
CASSI – Interest on actuarial liabilities (Adjustments arising from CVM Resolution n.º 371)	(228,323)	(189,933)	(228,323)	(189,933)
Premium paid to clients	(188,354)	(138,953)	(188,354)	(138,953)
Losses from holdups and burglaries	(12,478)	(4,379)	(12,478)	(4,379)
Errors and fraud	(47,811)	(37,609)	(47,811)	(37,609)
Expenses from actualization – Interest on own capital/Dividends	(21,410)	(21,572)	(21,410)	(21,572)
BB Personal Banking expenses	(42,865)	(25,188)	(42,865)	(25,188)
Expenses from credit card operations	(155,189)	(104,411)	(155,189)	(104,411)
Expenses from Proagro funds	(2,860)	(2,425)	(2,860)	(2,425)
Provision for guarantees provided	(7,847)	(11,007)	(7,847)	(11,007)
Foreign exchange losses	(1,006,385)	(692,705)	(1,006,385)	(692,705)
Law 9138/95 - Restatement of funds to be returned to the Federal Treasury	(23,631)	(22,939)	(23,631)	(22,939)
Expenses from actualization - taxes and contributions on earnings	(1,274)	(20,728)	(4,911)	(41,728)
Guarantee deposits - monetary correction	(124,880)	--	(124,880)	--
Securitization dekasseguis – liabilities with the SPE	--	(3,610)	--	--
Securitization SWIFT MT100 – liabilities with the SPE	(52,671)	(78,022)	--	--
Hybrid Capital and Debt Instruments	(39,026)	(38,492)	(39,026)	(38,492)
Other	(119,579)	(113,976)	(150,161)	(145,540)
Total	(2,494,391)	(1,916,030)	(2,475,939)	(1,886,962)

(*) In BB-Consolidated, these obligations are classified as "Foreign securities" due to the consolidation of the foreign special purpose entities.

16.f) Non-operating income

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st sem/07	1st sem/06	1st sem/07	1st sem/06
Non-operating income	92,010	101,038	97,621	104,253
Profit on the sale of assets	8,965	24,422	8,972	24,437
Capital gains	5,417	6,734	5,462	6,943
Rental income	6,041	5,186	6,506	5,186
Valuation of other assets	39,122	34,232	39,194	34,362
Gains with shares and quotas	1,403	1,116	5,137	3,762
Profit on the sale of other assets	22,408	23,457	22,408	23,457
Other non-operating income	8,654	5,891	9,942	6,106
Non-operating expenses	(54,062)	(52,160)	(54,870)	(53,326)
Loss on sale of investments	–	(20)	–	(20)
Loss on sale of assets	(10,562)	(1,361)	(10,563)	(1,363)
Capital losses	(11,082)	(19,981)	(11,083)	(20,123)
Loss in value of other assets	(31,742)	(28,653)	(31,782)	(28,810)
Losses with shares and quotas	(117)	(342)	(836)	(1,206)
Other non-operating expenses	(559)	(1,803)	(606)	(1,804)
Total	37,948	48,878	42,751	50,927

NOTE 17 – Stockholders' Equity

17.a) Stockholders' equity of R$ 22,305,419 (R$ 19,178,474 at June 30, 2006), corresponding to a net book value of R$ 9.01 per share taking into consideration the total of 2,475,949,269 common shares (R$ 23.24 per share at June 30, 2006 based on the total of 825,313,502 common shares). The market value of the common share at June 30, 2007 was R$ 27.89 considering the shares split in the proportion of 1:3 (note 30.b), thus assigning two new shares to each share held (R$ 49.98 at June 30, 2006).

17.b) Of the subscription bonuses issued by the Bank, the remaining balance of 27,028,746 "C" Bonus, that can be exercised up to the original terms – 03.31.2011 to 06.30.2011.

17.c) Capital

Capital amounted to R$ 12,710,693 (R$ 11,912,834 at June 30, 2006), totally paid-up, and comprises 2,475,949,269 common shares with no par value. The Federal Treasury is the controlling shareholder.

The capital increase resulted from capitalization of the Expansion Reserves and Capital Reserves and by the exercise of series "B" subscription bonuses during the period from 01/31/2006 to 06/30/2006, resolved in the Ordinary and Extraordinary General Meeting of 04/28/2006 and approved by the Monetary Authority on 07/06/2006 and 04/25/2007.

17.d) Revaluation reserves

These reserves refer to the revaluation of assets carried out by the associated companies Kepler Weber and by the subsidiary Cobra Tecnologia S.A. The realization of reserves in the period, totaling R$ 219 (R$ 87 at June 30, 2006), was transferred to the "Retained earnings" account.

17.e) Net Income Appropriation

	1st sem/2007	1st sem/2006
Net Income	2,477,168	3,888,189
Adjust in Retained Earnings	219	832
Adjusted Net Income	2,477,387	3,889,021
Legal Reserve	123,858	194,409
Statutory Reserve (*)	1,606,108	116,646
Operational Margin	--	116,646
Equalization of Dividends	802,554	--
Interest on own capital	802,554	--
Dividends	651,899	693,037
Expansion reserves	96,522	862,238
Adjusted Net Income Balance, after allocations	--	2,022,691
Net Income	0	0

(*) The Extraordinary General Meeting, held on 12.28.2006, approved the creation of the following statutory reserves with a respective amendment to art. 42 of the Bank's Bylaws:

- Reserve for Operating Margin, with the purpose of guaranteeing an operating margin compatible with the development of the company's transactions, comprised of up to 100% of the balance of net income, up to the limit of 80% of the capital.

- Reserve for Equalization of Dividends, with the purpose of securing financial resources for the payment of dividends, comprised of up to 50% of the balance of net income, up to the limit of 20% of the capital.

17.f) Interest on own capital / Dividends

	1st sem/2007	1st sem/2006
1. Calculation basis:	2,669,778	4,189,725
a) Net income for the year	2,477,168	3,888,189
b) Legal reserve for the year	(123,858)	(194,409)
c) Adjustment in retained income	--	745
d) Profit sharing	316,249	495,113
e) Revaluation reserve realization at subsidiaries and affiliated companies	219	87
2. Minimum statutory compulsory dividend (25% of item 1)	667,445	1,047,432
3. Interest on own capital imputed to dividends	536,858	570,737
4. Income Tax at source	115,041	122,300
5. Interest on own capital allocated to the stockholders (item 3 + item 4)	651,899	693,037
1st quarter/2007	321,070	--
2nd quarter/2007	330,829	--
6. Dividends allocated to the stockholders	338,968	862,238
1st quarter/2007	242,446	--
2nd quarter/2007	96,522	--
7. Total allocated to the stockholders	990,867	1,555,275

Pursuant to the decision of the Board of Directors, in November/2006, the Bank approved the policy for quarterly payment of dividends and/or Interest on Own Capital.

According to Laws n.°9,249/1995 and 9,430/1996 and the Bank's Bylaws, Management resolved to pay Interest on Own Capital to its stockholders, imputed to the dividend value, plus additional dividends, equivalent in the 1st semester of 2007, to 40% of net income (Note 30.a).

Interest on Own Capital and Dividends related to the 2nd quarter will be paid together with financial charges equivalent to the Selic rate, as from balance sheet closing until the effective payment date, pursuant to Decree n.° 2,673, of 7.16.1998, with the new wording provided by Decree n.° 3,381, of 3.13.2000.

The total amount of Interest on Own Capital for the 1st semester of 2007 was R$ 651,899, which resulted in a reduction in tax expenses of R$ 221,646.

17.g) Retained Earnings

A capital budget justifying allocation to the Reserves will be submitted to the General Meeting, approving the 2007 fiscal year accounts.

17.h) Adjustment to Market value - securities & derivative financial instruments

In accordance with BACEN Circular Letters 3068/11.08.2001 and 3082/01.30.2002, this account includes the mark-to-market adjustment on available-for–sale securities, totaling R$ 443,186 (R$ 99,249 at June 30, 2006), net of tax effects, in conformity with the movement in the stockholders' equity account "Adjustments to Mark-to-Market – Securities and Derivatives":

Available–for–sale securities	12.31.2006 Balance	Net changes in the semester	06.30.2007 Balance
Banco do Brasil	213,111	67,364	280,475
Subsidiaries and affiliates	289,592	33,341	322,933
Tax effects	(120,465)	(39,757)	(160,222)
Total	382,238	60,948	443,186

Available–for–sale securities	12.31.2005 Balance	Net changes in the semester	06.30.2006 Balance
Banco do Brasil	58,929	(25,951)	32,978
Subsidiaries and affiliates	109,046	(1,496)	107,550
Tax effects	(38,048)	(3,240)	(41,288)
Total	129,927	(30,687)	99,240

17.i) Shareholding positions

Shareholdings at 06.30.2007 of all those who hold, directly or indirectly, more than 5% of capital:

Shareholders	Total shares	% Total
Federal Treasury	1,700,334,789	68,7
Banco do Brasil Employees Retirement Fund (PREVI)	283,246,010	11,4
BNDESPar (*)	124,812,156	5,0
Other shareholders	367,556,314	14,9
Total	2,475,949,269	100,0

(*) Related party to the controller

Changes in ownership of the parties referred to in the previous paragraph of these securities during the preceding twelve months and number and characteristics of the securities issued by the Bank and directly or indirectly held by the controlling stockholder, management and members of the Fiscal Council:

Controlling Group	**06.30.2007***	**06.30.2006**
Federal Treasury	1,700,334,789	584,778,036
PREVI	283,246,010	94,415,335
BNDESPar	124,812,156	23,604,052
Total	2,108,392,955	702,797,423

Other information

Board of Directors	**Position**	**Common Shares**		**C Bonds**	
		06.30.07*	**06.30.06**	**06.30.07**	**06.30.06**
Bernard Appy	President	03	01	--	--
Antônio Francisco de Lima Neto	Vice-President	03	--	--	--
Carlos Augusto Vidotto	Counselor	06	02	--	--
Francisco Augusto da Costa e Silva	Counselor	06	02	--	--
João Carlos Ferraz	Counselor (at 29.06.07)	06	02	--	--
José Carlos Rocha Miranda	Counselor (at 18.06.07)	03	01	--	--
Tarcisio José Massote de Godoy	Counselor	03	01	--	--

Fiscal Council	**Position**	**Common Shares**		**C Bonds**	
		06.30.07*	**06.30.06**	**06.30.07**	**06.30.06**
Otavio Ladeira de Medeiros	President	--	--	--	--
Agostinho Wagner Guimarães Gomes	Member	--	--	--	--
Eduardo Grande Bittencourt	Member	--	--	--	--
Eustáquio Wagner Guimarães Gomes	Member	--	--	--	--
Marcos Machado Guimarães	Member	--	--	--	--
Alfredo Luiz Buso	Deputy	--	--	--	--
Carla Goes Coelho de Souza	Deputy	--	--	--	--
Daniel Sigelmann	Deputy	--	--	--	--
Egon Handel	Deputy	--	--	--	--
José Luiz Gomes Rôlo	Deputy	--	--	--	--

Executive Board of Directors	**Position**	**Common Shares**		**Bônus C**	
		06.30.07*	**06.30.06**	**06.30.07**	**06.30.06**
Antônio Francisco de Lima Neto	President (substitute)	03	--	03	--
Adézio de Almeida Lima	Vice-President	06	02	06	02
Aldo Luiz Mendes	Vice-President	--	--	--	--
Aldemir Bendine	Vice-President (Substitute)	378	126	378	126
José Maria Rabelo	Vice-President	3.546	1.182	3.546	1.182
Luiz Oswaldo Sant'Iago Moreira de Souza	Vice-President	60	20	60	20
Manoel Gimenes Ruy	Vice-President (Substitute)	06	02	06	02
Ricardo Alves da Conceição	Vice-President	1.419	14	1.419	14

Directors	**Position**	**Common Shares**		**C Bonds**	
		06.30.07*	**06.30.06**	**06.30.07**	**06.30.06**
Augusto Braúna Pinheiro	Director	--	--	--	--
Clara da Cunha Lopes	Director	342	114	--	--
Francisco Cláudio Duda	Director	1.383	461	1	1
Glauco Cavalcante Lima	Director	84	28	11	11
Izabela Campos Alcântara Lemos	Director	342	114	--	--

José Carlos Soares	Director	2.742	914	10	10
José Carlos Vaz	Director	66	22	–	–
Juraci Masiero	Director	–	229	–	–
Luiz Gustavo Braz Lage	Director	–	–	–	–
Maria da Glória Guimarães dos Santos	Director	–	–	–	–
Mauricio Doff Sotta	Director	450	150	–	–
Milton Luciano dos Santos	Director	–	–	–	–
Nilo José Panazzolo	Director	1.377	459	–	–
Nilson Martiniano Moreira	Director	–	–	–	–
Paulo Euclides Bonzanini	Director	18	6	–	–
Paulo Roberto Evangelista de Lima	Director	372	124	–	–
Paulo Rogério Caffarelli	Director	549	183	–	–
Renê Sanda	Director	09	3	01	01
Ricardo José da Costa Flores	Director	72	19	9	9
Sandro Kohler Marcondes	Director	3	230	–	–
Sérgio Ricardo Miranda Nazaré	Director	342	114	–	–
William Bezerra Cavalcanti Filho	Director	342	114	–	–
Internal Audit					
José Luis Prola Salinas	Auditor	342	114	–	–
Statutory Auditor – Audit Committee					
José Danúbio Rozo	Coordinator	–	–	–	–
José Antonio Guarnieri	Member	1.377	459	–	–
Flavio Fernando da Fontoura Ferreira	Deputy	–	459	–	–

(*) During a meeting held on April 25, 2007, the Board of Directors approved the forwarding for decision by the General Stockholders' Meeting of a Split in the proportion of 1:3 (200%) of the shares of Banco do Brasil.

Number of shares in the market and percentage in relation to the total issued:

BB shares	**Number**	**%**
Market (*)	2,475,949,269	100,00
Total issued	2,475,949,269	100,00

(*) The Free Float is equivalent to 14.9% (367,542,376 shares).

NOTE 18 – Income Tax and Social Contribution on Net Income

18.a) Details of calculation basis

	BB-Consolidated			
	1st sem/2007		1st sem/2006	
	Income tax	Social contribution	Income tax	Social contribution
a) Profit before taxation and after employee profit sharing:	4,459,991	4,459,991	3,053,174	3,053,174
- Profit before taxation	3,864,123	3,864,123	3,119,645	3,119,645
- Net income of foreign entities	(162,946)	(162,946)	(127,372)	(127,372)
- Intercompany eliminations	759,784	759,784	555,274	555,274
- Employee profit sharing	(970)	(970)	(494,373)	(494,373)
b) Permanent additions/(deductions):	(1,132,699)	(1,124,251)	(1,278,889)	(1,271,359)
- Equity in the (earnings)/loss of subsidiary	(743,203)	(743,203)	(569,065)	(569,065)
- Interest on own capital	(651,899)	(651,899)	(693,038)	(693,038)
- Non-deductible expenses and provisions	300,976	300,975	275,468	275,466
- Other additions/(deductions)	(38,573)	(30,124)	(292,254)	(284,722)
c) Temporary additions/(deductions):	3,382,584	3,405,864	3,848,006	4,037,580
- Allowance for loan losses	2,919,477	2,919,477	4,063,709	4,102,373
- Provision for losses on securities and investments	18,945	18,945	35	35
- Provision for pension liabilities	(42,831)	(42,831)	(54,470)	(54,470)
- Provision for labor claims, tax contingencies and contingent liabilities	266,311	266,311	169,773	169,773
- Amortization of goodwill on investments	–	–	796	--
- Other additions/(deductions)	220,682	243,962	(331,837)	(180,131)
d) Other adjustments: additions/(deductions):	(1,888,104)	(1,892,397)	(1,441,479)	(1,442,704)
- Foreign profits	--	–		
- Adjustment - BACEN Resolution 2682/1999 and Law 9430/9,430	(1,888,104)	(1,888,104)	(1,440,507)	(1,440,507)
- Other	–	(4,293)	(972)	(2,197)
e) Taxable income	4,821,772	4,849,207	4,180,812	4,376,691
f) Income tax/social contribution:	1,196,975	438,080	1,033,106	394,609
- Rate of 15% / 9%	728,627	438,080	631,106	394,609
- Additional 10%	485,715	--	420,702	–
- Tax incentives	(17,367)	--	(18,702)	--

18.b) Details of income tax and social contribution expense

	BB-Consolidated			
	1st sem/2007		1st sem/2006	
	Income tax	Social Contribution	Income tax	Social contribution
a) Present values	(1,211,562)	(438,080)	(1,052,882)	(394,609)
- Domestic income tax and social contribution	(1,196,975)	(438,080)	(1,033,106)	(394,609)
- Foreign income tax	(14,587)	--	(19,776)	--
b) Deferred tax liabilities	(115,373)	(40,692)	(136,094)	(46,258)
- (Provision)/reversal of deferred income tax on the adjustment of the portfolio and depreciation (leasing operations)	(7,932)	--	(5,840)	--
- (Provision)/reversal of provision for deferred taxes – positive MTM	(2,186)	(944)	(27,047)	(8,503)
- (Provision)/reversal of deferred income tax on the sale of investments in installments (BB-BI)	--	--	272	97
- (Provision)/reversal of the provision for deferred taxes - restatement of judicial deposits	(75,761)	(27,274)	(89,237)	(32,125)
- (Provision)/reversal of provision for deferred taxes - net income abroad	(13,933)	(6,937)	(19,708)	(8,539)
- (Provision)/reversal of provision for deferred income tax on transactions carried out in the futures market	(15,561)	(5,537)	5,466	2,812
c) Provision (a+b)	(1,326,935)	(478,772)	(1,188,976)	(440,867)
d) Deferred tax credits	545,997	190,179	1,959,452	935,408
- Recording/(reversal) of tax credits on temporary differences	560.493	199.516	1.913.574	918.048
- Recording/(reversal) of tax credit on income tax and social contribution losses	9.786	279	6.540	2.728
- Recording/(reversal) of tax credits - negative MTM	(24,282)	(9,616)	10,556	3,347
- Recording/(Reversal) of Tax Credits on Transactions carried out in the Futures Market	--	--	28,782	11,285
e) Total income tax and social contribution expense (c+d)	(780,938)	(288,593)	770,476	494,541

18.c) Reconciliation of income tax and social contribution expense

	BB-Consolidated	
	1st sem/2007	1st sem/2006
a) Income tax		
Profit before taxation and profit sharing	3,864,123	3,119,645
- Total income tax charge (rate of 25%)	(966,030)	(779,911)
- Charges from Interest on Own Capital	162,976	173,259
- Effects of non-taxable income	455,199	357,240
- Effects of non-deductible expenses	(1,249,890)	(1,293,394)
- Effects of foreign profits	(11,723)	(21,947)
- Employee profit sharing	242	123,593
- Deferred charges on mark-to-market adjustments	(301)	(1,152)
- Other	811,222	2,194,086
- Fiscal incentives (workers meal program, culture and others)	17,367	18,702
Income tax expense	780,938	770,476

b) Social contribution		
Profit before taxation and profit sharing	3,864,123	3,119,645
- Total social contribution charge (rate of 9%)	(347,771)	(280,768)
- Charges from Interest on Own Capital	58,671	62,373
- Effects of non-taxable income	163,747	121,171
- Effects of non-deductible expenses	(449,889)	(465,172)
- Employee profit sharing	87	44,484
- Deferred charges on mark-to-market adjustments	(108)	(405)
- Other (*)	286,670	1,012,858
Income tax expense	288,593	494,541

(*) Tax credit from timing differences recorded.

18.d) Legal Process: Interest on Own Capital Tax

18.d.1) In February 1998, the Bank filed a legal request to fully offset of prior year income tax and social contribution against taxable income. Since then, the Bank has offset these tax losses in full against income tax and social contribution expenses from taxable income and has made judicial deposits of the taxes otherwise due (70% of the amount offset). These deposits prompted the 16th Court of the Federal District to issue a dispatch recognizing the suspension of payment of these taxes until final judgment of the Bank's request, based on article 151, II, of the Tax Code. The legal process has been awaiting judgment of an extraordinary appeal by the Federal Supreme Court since October 1, 2002,

18.d.2) The offsetting of income tax and social contribution losses results in a reduction in the deferred tax credits observing the limitat of 30%.

18.d.3) As permitted by item 53 of CVM Resolution 489/2005, judicial deposits in the amount of R$9,120,571 (principal + interest) are deducted from the corresponding provisions.

18.d.4) Deferred taxes (corporate income tax-IRPJ and social contribution on net income-CSLL) on the restatement of judicial deposits are being offset against the tax credits resulting from the provision recorded in an amount equal to such aforementioned restatement, in conformity with paragraph 2, item II, art. 1 of Bacen/CMN Resolution 3,059/2002, with no impact on income.

18.d.5) If we were to consider the situation of success in the lawsuit, we would verify that the Bank would have utilized the entire stock of Tax Losses in September 2005. Therefore, since the accrual period of October 2005, Income Tax is being paid in full. Also considering this outcome, there would also be a remaining balance of tax credit for CSLL recoverable.

Moreover, there would be a transfer of resources from the account used to record judicial deposits to of the account for cash and cash equivalents. The tax credits related to judicial deposits (principal) would be written off against the provision for IRPJ and CSLL, and the provision for tax risks related to the restatement of judicial deposits made, in the amount of R$ 3,306,171, would be reverted against net income. The net positive impact of this provision on net income would impact the calculation of the BIS ratio by increasing 2.34% (from 15.87% to 18.21%).

18.d.6) If the lawsuit were lost, the portions of IRPJ tax credits on tax losses that could be utilized since the accrual period of October 2005, observing the limitation of 30%, would be reclassified to the account representing

"IRPJ recoverable" assets. This IRPJ recoverable, which would result from the adjustments of Statements of Economic-Fiscal Information of Corporations, corresponds to R$ 901,196 in June 2007. Its restatement based on the SELIC rate since the accrual period of October 2005, until the final judgment of the suit, would produce a positive impact on income (see item 18.d.5).

In addition to the impact described in the foregoing item, there would be conversion of judicial deposits into income in favor of the National Treasury of judicial deposits and the reversal of deferred provisions of PASEP and COFINS on the restatement of deposits made in the amount of R$ 106,645 with a positive impact on income.

18.d.7) The amounts relating to this matter are as follows:

	06.30.2007	06.30.2006
a) Judicial deposits	9,120,571	8,112,437
- Original amounts	5,814,399	5,576,551
- Restatement	3,306,172	2,535,886
b) Amount equivalent to 70% thereof	5,814,399	5,424,331
- Income Tax losses	3,002,033	3,002,033
- Social Contribution negative basis	2,812,366	2,422,298

NOTE 19 – Tax Credits

19.a) Tax credits recorded as assets

	BB-Consolidated			
	06.30.2007		06.30.2006	
Nature and origin:	Income Tax	Social contribution	Income Tax	Social contribution
a) Income tax and social contribution losses	264,595	59,999	186,325	56,254
a.1) Rate (%)	25	9	25	9
a.2) Tax credit recorded	66,149	5,400	46,581	5,063
b) Timing differences	22,694,687	22,588,470	21,796,239	21,714,321
b.1) Rate (%)	25	9	25	9
b.2) Tax credit recorded	5,673,672	2,032,962	5,449,060	1,954,289
c) Negative mark-to-market adjustments	84,788	76,467	193,397	186,180
c.1) Rate (%)	25	9	25	9
c.2) Tax credit recorded	21,197	6,882	48,349	16,756
d) Social contribution to offset	--	1,010,944	--	1,636,947
e) Negative futures market adjustments	--	--	115,128	125,392
e.1) Rate (%)	25	9	25	9
e.2) Tax credit recorded	--	--	28,782	11,285
f) Tax credits – Arising from restatement of judicial deposits (injunctive relief)	2,100,837	2,812,366	--	--
g) Tax credits abroad	11,416	--	10,301	--
h) Total income tax and social contribution tax recorded (a.2 + b.2 + c.2 + d + e.2 + f + g)	7,873,271	5,868,554	5,583,073	3,624,340
	Pasep	Cofins	Pasep	Cofins
i) Negative mark-to-market adjustments	86,233	86,233	201,473	201,473
i.1) Rate (%)	0,65	4	0,65	4
i.2) Tax credit recorded	561	3,448	1,310	8,058
j) Negative futures market adjustments	--	--	131,507	131,507
j.1) Rate (%)	0,65	4	0,65	4
j.2) Tax credit recorded	--	--	855	5,261
k) Total PASEP and COFINS credits recorded (i.2 + j.2)	561	3,448	2,165	13,319
l) Total tax credits recorded (h + k)	7,873,832	5,872,002	5,585,238	3,637,659

The tax credits recorded include Social Contribution to be offset relating to tax credits calculated at the rate of 18% on tax losses and temporary differences existing on December 31, 1998. Article 8 of Provisional Measure (MP) 2158-35/2001 reduced the rate of social contribution from 18% to 8% and authorized the maintenance of this credit classified in Other Receivables - Sundry. At June 30, 2007, the balance of this account amounted to R$ 1,010,944. Since January 1, 2003, the rate for social contribution on net income is 9%, in conformity with Law 10637 of December 30, 2002.

19.b) Tax credits not recorded as assets

	BB-Consolidated			
	06.30.2007		06.30.2006	
Nature and origin:	Income Tax	Social Contribution	Income Tax	Social Contribution
a) Income tax and social contribution losses	139,727	101,389	123,464	54,383
a.1) Rate (%)	25	9	25	9
a.2) Tax credits not recorded	34,932	9,125	30,866	4,895
b) Timing differences	4,010	--	60,093	44,531
b.1) Rate (%)	25	9	25	9
b.2) Tax credits not recorded	1,002	--	15,023	4,008
c) Negative mark-to-market adjustments	--	--	--	--
c.1) Rate (%)	25	9	25	9
c.2) Tax credits not recorded	--	--	--	--
d) Accounting losses of foreign entities in countries with favorable taxation	247,734	247,734	408,769	408,769
d.1) Rate (%)	25	9	25	9
d.2) Tax credits not recorded	61,934	22,295	102,192	36,788
e) Tax credits abroad	53,310	--	76,587	--
f) Total income tax and social contribution credits not Recorded (a.2 + b.2 + c.2 + d.2 + e)	151,178	31,420	224,668	45,691
	Pasep	**Cofins**	**Pasep**	**Cofins**
g) Negative mark to market adjustments	--	--	--	--
g.1) Rate (%)	0,65	4	0,65	4
g.2) Tax credits	--	--	--	--
h) Total PASEP and COFINS tax credits not recorded (g.2)	--	--	--	--
i) Total tax credits not recorded (f + h)	151,178	31,420	224,668	45,691

19.c) Constitution and write-offs during the period

Tax credits recorded during the period

	BB-Consolidated			
	06.30.2007		06.30.2006	
	Income Tax	Social Contribution	Income Tax	Social Contribution
a) On income tax and social contribution losses	9,786	666	6,540	2,728
b) On timing differences	489,436	173,705	1,917,223	918,912
c) On negative mark-to-market adjustments	8	--	7,426	2,659
d) Tax credits abroad	1,548	--	6,185	--
e) Negative futures market adjustments market adjustments	--	--	28,782	11,285
f) Tax credits – Arising from restatement of judicial deposits (injunctive relief) (*)	2,100,837	2,812,366	--	--
g) Total income tax and social contribution tax recorded (a + b + c + d + e + f)	2,601,615	2,986,737	1,966,156	935,584
	Pasep	Cofins	Pasep	Cofins
h) Relating to negative mark-to-market adjustments	--	--	168	1,033
i) Relating to negative futures market adjustments	--	--	285	1,753
j) Total tax credits recorded (g + h + i)	2,601,615	2,986,737	1,966,609	938,370

(*) The tax credits that had been written off since the beginning of the lawsuit, referring to full carryforward of accumulated tax loss of Income Tax and of t negative bases of Social Contribution Tax, were reactivated in contra account to the re-formation of provision relating to the portion of 70% of IRPJ and of CSLL, for which judicial deposits were made in the sum of R$ 5,814,399 thousand(Note 18 d).

Write-offs in the period

	BB-Consolidated			
	06.30.2007		06.30.2006	
	Income Tax	Social Contribution	Income Tax	Social Contribution
a) Relating to income tax & social contribution losses	--	386	--	--
b) Relating to timing differences	4,704	1,464	3,649	864
c) Relating to social contribution to offset (MP No 1858/1999)	--	399,699	--	364,278
d) Relating to negative mark-to-market adjustments	25,813	9,394	362	196
e) Tax credits abroad	--	--	--	--
f) Arising from futures market transactions	--	--	--	--
g) Tax credits – Arising from restatement of judicial deposits (Mandado de Segurança)	--	--	--	--
h) Total IRPJ and CSLL tax credit write-offs (a + b + c + d + e + f + g)	-- 30,517	-- 410,943	4,011	365,338
	Pasep	Cofins	Pasep	Cofins
g) Relating to negative mark-to-market adjustments	712	4,380	16	96
h) Relating to negative futures market adjustments	--	--	--	--
i) Total tax credits reversed (h + i + j)	31,229	415,323	4,027	365,434

19.d) Deferred tax liabilities

	BB-Consolidated			
	06.30.2007		06.30.2006	
	Income Tax	Social Contribution	Income Tax	Social Contribution
a) Arising from sale of investments	--	--	--	--
b) Arising from mark-to-market adjustments	148,248	53,405	98,009	35,288
c) Arising from leasing portfolio adjustment	57,275	--	41,607	--
d) Arising from tax incentive depreciation	--	--	--	--
e) Entities abroad	1,719	--	4,941	--
f) Arising from restatement of judicial deposits (Note 18.d.4)	--	--	389,216	140,118
g) Arising from foreign profits	13,933	6,937	19,708	8,539
h) Arising from futures market transactions	31,925	10,610	--	--
i) Total reversals of income tax and social contribution tax credits (a + b + c + d + e + f + g +h)	253,100	70,952	553,481	183,945
	Pasep	Cofins	Pasep	Cofins
j) Arising from mark-to-market adjustments	4,045	24,893	2,673	16,449
k) Arising from restatement of judicial deposits	14,907	91,738	10,613	65,311
l) Arising from futures market transactions	804	4,945	--	--
m) Total deferred tax liabilities (i + j + k + l)	272,856	192,528	566,767	265,705

19.e) Estimates of the realization of tax credits recorded (tax losses, timing differences, negative mark-to-market adjustments on derivatives and social contribution available for offset)

	Bank	
	06.30.2006	
	Nominal Value	Present Value
In 2007	1,349,000	1,313,000
In 2008	3,078,000	2,877,000
In 2009	3,386,000	3,012,000
In 2010	2,678,000	2,270,000
In 2011	794,000	646,000
From 2012 to 2015	2,096,000	1,555,000
Total tax credits	13,381,000	11,673,000

During the 1 semester 2007, tax credits were realized in Banco do Brasil S.A. in the amount of R$ 1,264,828, corresponding to 63.18% of the consumption forecast demonstrated in the technical study carried out at 12.31.2006 (R$ 2,002,000).

The above estimates for the realization of tax credits were based on a technical study carried out as of 06.30.2007.

19.f) The realization of nominal amounts of recorded tax credits, considering the reformation of those written-off over the course of the lawsuit (70%), based on a technical study conducted by the Full-Service Bank (position on 6.30.2007), is projected for 8 years, in the following proportions:

	CSLL to offset (*)	Temporary differences (**)
In 2007	7%	13%
In 2008	19%	26%
In 2009	23%	27%
In 2010	7%	30%
In 2011	9%	4%
From 2012 to 2015	35%	0%

(*) Projection of utilization associated with the capacity to generate taxable bases of IRPJ and CSLL in subsequent periods.
(**) The consumption capacity results from the movements of provisions (expectation of reversals, write-offs and usage).

This study also shows the tax credits recorded as assets at present values based on the average funding rate of the Bank.

19.g) Other information

Deferred tax liabilities or assets, respectively, are formed on positive or negative adjustments resulting from the transactions performed in future settlement markets in the period from 01.01.2005 to 02.28.2006 (effective term of taxation based on the cash basis, pursuant to art. 32 of Law 11,051/2004 and art. 110 of Law 11,196/2005), and will be realized as the transactions are settled.

NOTE 20 – Equity in the Earnings (Loss) of Subsidiary and Associated Companies

The equity accounting adjustments were recorded in the account "Equity in the earnings (loss) of subsidiary and associated companies" as follows:

20.a) BB - Domestic and Foreign branches

DESCRIPTION	Realized Capital Stock	Adjusted Shareholders Equity	Our Interest %	Dividends/ JCP	Equity Income Result		Book Value 06.30.2007	Book Value 06.30.2006
					Operational	Value Variation		
SUBSIDIARIES								
BAMB-Brasilian American Merchant Bank	464,066	605,983	100.00	–	23,662	(59,259)	605,983	1,363,898
Banco do Brasil AG. Viena (Austria)	49,032	84,105	100.00	--	3,149	(6,601)	84,105	83,516
BB Leasing Company Ltd,	--	74,832	100.00	--	5,132	(7,667)	74,832	74,906
BB Administradora de Cartões de Crédito S.A.	9,300	29,399	100.00	–	4,819	--	29,399	21,450
BB Administradora de Consórcios S.A.	16,467	16,468	100.00	14,668	15,440	--	16,468	14,989
BB Corretora de Seguros e Administradora de Bens S.A.	26,918	71,257	100.00	--	36,419	--	71,257	61,355
BB Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A.	99,628	121,403	100.00	205,903	205,737	--	121,403	118,473
BB Banco de Investimento S.A.	1,589,399	1,857,620	100.00	380,458	400,464	--	1,857,620	1,758,801
BB Leasing S.A. – Arrendamento Mercantil	61,860	63,376	100.00	12,474	13,131	--	63,376	39,191
BB Banco Popular do Brasil S.A.	160,256	21,299	100.00	–	(10,771)	--	21,299	31,050
Cobra Tecnologia S.A. (A)	17,183	--	99.35	742	(4,360)	--	--	–
ASSOCIATED COMPANIES								
Cadam S.A.	183,904	331,261	21.64	--	(3,927)	--	71,685	75,950
SUBTOTAL	--	--	–	614,245	688,895	(73,527)	3,017,427	3,643,579
Abroad								
Foreign exchange gain/(losses) in branches	--	--	--	--	--	(316,792)	--	--
Increase/decrease in stockholders' equity arising from other movements.	--	--	--	--	1,612	--	--	--
Total	–	–	–	614,245	690,507	(390,319)	3,017,427	3,643,579

(A) Information regarding balance sheet at April/2007.

20.b) BB – Consolidated

DESCRIPTION	Realized Capital Stock	Adjusted Shareholders Equity	Interest %	Dividends/ JCP	Equity Income Result			Book Value 06.30.2007	Book Value 06.30.2006
					Operational	Exchange Variation	Negative Goodwill		
1) Interest – Banco do Brasil S.A.									
SUBSIDIARIES									
BB Administradora de Cartões de Créd.to S.A.	9,300	29,399	100.00	--	4,819	--	--	29,399	21,450
BB Administradora de Consórcios S.A.	16,467	16,468	100.00	--	15,440	--	--	16,468	14,989
BB Corretora de Seguros e Administradora de Bens S.A.	26,918	71,257	100.00	--	36,419	--	--	71,257	61,355
Cobra Tecnologia S.A.(A)	17,183	--	99.35	742	(4,360)	--	--	--	--
ASSOCIATED COMPANIES									
Cadam S.A.(B)	183,904	331,261	21.64	--	(3,927)	--	--	71,685	75,950
SUBTOTAL (1)	--	--	--	742	48,391	--	--	188,809	173,744
2) Interest - BB Banco de Investimento									
ASSOCIATED COMPANIES (B)									
Brasilseg Participações S.A /									
BrasilVeículos Cia de Seguros (D) (E)	130,026	276,299	70.00	4,200	31,805	--	--	193,409	163,370
Cia. de Seguros Aliança do Brasil S.A.	129,861	329,792	70.00	48,972	57,611	--	--	230,854	211,866
Brasilprev (C)	77,687	350,515	49.99	28,896	56,121	--	--	175,934	126,418
Brasilcap	79,054	192,709	49.99	32,962	32,238	--	--	96,335	102,865
Brasilsaúde (C)	39,726	47,349	49.92	1,152	2,276	--	--	23,525	22,132
Cia. Brasileira de Meios de Pagamento	74,534	517,876	32.00	103,607	148,216	--	--	165,874	119,225
Seguradora Brasileira de Crédito à Exportação	9,165	16,534	12.088	140	89	--	--	1,999	1,808
Itapebi (E)	150,000	254,791	19.00	5,465	11,074	--	--	48,410	41,524
Kepler Weber (E) +(F)	86,230	(216,741)	24.38	--	(36,781)	--	--	1,052	7,744
Cia. Brasileira de Soluções e Serviços	8,720	59,225	40.345	538	6,814	--	--	23,894	11,201
Ativos S.A	4,577	26,810	74.50	14,651	16,511	--	--	20,299	16,876
BAF S.A., "in liquidation"(F)	203,498	4,369	100.00	--	--	--	(1,705)	4,369	4,369
SUBTOTAL (2)	--	--	--	240,583	325,974	--	(1,705)	985,954	829,398
3) BAMB-Brasilian American Merchant Bank									
SUBSIDIARIES									
BB Tur – Viagens e Turismo Ltda.	9,633	4,835	99.00	--	(3,733)	513	--	4,787	10,142
Ativos S.A.	4,577	26,810	25.50	4,918	4,961	455	--	6,511	5,413
SUBTOTAL (3)	--	--	--	4,918	1,228	968	--	11,298	15,555
4) Interest - BB Leasing Company Ltd.									
ASSOCIATED COMPANY									
BB Tur – Viagens e Turismo Ltda.	9,633	4,835	1.00	--	(38)	5	--	48	102
SUBTOTAL (4)	--	--	--	--	(38)	5	--	48	102
5) Interest - BB Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A									
ASSOCIATED COMPANY - (not valued on the equity method)									
Pronor (B)	154,686	171,198	12.02	--	(5,859)	--	--	20,578	20,722
SUBTOTAL (5)	--	--	--	--	(5,859)	--	--	20,578	20,722
Abroad									
Foreign exchange gain/losses in branches	--	--	--	--	--	(316,792)	--	--	--
Foreign exchange gain/losses in subsidiaries	--	--	--	--	--	(73,527)	--	--	--
Increase/decrease in stockholders' equity arising from other movements.	--	--	--	--	1,612	--	--	--	--
Total	--	--	--	246,243	371,308	(389,346)	(1,705)	1,206,687	1,039,521

(A) Information regarding balance sheet at April 2007

(B) Information regarding balance sheet at May 2007, except to Cia. Brasileira de Meios de Pagamento (June 2007) and BAF S.A – in liquidation process.

(C) The goodwill (Brasilprev - R$ 711) recorded on the acquisition of investments was based on the estimate of future profitability and the negative goodwill (Brasilsaúde - R$ 111) was based on other economic factors

(D) At 12.15.2006, Brasilseg Participações S.A. was taken over by Brasilveículos Cia. de Seguros

(E) Equity in the earnings of subsidiary and associated companies is adjusted with investments in fiscal incentives of the period (Itapebi); and a provision on permanent loss arising from promissory notes not paid (Kpler Weber).

(F) Provisions for liabilities were formed due to the devaluation of the investments in Kepler Weber - R$ 50,037 and in BAF S.A. - overdue - R$ 1,255.

NOTE 21 – Related-party Transactions

The transactions carried out between the group companies are as follows:

	06.30.2007		06.30.2006	
	Assets (Liabilities)	Income (Expenses)	Assets (Liabilities)	Income (Expenses)
Cash and cash equivalents	149	--	943	--
Foreign subsidiaries	149	--	943	--
Short-term interbank investments	2,729,253	63,229	1,709,106	210,841
Foreign subsidiaries	1,676,983	--	996,126	165,700
BB Banco de Investimento S.A.	86,613	1,839	--	--
BB Leasing S.A. – Arrendamento Mercantil	865,185	60,860	612,753	45,141
BB Banco Popular do Brasil S.A.	100,472	530	100,227	--
Securities	647	(519)	355	965
Foreign subsidiaries	--	--	--	1,271
BB Banco de Investimento S.A.	638	--	--	--
BB Leasing S.A. – Arrendamento Mercantil	9	--	355	--
BB Administração de Ativos – DTVM S.A.	--	(56)	--	(81)
BB Administradora de Cartões de Crédito S.A.	--	(462)	--	(203)
BB Administradora de Consórcios S.A.	--	(1)	--	(22)
Loan operations	67,945	697	68,955	7,265
Foreign subsidiaries	--	--	--	1,016
BB Leasing S.A. – Arrendamento Mercantil	67,542	673	68,528	5,702
BB Administração de Ativos – DTVM S.A.	403	24	427	122
Cobra Tecnologia S.A. *	--	--	--	425
Other receivables	840,385	--	723,506	--
Foreign subsidiaries	99	--	--	--
BB Banco de Investimento S.A.	381,357	--	297,762	--
BB Leasing S.A. – Arrendamento Mercantil	16,831	--	3,342	--
BB Administração de Ativos – DTVM S.A.	208,673	--	152,128	--
BB Administradora de Cartões de Crédito S.A.	110	--	214	--
BB Corretora de Seguros e Administradora de Bens S.A.	25,334	--	24,216	--
Cobra Tecnologia S.A. *	728	--	640	--
BB Banco Popular do Brasil S.A.	4,384	--	3,930	--
BB Administradora de Consórcios S.A.	15,359	--	11,007	--
BB Tur Viagens e Turismo Ltda. **	20,878	--	14,807	--
Ativos S.A. **	723	--	155	--
Dollar Diversified Payment Rights Finance Company	165,909	--	166,505	--
Nikkei Remittance Rights Finance Company	--	--	48,800	--
Demand deposits	(24,676)	--	(7,421)	--
Foreign subsidiaries	(815)	--	(91)	--
BB Banco de Investimento S.A.	(1,531)	--	(213)	--
BB Leasing S.A. – Arrendamento Mercantil	(653)	--	(33)	--
BB Administração de Ativos – DTVM S.A.	(1,107)	--	(83)	--
BB Banco Popular do Brasil S.A.	--	--	(9)	--
BB Administradora de Cartões de Crédito S.A.	(14)	--	(22)	--
BB Corretora de Seguros e Administradora de Bens S.A.	(16,184)	--	(616)	--
BB Tur Viagens e Turismo Ltda. **	(773)	--	(1,501)	--
Cobra Tecnologia S.A. *	(3,551)	--	(4,827)	--
Ativos S.A. **	(38)	--	(21)	--
BB Administradora de Consórcios S.A.	(10)	--	(5)	--

NOTE 21 – Related-party Transactions (Cont.)

Interbank deposits	(10,086,295)	--	(9,019,083)	--
BB Leasing S.A. – Arrendamento Mercantil	(27,296)	--	--	--
Foreign subsidiaries	(10,058,999)	--	(9,019,083)	--
Deposits received under security repurchase Agreements	(796,382)	(235,218)	(1,018,256)	(69,397)
Foreign subsidiaries	(76,519)	(190,764)	--	--
BB Banco de Investimento S.A.	(208)	(4,587)	(343,710)	(23,559)
BB Leasing S.A. – Arrendamento Mercantil	--	(972)	(1,229)	(111)
BB Administração de Ativos – DTVM S.A.	(414,077)	(22,990)	(355,828)	(27,745)
BB Administradora de Cartões de Crédito S.A.	(107,639)	(3,094)	(117,908)	(2,853)
BB Corretora de Seguros e Administradora de Bens S.A.	(134,790)	(8,702)	(143,963)	(10,380)
BB Banco Popular do Brasil S.A.	(25,645)	(1,602)	(27,612)	(2,086)
BB Administradora de Consórcios S.A.	(36,126)	(1,919)	(28,006)	(1,713)
Cobra Tecnologia S.A. *	(1,378)	--	--	--
BB Tur Viagens e Turismo Ltda. **	--	(588)	--	(950)
Funds from acceptance and issue of securities	(8,133)	--	(43,716)	--
Foreign subsidiaries	(8,133)	--	(43,716)	--
Foreign borrowings	(1,662,768)	(373)	(3,831,374)	--
Foreign subsidiaries	(1,662,768)	(373)	(3,831,374)	--
Foreign onlendings	(3,292,881)	--	(1,261,440)	--
Foreign subsidiaries	(3,292,881)	--	(1,261,440)	--
Derivative financial instruments	(2,306)	885	(2,431)	420
Foreign subsidiaries	(1,724)	--	(1,849)	--
BB Leasing S.A. – Arrendamento Mercantil	--	17	--	379
BB Banco de Investimento S.A.	--	603	--	--
BB Administradora de Cartões de Crédito S.A.	(167)	265	(103)	41
BB Administradora de Consórcios S.A.	(415)	--	(479)	--
Other liabilities	(1,511,237)	--	(2,579,506)	--
Foreign subsidiaries	(140,540)	--	(425,676)	--
BB Leasing S.A. – Arrendamento Mercantil	(6)	--	(8)	--
BB Administradora de Cartões de Crédito S.A.	(47,064)	--	(47,642)	--
BB Administração de Ativos – DTVM S.A.	--	--	(10,510)	--
Cobra Tecnologia S.A. *	(10,909)	--	(42,597)	--
BB Tur Viagens e Turismo Ltda. **	(3,285)	--	(2,524)	--
BB Banco Popular do Brasil S.A.	(2,663)	--	(1,562)	--
Dollar Diversified Payment Rights Finance Company	(1,306,770)	--	(2,001,650)	--
Nikkei Remittance Rights Finance Company	--	--	(47,337)	--
Other operating income	--	20,686	--	22,014
Foreign subsidiaries	--	141	--	4
BB Banco de Investimento S.A.	--	7,585	--	8,419
BB Administração de Ativos – DTVM S.A.	--	4,286	--	4,708
BB Leasing S.A. – Arrendamento Mercantil	--	393	--	--
BB Administradora de Cartões de Crédito S.A.	--	--	--	159
BB Corretora de Seguros e Administradora de Bens S.A.	--	1,823	--	2,094
BB Tur Viagens e Turismo Ltda. **	--	963	--	2,488
BB Administradora de Consórcios S.A.	--	323	--	201
Ativos S.A. **	--	1,309	--	1,151
Dollar Diversified Payment Rights Finance Company	--	3,863	--	2,790

NOTE 21 – Related-party Transactions (Cont.)

Other administrative/operating expenses	--	(91,191)	--	(122,330)
Foreign subsidiaries	--	(3,234)	--	--
BB Administração de Ativos – DTVM S.A.	--	--	--	(6,433)
BB Administradora de Cartões de Crédito S.A.	--	--	--	(5)
Cobra Tecnologia S.A. *	--	(26,573)	--	(29,563)
BB Banco Popular do Brasil S.A.	--	(8,713)	--	(4,697)
Dollar Diversified Payment Rights Finance Company	--	(52,671)	--	(78,022)
Nikkei Remittance Rights Finance Company	--	--	--	(3,610)

Other receivables include accounts receivable from related parties, dividends and interest on own capital.

Transactions carried out between the companies included in the consolidation are eliminated on consolidation (Note 2.b).

Transactions with related parties were performed at rates practiced by the market, in force on the dates of the operations.

During the semester, costs were recovered in the amount of R$ 268,441 (R$ 248,434 at 06.30.2006), mainly relating to services rendered by Banco do Brasil S.A. to other group companies, charged according to contracts maintained between the parties, for the use of physical operating structures and of staff for the Bank's card, leasing, capitalization, consortium, insurance and brokerage operations.

(*) Information balance sheet at April/2007.
(**) Information regarding balance sheet at May/2007.

NOTE 22 – Operational Limits – Basel Accord

At June 30, 2007, the referential stockholders' equity exceeded the minimum required by the Brazilian Central Bank of Brazil by R$ 9,676,191 and the coefficient of capital adequacy was 15.87% (17.34% at June 30, 2006), while the minimum required is 11%.

The risk-weighted assets are as follows:

	BB-Consolidated	
	06.30.2007	**06.30.2006**
Cash and cash equivalents	3,971,470	4,319,262
Credits and securities issued or guaranteed by the Brazilian Government	106,979,910	84,957,376
Central Bank deposits	28,710,876	23,742,837
Receivables from related companies	18,054	25,942
Specific credits - rescheduling of rural credits	719,365	644,368
Foreign exchange portfolio	934,861	1,474,994
Other	3,446,647	2,090,771
Total subject to zero-risk	144,781,183	117,255,550
Foreign currency funds	747,455	39,723
Clearing services for checks and other papers	1,930,400	2,261,078
Foreign exchange portfolio	649,627	763,213
Deposits with other banks	–	655,353
Investments in gold	5,099	4,729
Total subject to 20% risk	3,332,581	3,724,096
Weighted amount	**666,516**	**744,819**
Funds applied in interbank deposits	11,635,007	9,821,796
Foreign exchange portfolio	8,033,646	7,834,056
Foreign securities	61,530	92,929
Other	(275,633)	317,394
Total subject to 50% risk	19,454,550	18,066,175
Weighted amount	**9,727,275**	**9,033,088**
Loan operations	125,361,003	94,753,060
Property and equipment	2,714,944	2,931,979
Leased assets	1,320,420	1,003,253
Investments	1,252,347	1,076,999
Securities	3,636,056	3,578,073
Foreign exchange portfolio	274,042	381,927
Memorandum accounts	(8,180,376)	(8,923,498)
Other	16,472,327	20,475,423
Total subject to 100% risk	142,850,763	115,277,216
Weighted amount	**142,850,763**	**115,277,216**
Deferred tax credits - income tax and social contribution on net income	12,546,906	9,206,128
Total subject to 300% risk	12,546,906	9,206,128
Weighted amount	**37,640,718**	**27,618,384**
Total assets subject to risk weighting	322,965,983	263,529,165
Total weighted amount	**190,885,272**	**152,673,507**

NOTE 22 – Operational Limits – Basel Accord (cont.)

The calculations of the required stockholders' equity and the adequacy coefficient are as follows:

	BB-Consolidated	
	06.30.2007	**06.30.2006**
A) Assets subject to risk weighting	322,965,983	263,529,166
B) AWR (assets weighted by risk)	190,885,273	152,673,506
C) SWAP credit risk	1,627,762	1,071,055
D) Requirement of stockholders' equity on AWR (11% of B)	20,997,380	16,794,086
E) Requirement of stockholders' equity on SWAP (20% of C)	325,552	214,211
F) Requirement of stockholders' equity on foreign exchange exposure	–	742,880
G) Requirement of stockholders' equity on interest rate exposure	534,605	399,169
H) Required stockholders' equity (RSE): "D" + "E" + "F" + "G"	21,857,537	18,150,345
I) Referential equity amount (RE):	31,533,728	28,604,350
Tier I	21,006,975	19,138,440
Capital	12,710,693	11,608,513
Aumento de Capital	–	304,321
Capital reserves	–	355,638
Revenue reserves	9,145,150	6,787,498
Adjustment to market value - securities and derivatives	443,186	99,240
Deferred Assets (Resolution CMN n.º 3.444/2007)	(70,450)	–
Mark-to-market (Resolution CMN n.º 3.444/2007)	(22,676)	–
Tax credits excluded from Level I of RE	(1,198,928)	(16,770)
Tier II	10,526,753	9,465,910
Mark-to-market adjustments (Resolution CMN n.º 3.444/2007)	22,676	–
Subordinated Debt Qualifying as Capital	9,539,656	8,366,612
- Funds obtained from the FCO	8,986,061	7,748,783
- Funds obtained abroad	553,595	617,829
Hybrid Capital and Debt Instruments	958,030	1,076,034
Revaluation reserves	6,391	23,264
J) Ratio between Referential equity amount to required stockholders' equity: ("I"/"H")	1.44	1.58
L) Surplus/(insufficiency) of stockholders' equity: RE - RSE ("I" - "H")	9,676,191	10,454,005
M) Margin/(surplus) of leverage: ("L" x 100)/11	87,965,370	95,036,406
N) Basel Ratio: RE x 100/(RSE/0.11)	15.87	17.34

Making reference to note 18.d.5, in the event of a favorable outcome of the lawsuit for full carryforward of accumulated tax loss of Income Tax and of negative bases of Social Contribution, there would be a positive impact on the BIS Ratio of 2.34% (from 15.87% to 18.21%).

NOTE 23 – Profit Sharing

In the 1st semester/2007, a provision was formed in the amount of R$ 316,249 (R$ 495,113 in the 1st semester /2006), relating to employees' and directors' profit sharing.

NOTE 24 – Balance Sheet by Currency and Foreign Exchange Exposure

The purpose of this balance sheet is to show the assets and liabilities in foreign currency in Brazil and abroad.

	BB-Consolidated					
	06.30.2007				06.30.2006	
	Balance Sheet	Local Currency	Foreign currency Brazil	Foreign currency Abroad	Foreign currency Brazil	Foreign currency Abroad
ASSET	332,967,570	290,574,030	14,261,519	28,132,021	11,878,177	23,771,909
Current Assets and Long-Term Receivables	327,064,776	284,831,567	14,227,134	28,006,075	11,857,301	23,610,421
Cash and cash equivalents	4,724,035	3,884,156	299,520	540,359	196,967	669,964
Short-term interbank investments	51,613,983	39,379,119	–	12,234,864	–	10,348,670
Securities and derivative financial instruments	72,070,563	68,880,337	165,075	3,025,151	453,379	2,539,844
Interbank accounts	30,758,775	30,758,775	–	–	–	2,985
Interdepartmental accounts	32,331	32,331	–	–	–	–
Loan and lease operations	125,523,973	108,740,627	4,734,092	12,049,254	2,168,189	9,695,876
Other receivables and assets	42,341,116	33,156,222	9,028,447	156,447	9,038,766	353,082
	5,902,794	5,742,463	34,385	125,946	20,876	161,488
Permanent Assets						
Investments	1,262,465	1,201,291	34,385	26,789	20,876	26,460
Property and equipment	2,714,944	2,620,417	–	94,527	–	129,161
Leased assets	1,361,905	1,361,905	–	–	–	–
Deferred charges	563,480	558,850	–	4,630	–	5,867
	332,967,570	293,441,906	16,399,967	23,125,697	10,549,135	24,678,937
LIABILITIES						
Current and Long-Term Liabilities	310,562,194	271,041,702	16,399,967	23,120,525	10,549,135	24,674,268
Deposits	164,545,018	151,187,072	2,033,591	11,324,355	1,979,110	13,404,464
Demand deposits	36,841,335	33,968,367	2,032,023	840,945	1,978,779	1,169,195
Savings deposits	40,830,991	40,830,991	–	–	–	–
Interbank deposits	5,445,474	1,417,726	–	4,027,748	–	5,171,785
Time deposits	81,427,218	74,969,988	1,568	6,455,662	331	7,063,484
Deposits received under security repurchase agreements	74,718,865	69,965,879	–	4,752,986	–	2,011,508
Funds from acceptance and issue of securities	1,486,857	–	–	1,486,857	–	553,679
Interbank accounts	1,697,372	1,697,372	–	–	–	14,338
Interdepartmental accounts	1,318,099	142,714	1,175,385	–	1,284,160	–
Borrowing and onlendings	18,598,606	15,240,024	762,722	2,595,860	591,670	3,339,149
Derivative financial instruments	2,052,130	1,742,515	264,632	44,983	80,877	88,837
Other liabilities	46,145,247	31,066,126	12,163,637	2,915,484	6,613,318	5,262,293
DEFERRED INCOME	99,957	94,785	=	5,172	=	4,669
STOCKHOLDERS' EQUITY	22,305,419	22,305,419	=	=	=	=

Banco do Brasil adopts a policy of not generating foreign currency exposures that require coverage, and it remains within the exposure limit of 5% of the Reference Shareholders' Equity, as defined in CMN Resolution 2891/09.26.2001. The foreign exchange exposure at June 30, 2007 was R$ 831,366 (R$ 1,485,759 at June 30, 2006).

The Central Bank of Brazil made it optional to use the methodology that considers exposures in Euro, Dollar, Swiss Franc, Yen, Pound Sterling and Gold as a single currency, incorporating the diversification effect in the calculation of foreign exchange exposure. In order to improve its foreign exchange risk management procedures, Banco do Brasil adopted this methodology.

NOTE 25 – Retirement and Pension and Health Plans - Post-Employment Benefits

25.a) Caixa de Previdência dos Funcionários do Banco do Brasil – Previ

Banco do Brasil is the sponsor of Caixa de Previdência dos Funcionários do Banco do Brasil (PREVI) which provides participants and their dependents with benefits which are complementary or similar to those of the Basic Government Retirement Plan. The plans offered through PREVI are defined contribution (Plano Previ Futuro) and defined benefit (Plan 1), the latter having adopted the capitalization method for its actuarial calculations. At June 30, 2007, Previ had 136.426 participants, with 40.546 actives in the Plan n.° 1, 35.704 actives in the Plano Previ Futuro and 60.176 retired employees (135.787 participants, being: 45.506 actives in the Plan n.° 1, 33.671 actives in the Plano Previ Futuro and 56.610 retired employees at June 30, 2006).

25.a.1) The funding of the vested and unvested benefits is summarized as follows:
a) Participants employed before April 14, 1967, who were not retired and who were not eligible on that date to apply for retirement, contemplated in the contract signed on 12.24.1997 between the Bank and Previ (Plan 1): the sponsor assumes the commitment for the payment of pensions for this group; mathematical reserves ensuring benefits corresponding to such group are fully paid-up at Previ. The retirement benefit of this group is characterized as a defined contribution.

b) Participants employed between April 15, 1967 and December 23, 1997 (Plan 1): Until March/2006 active participants contribute 3% of their contribution salary plus 2% of the amount of such salary that exceeds half the amount of the PREVI contribution(R$ 1.468,21 at June 30, 2006), plus 8% of the amount of such salary that exceeds such contribution. Participants receiving benefits contribute 8% of the amount of the pension complement and the sponsor an amount equal to the contributions of the participants. As from April /2006 at December/2006, Plan contribution rates have been reduced by 40% as a result of the use of part of the actuarial surplus as calculated in Previ. The contributions of participants, beneficiaries (retirees and pensioners) and of the sponsor (Banco do Brasil) were suspended as from January/2007 in light of the surplus. This measure will be evaluated every twelve months, with its continuance linked to the existence of the Special Reserve of Benefit Plan 1, resulting from a surplus in the Plan.

c) Participants employed as from December 24, 1997 (Plano Previ Futuro): active participants contribute to PREVI an amount between 7% and 17% of their contribution salary, varying based on length of service and the amount of the contribution salary. Participation percentages vary according to the length of service in the company and the level of the participation 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. The retirement benefit of this group is characterized as a defined contribution.

25.a.2) Effects of Benefit Plan n° 1, based on actuarial valuations as of December 31, 2005 and 2006 carried out by an independent actuary, and of the Plano Previ Futuro as required by CVM Resolution 371 of December 13, 2000:

a) Equity effect (reconciliation of assets and liabilities):

Specification	06.30.2007	06.30.2006
	Plan 1	Plan 1
1) Present value of actuarial liabilities with coverage	65,870,816	58,033,630
2) Present value of actuarial liabilities not covered	–	–
3) Present value of actuarial liabilities (1 + 2)	65,870,816	58,033,630
4) Fair value of the plan assets	(103,352,512)	(81,439,183)
5) Present value of liabilities in excess of (less than) the fair value of the assets (3 + 4)	(37,481,696)	(23,405,553)
6) Actuarial (gains) or losses not recognized	(35,021,694)	(20,387,383)
7) Net actuarial liability/(asset) to be recorded (5 - 6)	(2,460,002)	(3,018,170)

The Previ Futuro Plan, being a defined contribution plan, is not required to record actuarial assets or liabilities.

b) Amounts paid to Previ:

Specification	06.30.2007			06.30.2006		
	Plan 1	Plano Previ Futuro	Total	Plan 1	Plano Previ Futuro	Total
Sponsor contributions	--	39,100	39,100	210,825	33,235	244,060
Amounts paid to PREVI referring to the 1997 Contract	--	--	--	164,850	--	164,850
Total paid to PREVI	–	39,100	39,100	375,675	33,235	408,910

c) Effect on net income:

Specification	06.30.2007			06.30.2006		
	Plan 1	Plano Previ Futuro	Total	Plan 1	Plano Previ Futuro	Total
1) Cost of current service (with interest)	--	(76,289)	(76,289)	(135,206)	(64,809)	(200,015)
2) Interest on actuarial liabilities	--	--	--	(2,801,842)	--	(2,801,842)
3) Expected earnings on the plan assets	--	--	--	3,991,122	--	3,991,122
4) Deferment of the net earnings from assets and liabilities (2+3)	–	--	--	1,189,280	–	1,189,280
5) Total gross (expense)/income (1 - 2 - 3 + 4)	--	(76,289)	(76,289)	(135,206)	(64,809)	(200,015)
6) Expected contributions from participants	--	39,144	39,144	98,612	33,236	131,848
7) Previ Liabilities/Assets (expense)/income	(191,688)	--	(191,688)	(53,856)	--	(53,856)
8) Employer's Contribution exceeding cost of Benefit Plan no. 1	--	--	–	(163,690)	–	(163,690)
9) Subtotal net (expense)/income (5 + 6 + 7 + 8)	--	(37,145)	(37,145)	(254,140)	(31,573)	(285,713)
10) Previ management fee (5% of the employers' union dues)	--	(1,955)	(1,955)	(10,541)	(1,662)	(12,203)
11) Effect of the net (expense)/income (9 + 10)	(191,688)	(39,100)	(230,788)	(264,681)	(33,235)	(297,916)

25.a.3) The principal economic assumptions adopted for the actuarial calculations were the following:

Specification	06.30.2007	06.30.2006
- Real interest rate used for discounting actuarial liabilities to present value	6.3% p.a.	6.3% p.a.
- Real expected yield on plan assets	6.3% p.a.	6.3% p.a.
- Estimated salary increases:		
- Benefit Plan 1	0.9520% p.a.	1.3154% p.a.
- Plano Previ Futuro	3.6053% p.a.	3.3914% p.a.

Previ has been gradually changing the adopted mortality table from GAM-71 (altered) to GAM-83. A new mortality table, AT-83 full, will be implemented as of July 2007, and due to Previ's superavit it is not expected that it would cause any impacts on the net income of the Bank.

25.b)Benefits of sole responsibility of the Bank

Banco do Brasil is also responsible for assistance and pension benefits for employees employed before April 14, 1967, not covered by the PREVI Benefits Plan, with characteristics of a defined benefit plan, and the regime adopted for the actuarial calculations is that of capitalization, comprising 8,302 retired employees and surviving spouses at June 30, 2007 (8,603 retired employees and surviving spouses at June 30, 2006).

The main benefits are: (a) retirement pensions to founder participants and pension payments to survivors of participants deceased prior 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 retirement benefits and pension payments in excess of those provided by the PREVI Benefit Plans, as a result of judicial and administrative decisions due to the restructuring of job and salary plans and incentives created by the Bank.

25.b.1) The cost of these benefits is totally funded by Banco do Brasil.

25.b.2) Effects on the financial statements based on actuarial valuations as of December 31, 2005 and 2006 carried out by an independent actuary, as required by CVM Resolution 371 of December 13, 2000:

a) Equity effect (reconciliation of assets and liabilities):

Specification	**06.30.2007**	**06.30.2006**
1) Present value of actuarial liabilities with coverage	--	--
2) Present value of actuarial liabilities not covered (Plans without financial assets)	1,633,840	1,588,703
3) Present value of actuarial liabilities (1 + 2)	1,633,840	1,588,703
4) Fair value of the plan assets	--	--
5) Present value of liabilities in excess of the fair value of the assets (3 + 4)	1,633,840	1,588,703
6) Actuarial (gains) or losses not recognized	206,215	213,339
7) Net actuarial liability/(asset) recorded (5 - 6)	1,427,625	1,375,364

b) Amounts paid to Previ:

Specification	06.30.2007	06.30.2006
Total benefits paid to Previ	141,524	144,845

c) Effect on net income in semester:

Specification	06.30.2007	06.30.2006
1) Cost of current service	--	--
2) Expected contributions from participants	--	--
3) Interest on actuarial liabilities	(83,145)	(72,862)
4) Actuarial (gains) or losses	(15,548)	(17,513)
5) Expected earnings on assets	--	--
6) Effect of the expense recorded (1 - 2 + 3 + 4 - 5)	(98,693)	(90,375)

25.b.3) The economic assumptions adopted for the actuarial calculations are the same as those adopted for the PREVI Plan 1 (item 25.a.3).

25.c) Cassi - Caixa de Assistência dos Funcionários do Banco do Brasil

The Bank is the sponsor of a Health Plan managed by CASSI - Caixa de Assistência dos Funcionários do Banco do Brasil. The main objective is to provide coverage for expenses with the promotion, protection, recovery and rehabilitation of a member's health and of his/her inscribed beneficiaries. At June 30, 2007 this plan had 159,301 participants, with 84,405 active and 74,896 retired participants and pensioners (158,836 participants, of which 86,345 were active and 72,491 retired participants and pensioners, at June 30, 2006).

The Bank contributes monthly an amount equivalent to 150% of the total contributions from members (active and retired) and from pension beneficiaries of employees employed before December 23, 1997 and 100% of the total contributions from participants employed after that date. Monthly contributions from members and pension beneficiaries amount to 3% of the total payroll or the total retirement or pension plan benefits.

25.c.1) Effects of the CASSI Plan on the financial statements, based on actuarial appraisals as of December 31, 2004 and 2005 carried out by an independent actuary, as required by CVM Resolution 371/12.13.2000:

a) Equity effect (reconciliation of assets and liabilities):

Specification	**06.30.2007**	**06.30.2006**
1) Present value of actuarial liabilities with coverage	--	--
2) Present value of actuarial liabilities not covered (Plans without financial assets)	3,562,867	3,232,214
3) Present value of actuarial liabilities (1 + 2)	3,562,867	3,232,214
4) Fair value of the plan assets	--	--
5) Present value of liabilities in excess of the fair value of the assets (3 + 4)	3,562,867	3,232,214
6) Actuarial (gains) or losses not recognized	1,428,188	1,300,058
7) Net actuarial liability (asset) recorded (5 - 6)	2,134,679	1,932,156

b) Amounts paid to Cassi:

Specification	06.30.2007	06.30.2006
Sponsor contributions	206,435	199,896

The amounts of R$ 206,435 and R$ 199,896 comprise Employer Contributions for Active employees and Pensioners, as follows: at June 30, 2007– Active employees R$ 78,211 and Pensioners R$ 128,224, and at June 30, 2006 – Active employees R$ 76,729 and Pensioners R$ 123,167.

c) Effect on net income in semester:

Specification	06.30.2007	06.30.2006
1) Cost of current service (with interest)	(20,334)	(18,542)
2) Expected contributions from participants	--	--
3) Interest on actuarial liabilities	(189,610)	(155,670)
4) Actuarial (gains) or losses	(38,712)	(34,263)
5) Expenses with current employees	(78,211)	(76,729)
6) Expected earnings on assets	--	--
7) Effect of the expense recorded (1 - 2 + 3 - 4 – 5 - 6)	(326,867)	(285,204)

25.c.2) The economic assumptions adopted for the actuarial calculations were the same as those applied to the Previ Plan (item 25.a.3).

25.d) Policy for the recognition of actuarial gains and losses

In accordance with CVM Deliberation 371, the actuarial gains or losses to be recognized as income or expense in a defined benefit plan are the amount of unrecognized gains and losses that exceed, in each period, the higher of the following limits:

- 10% of the present value of the total actuarial liability of the defined benefit; and
- 10% of the fair value of plan assets.

25.d.1) Benefits of Sole Responsibility of the Bank: Actuarial losses relating to these benefits are being recorded in the same year the actuarial calculation is made because the persons involved are all former employees, and thus, there is no remaining length of service to amortize.

25.d.2) Cassi Actuarial Liability: the actuarial losses relating to this liability are recognized over the average remaining work period estimated for the employees participating in the plan (15.4 years as of 12.31.2006).

25.e) Summary of the Provisions for the Previ and Cassi Liabilities

1st Semester 2007

Specification	Net actuarial liability/ (asset) on January 1, 2007	(Expense) income recorded in the income statement considering actuarial adjustments	Transfer between unamortized reserves and advanced amortization	Amortization/ Use of the Actuarial Assets and Parity Fund Assets	Sponsor contributions made in the semester	Net actuarial liability/(asset) on June 30, 2007
	A	B	C	D	E	F= (A-B-C+D+E)
Actuarial asset CVM No. 371	(2,651,690)	--	--	191,688	--	(2,460,002)
Actuarial asset/liability in respect of the 1997 contract	=	=	=	=	=	=
- Advanced amortization (1997 Agreement)	(9,960,041)	511,514	171,195	--	--	(10,300,360)
- Unamortized reserves (1997 contract)	9,960,041	(511,514)	(171,195)	--	--	10,300,360
Parity Fund Asset	(2,198,206)	114,763	--	--	--	(2,312,969)
Actuarial liability in respect of the Informal Plan (sole responsibility of the Bank)	1,470,456	(98,693)	--	--	(141,524)	1,427,625
CASSI actuarial liability	2,014,247	(248,656)	--	--	(128,224)	2,134,679

25.e) Summary of the Provisions for the Previ and Cassi Liabilities (Cont.)

Specification	Net actuarial liability/ (asset) on January 1, 2006	Contributions - parity agreement	(Expense) income recorded in the income statement considering actuarial adjustments	Transfer between unamortized reserves and advanced amortization	Amortization/ Use of the Actuarial Assets and Parity Fund Assets	Sponsor contributi ons made in the year	Sponsor contributions made in the 1st semester	Net actuarial liability/(asset) on June 30, 200
	1st Semester 2006							
	A	B	C	D	E	F	G	H= (A-B-C+D+E+F+G)
:tuarial asset CVM No. '1	(3,187,948)	--	--	--	169,777	--	--	(3,018,171
:tuarial asset/liability in spect of the 1997 ıntract	(681,185)	--	(53,856)	--	845,014	--	(170,425)	47,26
Advanced amortization 997 Agreement)	(9,996,980)	--	400,608	480,184	--	--	(23,917)	(9,941,321
Unamortized reserves 997 contract)	10,116,917	--	(407,320)	(480,184)	--	43,892	(146,508)	9,941,43
Jnrecognized actuarial sses (1997 contract)	(801,122)	--	--	--	845,014	(43,892)	--	-
ıss allowance	--	--	(47,144)	--	--	--	--	47,14
ırity Fund Asset	--	2,328,403	8,921	--	230,931	--	--	(2,106,393
:tuarial liability in spect of the Informal ən (sole responsibility the Bank)	1,429,833	--	(90,375)	--	--	--	(144,844)	1,375,36
ASSI actuarial liability	1,846,847	--	(208,476)	--	--	--	(123,167)	1,932,15

25.f) PREVI contributions parity

In order to comply with the Federal Constitution, parity was established as from December 26, 2000 between the contributions from the Bank and from participants.

On April 12, 2001, the Judge of the Thirteenth Federal Court of the Federal District granted a partial injunction for a claim filed by the São Paulo Bank Employees Union against the Secretariat of Complementary Retirement Benefits and against the Fiscal Director appointed by the Secretariat for PREVI.

The injunction suspended the decision issued by the Fiscal Director on April 6, 2001 which authorized the use of R$ 2.2 billion attributable to Banco do Brasil's share in PREVI's remaining reserve balances, after the implementation of the parity, to amortize the pension liability with the entity that is the Bank's responsibility, retroactive to December 15, 2000.

An Agreement was signed on May 2, 2006, with the consent of Caixa de Previdência dos Funcionários do Banco do Brasil - Previ (Employee Pension Fund), with the Bank Employee Unions of Brasília, São Paulo and Rio de

Janeiro, which on 05.05.2006 waived injunctions, dismissing them without judgment on the merits. On 05.05.2006, the Secretariat of Supplementary Pension Funds (SPC) also homologated the Agreement.

As a result of this Agreement, the Bank was entitled to the amount of R$ 2.3 billion receivable from Previ, which was recorded in Assets. This Asset is being utilized to offset future contributions related to Benefit Plan No 1.

The positive impact on the Bank's income during the 2006 first semester, on account of the aforementioned Agreement, was R$ 966 million, net of taxes.

NOTE 26 – Compensation Paid to Employees and Management

The monthly compensation of employees and management of the Bank in Brazil is presented below (in Reais) in the format required by item 4, Section C of Ministry of Finance Statement of Justification 139/03.17.1988:

	1st semester/2007	1st semester/2006
Lowest salary		
Standard amount	856.50	827.40
Semiannual bonus	214.13	206.85
Fixed amount – Trade Union Agreement 2004	33.00	31.80
Total	1,103.63	1,066.05
Highest salary		
Standard amount	1,184.70	1,144.50
Amount per individual/supplement for length of service - I	410.55	395.51
Amount per individual - standard amount	1,255.68	1,213.06
Variable temporary supplement – commissioned position	11,438.66	11,054.14
Additional per function	2,850.00	2,753.40
Additional for temporary work updated	1,769.10	1,709.10
Semiannual bonus	1,867.51	1,803.89
Total	20,776.20	20,073.60
Average salary	3,331.72	3,230.61
Management		
President	27,075.60	26,160.00
Vice-President	24,395.10	23,570.10
Director	20,776.20	20,073.60

NOTE 27 – Transfer of Employees to External Organizations

Federal government: transfers are regulated by article 93 of Law 8112/12.11.1990 (amended by Law 9257/12.11.97), by Decree 925/09.10.1993, and by PGFN/CJN Note 088/96 issued by the General Counsel of the Federal Treasury.

Labor unions: transfers occur in cases prescribed in the Collective Labor Agreement or by commitments assumed as a result of salary negotiations.

Other organizations/entities: transfers occur as a result of agreements of strategic business interest of the Bank.

	1st semester/2007		1st semester /2006	
	Employees transferred	Cost for the period	Employees transferred	Cost for the period
With costs for the Bank				
Federal Government	20	1,566	13	1,322
Labor Unions	130	5,755	130	5,411
Other Organizations/Entities	3	515	3	498
Without cost to the Bank				
Federal, state and municipal governments	325	–	317	–
External organizations (Cassi, FBB e Previ)	669	–	691	–
Employee entities	33	–	32	–
Subsidiary and associated companies	283	–	318	–
Total	1,463	7,836	1,504	7,231

NOTE 28 – Commitments, Responsibilities and Contingencies

28.a) Contingent liabilities

The provisions for labor claims are recorded considering, also, the jurisprudence applicable to each claim.

The consolidated position of contingent liabilities at 06.30.2007, segregated by nature of claim and classification of loss, as well as the provisions recorded, the activity of which is shown in note 15, is as follows:

	BB - Domestic and foreign branches				BB – Consolidated			
	06.30.2007		06.30.2006		06.30.2007		06.30.2006	
	Amount	Allowance	Amount	Allowance	Amount	Allowance	Amount	Allowance
1 – Labor claims	2,638,996	2,369,183	2,515,934	2,232,980	2,638,996	2,369,183	2,515,934	2,232,980
Probable loss	2,369,183	2,369,183	2,232,980	2,232,980	2,369,183	2,369,183	2,232,980	2,232,980
Possible loss	269,813	--	282,954	--	269,813	--	282,954	--
2 – Tax claims	1,763,602	77,151	247,843	30,885	2,071,726	117,900	304,339	75,538
Probable loss	77,151	77,151	30,885	30,885	117,900	117,900	75,538	75,538
Possible loss	1,686,451	--	216,958	--	1,953,826	--	228,801	--
3 – Civil claims	2,558,050	992,781	2,234,838	913,592	2,572,665	997,339	2,280,335	943,389
Probable loss	992,781	992,781	913,592	913,592	997,339	997,339	943,389	943,389
Possible loss	1,565,269	--	1,321,246	--	1,575,326	--	1,336,946	--

28,b) Contingent tax assets

The Bank has filed lawsuits for reimbursement of taxes paid in error that will only be recognized in the financial statements if the Bank obtains a favorable outcome, in conformity with item 25 of Deliberation CVM n,° 489, of 10.3.2005, We emphasize the most important lawsuits not yet recorded:

- Unconstitutionality of Income Tax on Net Income paid in 1989 and in the 1st semester of 1992, in the amount of R$ 12,022.

- IOF (Tax on Financial Transactions) - Law n,° 8,033/1990 (Price-level Restatement), in the amount of R$ 187,051.

28.c) Legal obligations

The Bank has provision in the amount of R$9,120,571 relating to the proceeding of full carryfoward of the accumulated tax loss of Income Tax and of the negative basis of Social Contribution Tax. In addition, due to the fact that the Bank had filed a legal request, judicial deposits have been made since the beginning and the payments of these taxes is suspended (Note 18.d)

28.d) Other commitments

The Bank is the sponsor of the Fundação Banco do Brasil whose purpose is the promotion, support, advancement and sponsorship of educational, cultural, social, philanthropic, and recreational/sporting activities, as well as the promotion of research activities of a technological and scientific nature, and rural and urban community assistance services, During 2007, the Bank contributed with R$ 20,000 to the Banco do Brasil Foundation.

Guarantees to third parties, for a fee and with counter-guarantees from the beneficiaries - guarantees, sureties and bonds - amounted to R$ 3,299,096 at June 30, 2007 (R$ 2,652,409 at June 30, 2006), A provision of R$ 19,537, recorded in "Other Liabilities", is considered sufficient to cover any potential loss arising from these guarantees.

Available credit lines for loan and lease operations amount to R$ 31,817,172 at June 30, 2007 (R$ 25,502,220 at June 30, 2006).

The confirmed import and export letters of credit total R$ 799,332 at June 30, 2007 (R$ 827,618 at June 30, 2006).

The Bank is the operator of the Fund for Sectorial Investments (FISET), with net assets at June 30, 2007 of R$ 2,245 (R$ 2,270 at June 30, 2006), and is the manager of the Public Service Employee Savings Program (PASEP), with net assets of R$ 1,603,959 at June 30, 2007 (R$ 1,537,949 at June 30, 2006), The Bank guarantees the latter minimum remuneration equivalent to the Long-Term Interest Rate (TJLP).

Despite the reduced level of risk to which its assets are subject, the Bank contracts insurance coverage for its assets in amounts considered sufficient to cover any possible losses.

NOTE 29 – Financial Instruments

The market value of a financial instrument, according to CVM Instruction 235 dated March 3, 1995, is the value for which the instrument could be exchanged in an ordinary transaction on an active market between interested parties, and not corresponding to a compulsory transaction or derived from liquidation proceedings.

Determination of the Market Value

The Bank uses automated systems to calculate its positions which are subject to determinations of market value. If there is an active market, the market value of the financial instrument will be determined based on observable market prices. In the absence of an active market, the market value is obtained through reference to quotations for similar financial instruments, or by the net present value of future cash flows, adjusted according to interest rates in force in the market on the balance sheet date.

The internal models utilized for calculation of the future cash flows contemplate the construction of a mathematical algorithm that permits modeling of the cash flows for each financial product. Backtesting is carried out periodically to verify the adequacy of these methodologies.

Market and Liquidity Risk

When calculating the market value of the financial instruments the fluctuations in the interest rates, the price of the bond or security, the price of the merchandise, the exchange rate of the different currencies, the indexers and the terms for settlement are taken into consideration. The methodology also takes into consideration the liquidity potential of the instrument compared with its market liquidity.

Credit Risk

In the assessment of the market value the best or the worst credit risk of the borrowers is taken into consideration. Therefore, the uncertainty with respect to receiving the amounts agreed to with the counterpart is estimated in the calculation of the market value of the financial instruments by the value of the provisions recorded, according to the criteria of Resolution 2682, of December 21, 1999.

The table below presents financial instruments recorded in the balance sheet, compared to their market values:

	BB-Consolidated							
	06.30.2007		06.30.2006		Unrealized gain/loss, net of tax effects			
	Book value	Market Value	Book value	Market Value	On Income		On stockholders' equity	
					06.30.2007	06.30.2006	06.30.2007	06.30.2006
Asset								
Short-term interbank investments	51.613.983	51.620.795	29.758.359	29.678.395	6.812	(79.964)	6.812	(79.964)
Securities and derivative financial instruments	70.823.142	70.801.083	70.214.083	70.008.311	582.327	(27.983)	(22.059)	(205.772)
Adjustment of available-for-sale securities (Note 5.a)	–	–	–	–	604.385	177.789	–	–
Adjustment of held-to-maturity securities (Note 5.a)	–	–	–	–	(22.059)	(205.772)	(22.059)	(205.772)
Derivative financial instruments	1.247.420	1.247.420	463.086	463.086	–	–	–	–
Loan operations	125.501.721	125.787.795	94.892.518	94.665.499	286.073	(227.019)	286.073	(227.019)
Liability								
Interbank deposits	5.145.892	5.150.002	5.855.401	5.971.024	(4.110)	(115.622)	(4.110)	(115.622)
Time deposits	62.477.536	62.467.381	55.672.684	55.085.049	10.155	587.635	10.155	587.635
Obligations related to Committed Operations	74.718.865	74.843.675	51.496.146	50.492.723	75.190	1.003.423	75.190	1.003.423
Borrowing and onlendings	18.598.606	18.602.088	16.362.190	16.365.705	(3.842)	(3.516)	(3.482)	(3.516)
Derivative financial instruments	2.052.130	2.052.130	1.155.606	1.155.606	–	–	–	–
Other liabilities	46.145.246	45.894.909	39.548.492	38.769.908	250.338	778.583	250.338	778.583
Unrealized gain/loss, net of tax effects	–	–	–	–	1.203.303	1.915.537	598.917	1.737.748

NOTE 29 – Financial Instruments (Cont.)

Criteria utilized for market value determination of financial instruments is detailed below:

Financial Instruments Assets

Short-Term Interbank Investments

The market value was obtained by discounted future cash flows, adopting interest rates exercised by the market in similar operations at the balance sheet date.

Securities and Derivatives Financial Instruments

Recorded at market value, as provided for in BACEN Circular no. 3.068 of 11/08/2001 and no. 3.082 of 01/30/2002, excluding from such criteria, securities held-to-maturity. The market values of securities, including those held until maturity, are obtained from rates observed in the market, and the determination for derivatives, according to internal pricing models, observing rates disclosed for operations with similar terms and indexes on the last trading day of the year.

Loans

Loans remunerated at pre-fixed rates have been estimated through discounted future cash flows, using for such purposes, interest rates used by the Bank for contracting similar operations at the balance sheet date. For loans remunerated at post-fixed rates, market value was considered book value due to the proximity of the amounts.

Liabilities Financial Instruments

Interbank Deposits

The market values of interbank deposits have been calculated through discounting the difference between future cash flows and rates currently applicable in the pre-fixed market. In the case of post-fixed loans, whose maturities do not exceed 30 days, the book value was deemed to be equivalent to the market value.

Time Deposits

For the calculation of the market value, the same criteria as those for interbank deposits are used.

Deposits received under security repurchase agreements

For obligations related to repurchase commitments at pre-fixed rates, the market value was determined by calculating the estimated cash flows and adopting a discount rate equivalent to the rates applicable for similar operations on the last market day. For post-fixed operations, book values have been deemed equivalent to market value.

Loans and Repasses

Transactions are exclusive to the Bank, without similarity in the market. In light of their specific characteristics, the exclusive rates for each transaction, inexistence of an active market and similar instruments, the market values of such operations are deemed equivalent to the book value.

NOTE 29 – Financial Instruments (Cont.)

Other Liabilities

Market values for other obligations have been determined by means of discounted cash flow techniques, which take into account interest rates offered in the market for obligations whose maturities, risks and terms are similar.

Other Financial Instruments

Included or not in the balance sheet, and not highlighted in the above table, book values approximate their market values.

Derivatives

In accordance with BACEN Circular 3082, of January 30, 2002, derivatives are recorded at market value. The market value of the derivatives is estimated according to an internal pricing model, observing the rates disclosed for operations with similar terms and indexers on the last day of trading in the period.

NOTE 30 – Other Information

30.a) Distribution of Dividends and/or Interest on Own Capital

During a meeting held on 3.19.2007, the Board of Directors approved the setting, for the year 2007, 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 art. 43 of the Bank's By-Laws.

30.b) Split of BB Shares

On April 25, 2007, a General Meeting of Shareholders of the Bank decided to split the shares (BBAS3) representing the capital stock of this company, in the proportion of 1:3, i.e. two new shares for each existing share. Said split was performed on the stock exchange on June 4, 2007. There was no split of the series C subscription bonuses (BBAS13). The valid proportion was altered in the case of potential exercising of this security for 3.131799 common shares for each subscription bonus.

30.c) Study of Merger of BESC

On April 19, 2007, after discussions held with the Treasury Department of the State Government of Santa Catarina, the National Treasury Secretariat informed a decision relating to the development of studies geared toward the merger of Banco do Estado de Santa Catarina S.A (BESC) and of Besc S.A - Crédito Imobiliário (BESCRI) by Banco do Brasil S.A. On June 22, 2007, Banco do Brasil explained that the merger of Besc and of Bescri, as well as the definition of possible criteria to be utilized in the evaluations of the net equities of the merging and merged institutions, are being studied at the Institution.

30.d) Financial Statements Conclusion on the Preparation Process

In conformity with CVM Resolution 505, of 6.19.2006, we hereby inform that the conclusion of the preparation of the financial statements for the semester ended 6.30.2007 was authorized by the Steering Committee on 8.9.2007.

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Statement of Added Value

	BB-Domestic and Foreign Branches				BB-Consolidated			
	1st semester/2007		1st semester/2006		1st semester/2007		1st semester/2006	
	Balance	%	Balance	%	Balance	%	Balance	%
Added value calculation								
Net income from financial intermediation	7,236,750		4,911,876		7,310,025		4,985,565	
Banking service fees	4,409,085		4,003,098		4,814,202		4,348,554	
Other Operating Income (Expenses)	(2,601,654)		(1,184,590)		(2,535,324)		(1,180,402)	
Non-operating income, net	37,948		48,878		42,751		50,927	
Added value	9,082,129		7,779,262		9,631,654		8,204,644	
Equity in the earnings (loss) of subsidiary and associated companies	300,188		270,955		(19,743)		22,807	
Gross added value	9,382,317		8,050,217		9,611,911		8,227,451	
Depreciation and amortization	(361,656)		(339,644)		(362,299)		(340,308)	
Added Value to be Distributed	9,020,661	100.00	7,710,573	100.00	9,249,612	100.00	7,887,143	100.00
Distribution of added value								
Employees	4,199,663	46.56	3,902,721	50.61	4,234,672	45.78	3,938,783	49.94
Salaries and fees	3,063,575		2,413,860		3,089,743		2,440,831	
Benefits, social charges and training	819,839		993,748		827,505		1,001,479	
Profit Sharing	316,249		495,113		317,424		496,473	
Governments	2,343,830	25.98	(80,337)	(1.04)	2,537,772	27.44	60,171	0.76
Domestic	2,329,471	25.82	(104,255)	(1.35)	2,523,258	27.28	35,166	0.44
Social security contributions (INSS) on salaries	450,463		430,230		454,604		434,352	
Tax expenses (except income tax and social contribution on net income)	967,001		850,637		1,010,846		887,778	
Income tax/social contribution	912,007		(1,385,122)		1,057,808		(1,286,964)	
Abroad	14,359	0.16	23,918	0.31	14,514	0.16	25,005	0.32
Tax expenses (except income tax and social contribution on net income)	2,565		2,563		2,791		3,058	
Income tax/social contribution	11,794		21,355		11,723		21,947	
Stockholders	2,477,168	27.46	3,888,189	50.43	2,477,168	26.78	3,888,189	49.30
Dividends / Interest on Own Capital of the Union	680,726		1,102,691		680,726		1,102,691	
Dividends / Interest on Own Capital of Other Stockholders	310,141		452,585		310,141		452,585	
Retained earnings	1,486,301		2,332,913		1,486,301		2,332,913	
Added value distributed	9,020,661	100.00	7,710,573	100.00	9,249,612	100.00	7,887,143	100.00

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Statement of Cash Flows

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1st sem/2007	1st sem/2006	1st sem/2007	1st sem/2006
Cash Flows From Operating Activities				
Net Income	2,477,168	3,888,189	2,477,168	3,888,189
Depreciation and amortization	361,656	339,644	362,497	340,308
Depreciation of leased assets	15,386	11,069	205,339	143,351
Equity in the earnings (loss) of subsidiary and Associated companies	(300,188)	(270,955)	19,743	(22,807)
(Profit)/loss on the sale of assets	1,597	11	--	11
Excess depreciation	--	--	(37,995)	(30,482)
Changes in the currency exchange rate	(311,319)	(123,220)	(382,896)	(245,364)
Provision/(reversal) for devaluation of other assets	(7,380)	(7,126)	(30)	(7,099)
(Profit)/loss on the disposal of property	(22,408)	2,569	(22,408)	--
Other adjustments	36,859	4,604	42,699	10,142
Short-term interbank investments	(23,037,258)	(861,616)	(22,526,286)	(762,436)
Securities and derivative financial instruments	1,292,186	(4,083,076)	856,584	(4,207,053)
Interbank and interdepartmental accounts	(3,029,118)	(1,240,860)	(3,022,370)	(1,232,680)
Loan operations	(11,960,839)	(8,594,994)	(11,644,053)	(8,950,887)
Lease operations	3,620	(9,678)	(11,075)	5,862
Other receivables	(674,180)	(5,852,712)	(599,557)	(5,754,328)
Other assets	(128,392)	(166,740)	(146,765)	(179,219)
Other liabilities	5,582,769	(4,131,373)	4,518,660	(3,404,902)
Changes in deferred income	(28,659)	3,167	(28,659)	3,167
Capital increase of subsidiaries	--	--	--	(25,765)
Revaluation reserve recognized by the equity method of accounting	(207)	--	(207)	--
Adjustment to market value - securities and Derivatives	60,948	30,687	60,948	30,687
Cash Provided by/(used in) Operations	**(29,667,759)**	**(21,062,410)**	**(29,878,663)**	**(20,401,305)**
Cash Flows From Financing Activities				
Deposits	6,298,134	293,676	5,704,060	2,281,229
Deposits received under security repurchase agreements	25,265,245	21,042,233	25,435,474	20,987,887
Funds from acceptance and issue securities	(416,716)	(22,681)	914,845	(562,986)
Borrowings and onlendings	587,742	(310,565)	526,165	(1,866,556)
Derivative financial instruments	(1,457,423)	586,290	(1,459,275)	584,786
Dividends and Bonuses Proposed	(338,968)	(862,238)	(338,968)	(862,238)
Interest on own capital receivable	(651,899)	(693,037)	(651,899)	(693,037)
Total Admission Funds	**29,286,115**	**20,033,678**	**30,130,402**	**19,869,085**
Cash Flows From Investing Activities				
Dividends received from subsidiary/associated companies	614,245	456,812	253,793	247,201
Interest on own capital receivable	--	--	6,900	10,440
Disposal of non-operating assets	55,337	28,850	55,451	29,279

Disposal of property and equipment in use	1,087	30,263	1,087	30,263
Disposal of leased assets	--	--	42,339	28,619
Disposal of investments	--	--	--	251
Adjustments to market value of subsidiaries	--	--	105	--
Applications in assets not for own use	(14,255)	(22,661)	(14,561)	(23,001)
Applications in fixed assets for use	(124,701)	(99,699)	(124,704)	(99,699)
Reversals in lease assets	--	(25,384)	(351,841)	(368,362)
Reversals in investments	(42,152)	(70,931)	(72,711)	(570)
Deferred charges	(132,928)	(82,017)	(72,372)	(81,987)
Total Funds Obtained/Invested	**356,633**	**215,233**	**(276,514)**	**(227,566)**
Net Cash Variation	**(25,011)**	**(813,499)**	**(24,775)**	**(759,786)**
At the beginning of the period	4,742,521	5,827,939	4,748,810	5,827,663
At the end of the period	4,717,510	5,014,440	4,724,035	5,067,877
Increase (decrease) in cash and cash equivalents	**(25,011)**	**(813,499)**	**(24,775)**	**(759,786)**

Banco do Brasil S.A.

Independent auditors' report
Financial statements
Semester ended June 30, 2007 and 2006

(A free translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil)

Independent auditors' report

To
The Board of Directors and Shareholders
Banco do Brasil S.A.
Brasília - DF

1. We have examined the balance sheet of Banco do Brasil S.A. (Individual) and the consolidated balance sheet of Banco do Brasil S.A. and its subsidiaries (Consolidated) (also referred to herein, collectively, as the "Bank") as of June 30, 2007 and 2006 and the related statements of income, changes in shareholders' equity and changes in financial position for the semesters then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements. The financial statements of certain foreign branches, where assets, shareholders' equity and net income totaled, as of June 30, 2007, R$ 10,345 million (R$12,297 million as of June 30, 2006), R$ 608 million (R$760 million as of June 30, 2006) and R$ 21 million (R$ 23 million as of June 30, 2006), respectively, were reviewed by other independent auditors. Our opinion, insofar as it relates to the balances of these foreign branches, is based solely on the reports of other independent auditors.

2. Our examination was conducted in accordance with auditing standards generally accepted in Brazil and included: (a) planning of the audit work, considering the materiality of the balances, the volume of transactions and the accounting systems and internal accounting controls of the Bank; (b) verification, on a test basis, of the evidence and records which support the amounts and accounting information disclosed; and (c) evaluation of the most significant accounting policies and estimates adopted by management of the Bank and its subsidiaries, as well as the presentation of the financial statements taken as a whole.

3. In our opinion, based on our examination, and the reports prepared by other independent auditors as mentioned in the first paragraph, the aforementioned financial statements present fairly, in all material respects, the financial position of Banco do Brasil S.A. (Individual) and Banco do Brasil S.A. and its subsidiaries (Consolidated) as of June 30, 2007 and 2006, and the results of their operations, changes in shareholders' equity and changes in financial position for the semesters then ended, in conformity with accounting practices adopted in Brazil.

4. Our examination was conducted with the objective of expressing an opinion on the financial statements taken as a whole. The statements of cash flows and statements of added value of Banco do Brasil S.A. (Individual) and Banco do Brasil S.A. and its subsidiaries (Consolidated) for the semesters ended June 30, 2007 and 2006, are not required by accounting practices adopted in Brazil, and are being presented as supplementary information to the financial statements. This supplementary information was subject to the same audit procedures as those applied to the financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the financial statements taken as a whole.

5. As described in Note 19(a), as of June 30, 2007, the Bank recorded assets in the amount of R$ 13,742 million (R$ 9,207 million in 2006) related to income tax and social contribution tax credits, the realization and maintenance of which are contingent upon the future generation of taxable income and compliance with the regulations defined in Resolutions 3059/02 and 3355/06, issued by the Brazilian Monetary Council.

August 10, 2007

KPMG Auditores Independentes
CRC 2SP014428/O-6-F-DF

The original version in Portuguese was signed by

Francesco Luigi Celso
Accountant CRC 1SP175348/O-5-S-DF
August 10, 2007

José Claudio Costa
Accountant CRC 1SP167720/O-1-S-DF

Summary of the Audit Committee Report

Introduction

The Audit Committee, organized by the Banco do Brasil Financial Group and governed by its bylaws, which are available at http://www.bb.com.br in the Investor Relations section of the web page, is an advisory body to the Board of Directors and its main functions are to independently evaluate the effectiveness of the internal control system and internal and independent audits, and to review the financial statements prior to publication.

The Banco do Brasil Financial Group opted to establish a single Audit Committee for the Multiple Bank and its wholly-owned subsidiaries: BB - Banco de Investimento S.A., BB - Leasing S.A. Arrendamento Mercantil, BB - Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A., BB - Administradora de Cartões de Crédito S.A., Banco Popular do Brasil S.A. and BB - Administradora de Consórcios S.A.

The managements of Banco do Brasil and its subsidiaries are responsible for preparing and assuring the integrity of the financial statements, for managing risks, for maintaining an effective, consistent internal control system and for monitoring conformity with applicable legal and regulatory standards.

KPMG Auditores Independentes is responsible for auditing the financial statements and for issuing an opinion on whether they present fairly, in all material aspects, the financial position of Banco do Brasil S.A. (Individual) and Banco do Brasil S.A. and its subsidiaries (Consolidated), and the results of their operations, changes in shareholders' equity and changes in financial position, in conformity with accounting practices adopted in Brazil.

Activities

In compliance with its 2007 annual plan, the Committee had meetings with the vice-presidents and directors of the Bank and its subsidiaries, as well as with the Board of Directors and the Steering Committee.

During these meetings, the main issues discussed were related to risk management, compliance with the *Novo Acordo de Capital* (Basel II), improvements in internal control processes, adherence to applicable rules and regulations, control procedures for money laundering prevention, generation and reconciliation activities related to accounting processes for funds and governmental programs, tax credits, allowance for loan losses, IT security information and technological systems and solutions implemented or in the process of being implemented, and recommendations for internal controls reported by the external auditors and external regulators.

The Committee evaluated the activities of the internal and independent audits by assessing their annual planning, their technical qualifications and the methodologies that were applied. In addition, the Committee held periodic meetings with the audit teams during their audits and it was informed of the conclusions reached and recommendations made.

The Committee examined the general ledger, the most significant variations in account balances and the criteria used to establish provisions; and it also evaluated extraordinary events that occurred during the period, as well as the procedures used for preparing the financial statements.

Where suggestions for improvement were observed, these have been reported to the Board of Directors and management.

The Committee discussed the opinion expressed by the independent auditors and other significant aspects related to the financial statements, and it assessed the information provided by KPMG in their internal control reports throughout their work.

The Audit Committee's opinion is based on the activities undertaken concerning the internal controls, observation of system and control activities, assessment of the management of internal control, the internal and external audit reports and their conclusions, as well as the external regulators' reports.

Conclusions

Based on the activities undertaken during the period, and taking into consideration the responsibilities of the Committee and the limitations on the scope of its activities, the Committee concluded that:

a. the internal control system has been the object of constant attention by senior management, has improved, and is effective and adequate in relation to the size and complexity of the business;

b. the Group adopts a conservative posture in the assumption of risks and has appropriate instruments in place for their mitigation;

c. the internal auditors' functions have been assessed as satisfactory, and it was noted that the internal audit methodology is being improved, and their activities are reported periodically to the Committee;

d. the external auditors work is being carried out effectively and nothing was noted that would indicate non-compliance by the external auditors with applicable independence rules and regulations.

e. the financial statements for the semester ended June 30, 2007 were prepared in conformity with legal standards and accounting practices adopted in Brazil, and present fairly, in all material respects, the financial situation of the Group for the period then ended, and are sufficient to support the decision-making processes of market agents, as well as the requirements of other users.

Brasília-DF, 10 August 2007

Flavio Fernando da Fontoura Ferreira

José Antonio Guarnieri

José Danúbio Rozo

EXECUTIVE BOARD

CEO

Antonio Francisco de Lima Neto

VICE-PRESIDENTS

Adézio de Almeida Lima
Aldemir Bendine
Aldo Luiz Mendes
José Luis Prola Salinas
José Maria Rabelo
Luís Carlos Guedes Pinto
Luiz Alberto Maguito Vilela
Luiz Oswaldo Sant'Iago Moreira de Souza
Milton Luciano dos Santos

BOARD OF OFFICERS

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Clara da Cunha Lopes
Luiz Gustavo Braz Lage
José Carlos Soares
Izabela Campos Alcântara Lemos
Francisco Claudio Duda
Glauco Cavalcante Lima
José Carlos Vaz (Interino)
Juraci Masiero
Maria da Glória Guimarães dos Santos (Interina)
Maurício Doff Sotta (Interino)
Nilo José Panazzolo
Nilson Martiniano Moreira
Paulo Euclides Bonzanini
Paulo Roberto Evangelista de Lima (Interino)
Paulo Rogério Caffarelli
Renê Sanda
Ricardo José da Costa Flores
Ricardo Magalhães de Almeida (Interino)
Sandro Kohler Marcondes
Sérgio Ricardo Miranda Nazaré
William Bezerra Cavalcanti Filho

BOARD OF DIRECTORS

Bernard Appy (Presidente)
Antonio Francisco de Lima Neto (Vice-Presidente)
Bernardo Gouthier Macedo
Carlos Augusto Vidotto
Francisco Augusto da Costa e Silva
Tarcísio José Massote de Godoy

BOARD OF AUDITORS

Otavio Ladeira de Medeiros (Presidente)
Agostinho do Nascimento Netto
Eduardo Grande Bittencourt
Eustáquio Wagner Guimarães Gomes
Marcos Machado Guimarães

ACCOUNTING

Pedro Carlos de Mello
Contador Geral
Contador CRC-DF 5.773/O-7
CPF 132.520.380-72

(D8) Financial Statements 1st Quarter 2007 (Balance Sheet, Income Statements, Statement of Changes in Stockholder Equity, Statement of Changes in Financial Position, Notes to Financial Statements and Additional Information)

[Please see 1Q 2007 Financial Statement enclosed in the following pages]

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Financial Statements

1st Quarter 2007

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

Quarter ended at March 31, 2007

BALANCE SHEET

ASSETS		BB - Domestic and Foreign branches		BB-Consolidated	
		03.31.2007	03.31.2006	03.31.2007	03.31.2006
CURRENT ASSETS		181,767,067	147,422,771	174,688,005	138,893,009
Available Funds		5,503,698	4,051,245	5,510,791	4,055,796
Short-term interbank investments	(Note 4)	44,729,936	40,140,414	36,497,136	31,089,280
Money market		30,511,563	21,883,686	30,431,136	21,838,978
Interbank deposits		14,218,373	18,256,728	6,066,000	9,250,302
Securities and derivative financial instruments					
Instruments	(Note 5)	22,164,469	17,601,535	22,975,820	17,965,158
Own portfolio		10,399,994	11,616,414	11,211,273	11,977,415
Subject to repurchase agreements		6,426,599	4,948,416	6,426,599	4,951,345
Deposits with the Brazilian Central Bank		3,175,659	524,079	3,175,659	524,079
Pledged in guarantee		943,218	79,972	943,218	79,972
Securities subject to repurchase agreements (within free movement)		336,272	191,219	336,272	191,219
Derivative financial instruments		882,727	241,435	882,799	241,128
Interbank accounts		29,815,496	24,894,933	29,844,101	24,912,043
Payments and receipts pending settlement		2,726,598	2,838,972	2,726,704	2,839,044
Restricted deposits					
Brazilian Central Bank deposits		26,982,751	21,965,253	26,998,456	21,969,637
National Treasury - rural credits receivable		15,129	9,935	15,129	9,935
National Housing Financing System (SFH)		1,504	1,473	1,504	1,473
Interbank onlendings		46	46	46	46
Correspondent banks		89,468	79,254	102,262	91,908
Interdepartmental accounts		33,045	12,409	33,045	12,409
Internal transfers of funds		33,045	12,409	33,045	12,409
Loan operations	(Note 6)	59,169,605	45,932,062	59,180,326	45,998,026
Loan operations					
Public sector		986,966	829,311	992,014	831,981
Private sector		62,603,449	48,920,677	62,755,731	49,159,949
(Allowance for loan losses)		(4,420,810)	(3,817,926)	(4,567,419)	(3,993,904)
Lease operations	(Note 6)	6,497	11,725	16,497	8,548
Lease and sublease receivables					
Public sector		64,383	54,009	64,383	54,009
Private sector		1,877	4,307	437,489	327,321
(Unearned income from lease operation)		(59,759)	(46,337)	(468,728)	(356,880)
(Allowance for lease losses)		(4)	(254)	(16,647)	(15,902)
Other receivables		19,304,998	14,174,822	19,575,434	14,243,310
Receivables on guarantees honored		53,449	121,369	53,449	121,369
Foreign exchange portfolio	(Note 7a)	15,115,734	9,129,823	15,115,734	9,129,823
Income receivable		181,082	128,561	255,743	142,894
Negotiation and intermediation of securities		4,373	9,050	150,620	66,326
Special operations		575	575	575	575
Sundry	(Note 7c)	6,414,551	6,026,582	6,468,546	6,027,278
(Provision for other losses)	(Note 6e & 6f)	(2,464,766)	(1,241,138)	(2,469,233)	(1,244,955)
Other assets		1,039,323	603,626	1,054,855	608,439
Investments		3	3	3	3
Other assets	(Note 8)	270,087	303,415	288,574	310,118
(Provision for devaluations)		(147,455)	(170,457)	(152,806)	(176,797)
Prepaid expenses		916,688	470,665	919,084	475,115

LONG-TERM RECEIVABLES	139,022,575	118,690,364	141,375,389	120,218,262
Short-term interbank investments (Note 4)	4,463,049	4,510,485	4,687,506	4,654,854
Money market	80,427	–	80,427	–
Interbank deposits	4,382,622	4,510,485	4,607,079	4,654,854
Securities and derivative financial instruments				
Instruments (Note 5)	49,596,243	49,852,630	50,374,131	50,666,114
Own portfolio	18,843,991	18,595,754	19,514,918	19,282,582
Subject to repurchase agreements	26,064,927	27,467,746	26,171,888	27,566,288
Deposits with the Brazilian Central Bank	948,610	3,218,990	948,610	3,247,104
Pledged in guarantee	141,206	390,539	141,206	390,539
Securities subject to repurchase agreements (within free movement)	3,464,803	–	3,464,803	–
Derivative financial instruments	132,706	179,601	132,706	179,601
Loan operations (Note 6)	59,518,005	41,845,581	60,839,365	42,308,136
Loan operations				
Public sector	3,763,672	2,585,374	3,790,111	2,610,284
Private sector	60,054,770	42,592,676	61,349,875	43,030,559
(Allowance for loan losses)	(4,300,437)	(3,332,469)	(4,300,621)	(3,332,707)
Lease operations (Note 6)	4,901	11,265	28,183	21,226
Lease and sublease receivables				
Public sector	48,569	51,891	48,569	51,891
Private sector	1,424	4,138	528,137	388,393
(Unearned income from lease operation)	(45,089)	(44,520)	(542,108)	(410,646)
(Allowance for lease losses)	(3)	(244)	(6,415)	(8,412)
Other receivables	25,440,377	22,470,403	25,446,204	22,567,932
Receivables on guarantees honored	–	35,062	–	35,062
Income receivable	38,452	40,216	38,452	40,216
Specific credits (Note 7b)	700,168	626,859	700,168	626,859
Sundry (Note 7c)	26,130,183	23,702,958	26,142,420	23,807,120
(Provision for other losses) (Notes 6e & 6f)	(1,428,426)	(1,934,692)	(1,434,836)	(1,941,325)
PERMANENT ASSETS	6,743,040	7,487,331	5,834,625	5,523,655
Investiments	3,292,629	3,808,094	1,176,120	1,030,281
Investments in subsidiary and associated companies (Note 20)				
Domestic	2,453,462	2,274,647	1,120,649	982,423
Foreign	800,278	1,494,182	–	–
Other investments	91,546	193,401	128,084	229,101
(Provision for losses)	(52,657)	(154,136)	(72,613)	(181,243)
Land and buildings in use (Note 9)	2,781,544	3,013,666	2,782,399	3,014,610
Land and buildings in use	2,314,174	2,246,370	2,314,174	2,246,370
Other property and equipment in use	4,233,937	4,303,394	4,240,170	4,309,910
(Accumulated depreciation)	(3,766,567)	(3,536,098)	(3,771,945)	(3,541,670)
Leased assets (Note 9)	104,477	88,920	1,305,495	894,927
Leased assets	156,176	106,161	1,663,535	1,102,895
(Accumulated depreciation)	(51,699)	(17,241)	(358,040)	(207,968)
Deferred charges	564,390	576,651	570,611	583,837
Organization and expansion costs	1,306,079	1,139,462	1,324,894	1,158,765
(Accumulated amortization)	(741,689)	(562,811)	(754,283)	(574,928)
Total	327,532,682	273,600,466	321,898,019	264,634,926

LIABILITIES / STOCKHOLDERS' EQUITY	BB- Domestic and Foreign branches		BB-Consolidated	
	03.31.2007	03.31.2006	03.31.2007	03.31.2006
CURRENT LIABILITIES	251,671,321	200,393,671	244,230,240	189,896,258
Deposits (Note 10)	142,955,491	123,189,872	137,124,075	114,729,140
Demand deposits	35,550,699	31,815,890	35,588,302	31,877,536
Savings deposits	38,942,074	32,975,353	38,942,074	32,975,353
Interbank deposits	6,550,542	8,986,260	522,607	402,251
Time deposits	61,664,720	49,280,981	61,823,636	49,342,612
Sundry	247,456	131,388	247,456	131,388
Deposits received under security repurchase agreements	60,234,130	36,397,768	59,852,144	35,921,212
Own portfolio	28,689,119	26,812,931	28,587,688	26,346,375
Third-party portfolio	27,675,012	9,389,839	27,394,457	9,379,839
Within free movement Portfolio	3,869,999	194,998	3,869,999	194,998
Funds from acceptance and issue of securities	603,220	402,859	1,131,887	363,786
Foreign securities	603,220	402,859	1,131,887	363,786
Interbank accounts	2,020,414	1,471,850	2,037,808	1,477,313
Receipts and payments pending settlement	2,018,175	1,470,751	2,035,569	1,476,214
Correspondent banks	2,239	1,099	2,239	1,099
Interdepartmental accounts	1,912,790	1,272,575	1,912,790	1,272,575
Third-party funds in transit	1,896,330	1,183,232	1,896,330	1,183,232
Internal transfers of funds	16,460	89,343	16,460	89,343
Borrowings (Note 11)	3,621,397	2,836,617	2,541,281	1,647,800
Foreign borrowings	3,621,397	2,836,617	2,541,281	1,647,800
Local onlendings - official institutions (Note 12)	9,206,857	8,955,981	9,216,038	8,960,896
National Treasury	3,077,172	4,053,193	3,077,172	4,053,193
National Bank for Economic and Social Development (BNDES)	1,886,340	3,405,306	1,886,340	3,405,306
National Industrial Financing Authority (FINAME)	3,833,986	1,177,674	3,843,006	1,182,446
Other institutions	409,359	319,808	409,520	319,951
Foreign onlendings	1,105,650	219,783	95	95
Foreign onlendings	1,105,650	219,783	95	95
Derivative financial instruments (Note 5b)	1,786,428	1,271,956	1,785,501	1,270,517
Derivative financial instruments	1,786,428	1,271,956	1,785,501	1,270,517
Other liabilities	28,224,944	24,374,410	28,628,621	24,252,924
Collection and payment of taxes and social contributions	2,109,012	3,257,303	2,109,284	3,257,686
Foreign exchange portfolio (Note 14a)	15,010,610	10,686,527	14,946,214	10,686,527
Social and statutory	766,419	228,473	767,079	229,104
Taxes and social security contributions	1,346,349	1,254,824	1,561,466	1,446,993
Negotiation and intermediation of securities	604,341	670,091	234,168	127,165
Financial and development funds (Note 14b)	71,042	105,284	71,042	105,284
Subordinated debt (Note 14e)	1,609	--	1,609	--
Hybrid capital and debt instruments	15,842	1,102,105	15,842	1,102,105
Sundry (Note 14d)	8,299,720	7,069,803	8,921,917	7,298,060

LONG-TERM LIABILITIES	54,110,009	53,866,870	55,916,427	55,398,743
Deposits (Note 10)	19,473,325	20,016,455	23,539,359	24,465,423
Interbank deposits	437,082	410,680	4,503,116	4,859,649
Time deposits	19,036,243	19,605,775	19,036,243	19,605,774
Deposits received under security repurchase agreements	7,706,421	6,836,369	7,786,848	6,836,369
Own portfolio	3,316,796	4,707,266	3,397,223	4,707,266
Third-party portfolio	3,959,625	2,129,103	3,959,625	2,129,103
Within free movement Portfolio	430,000	--	430,000	--
Funds from acceptance and issue of securities	--	200,000	967,267	2,424,828
Foreign securities	--	200,000	967,267	2,424,828
Borrowings (Note 11)	2,408,949	5,383,702	2,032,484	2,382,910
Foreign borrowings	2,408,949	5,383,702	2,032,484	2,382,910
Local onlendings - official institutions (Note 12)	4,717,892	4,087,373	4,734,031	4,091,871
National Bank for Economic and Social Development (BNDES)	2,829,510	554,352	2,829,510	554,352
National Industrial Financing Authority (FINAME)	1,888,382	3,533,021	1,904,521	3,537,519
Foreign onlendings	2,329,901	849,397	382	382
Foreign onlendings	2,329,901	849,397	382	382
Derivative financial instruments (Note 5b)	183,707	175,730	183,971	175,730
Derivative financial instruments	183,707	175,730	183,971	175,730
Other liabilities	17,289,814	16,317,844	16,672,085	15,021,230
Taxes and social security contributions	--	--	94,427	56,451
Negotiation and intermediation of securities	967,267	1,613,142	2,742	--
Financial and development funds (Note 14b)	1,874,468	1,876,037	1,874,468	1,876,037
Special operations	2,370	2,382	2,370	2,382
Subordinated debt (Note 14e)	9,263,246	8,094,798	9,263,246	8,094,798
Hybrid capital and debt instruments	1,024,800	--	1,024,800	--
Sundry (Note 14d)	4,157,663	4,731,485	4,410,032	4,991,562
DEFERRED INCOME	112,895	130,873	112,895	130,873
Deferred income	112,895	130,873	112,895	130,873
STOCKHOLDERS' EQUITY (Note 17)	21,638,457	19,209,052	21,638,457	19,209,052
Capital	11,912,895	10,797,337	11,912,895	10,797,337
Local residents	11,867,048	10,751,490	11,867,048	10,751,490
Foreign residents	45,847	45,847	45,847	45,847
Capital reserves	355,638	4,778	355,638	4,778
Revaluation reserves	6,479	23,310	6,479	23,310
Revenue reserves	7,858,344	6,020,150	7,858,344	6,020,150
Adjustments to market value - securities and and derivative financial instruments (Note 17f)	417,253	145,800	417,253	145,800
Retained earnings (accumulated losses)	1,087,848	2,343,456	1,087,848	2,343,456
(Treasury stock)	--	(125,779)	--	(125,779)
Total	327,532,682	273,600,466	321,898,019	264,634,926

The accompanying notes are an integral part of these financial statements.

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

Quarter ended March 31, 2007

STATEMENT OF INCOME

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
INCOME FROM FINANCIAL INTERMEDIATION	9,695,067	9,357,132	9,822,953	9,471,401
Loans	6,033,251	5,051,107	6,101,218	5,095,441
Leases	16,538	11,500	164,586	115,065
Securities	3,130,849	3,555,448	3,042,617	3,521,208
Derivative financial instruments	34,651	(137,830)	34,320	(138,685)
Foreign exchange, net	80,219	450,319	80,653	451,784
Compulsory deposits	399,559	426,588	399,559	426,588
EXPENSES FROM FINANCIAL INTERMEDIATION	(6,433,772)	(6,555,428)	(6,533,223)	(6,633,571)
Deposits and funds obtained in the money market	(4,394,828)	(3,990,057)	(4,387,981)	(3,983,672)
Borrowings and onlendings	(409,492)	(501,672)	(409,765)	(501,868)
Leases	(11,685)	(7,215)	(114,749)	(77,211)
Allowance for loan losses (Note 6e & 6f)	(1,617,767)	(2,056,484)	(1,620,728)	(2,070,820)
GROSS FINANCIAL INTERMEDIATION INCOME	3,261,295	2,801,704	3,289,730	2,837,830
OTHER OPERATING INCOME/EXPENSES	(1,221,721)	(1,894,729)	(1,191,954)	(1,873,303)
Service revenues	2,185,282	1,934,485	2,377,120	2,102,901
Personnel expenses (Note 16b)	(1,840,056)	(1,855,942)	(1,858,626)	(1,875,557)
Other administrative expenses (Note 16c)	(1,451,204)	(1,344,745)	(1,466,607)	(1,361,883)
Tax Expenses	(467,476)	(433,962)	(488,669)	(453,574)
Equity in the (earnings)/loss of subsidiary and associated companies (Note 20)	153,282	(37,594)	38,682	(154,290)
Other operating income (Note 16d)	1,121,805	1,459,121	1,121,510	1,463,761
Other operating expenses (Note 16e)	(923,354)	(1,616,092)	(915,364)	(1,594,661)
OPERATING INCOME	2,039,574	906,975	2,097,776	964,527
NON-OPERATING INCOME (Note 16f)	26,492	25,019	30,501	26,303
Non-operating income	39,982	53,537	44,025	55,071
Non-operating expenses	(13,490)	(28,518)	(13,524)	(28,768)
PROFIT BEFORE TAXATION AND PROFIT SHARING	2,066,066	931,994	2,128,277	990,830
INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME (Note 18)	(477,574)	1,599,658	(539,275)	1,541,550
Income tax	(552,157)	(588,959)	(598,805)	(635,025)
Social contribution on net income	(200,990)	(221,179)	(216,573)	(236,675)
Deferred tax credits	275,573	2,409,796	276,103	2,413,250
PROFIT SHARING	(179,702)	(188,983)	(180,212)	(189,711)
NET INCOME	1,408,790	2,342,669	1,408,790	2,342,669
Number of shares	825,316,423	810,617,415	825,316,423	810,617,415
(Treasury Stock)	--	(11,257,677)	--	(11,257,677)
Total shares used in calculation of net income per share	825,316,423	799,359,738	825,316,423	799,359,738
Net income per share	1.71	2.93	1.71	2.93

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

EVENTS	Capital	Capital Reserves	Reavaluation Reserves in subsidiary & associated companies	Revenue reserves			Adjustment to market value - marketable securities and derivatives		Retained Earnings	Treasury shares	Total
				Legal	Statutory	Expansion Reserves	Multiple Bank	Subsidiary and associated companies			
Balances as of March 31, 2005	10,797,337	4,778	23,351	793,677	471,899	4,754,574	36,847	93,080	–	(125,779)	16,849,764
Adjustment to market value - securities and derivative financial instrum...(Note 17g)	–	–	–	–	–	–	14,864	6,673	–	–	21,537
Tax effect on adjustments - securities and derivative financial instrumer...(Note 17g)	–	–	–	–	–	–	(5,527)	(137)	–	–	(5,664)
Prescribed dividends - reversal	–	–	–	–	–	–	–	–	746	–	746
Other events:											
Realization of revaluation reserve in subsidiary and associated compan...(Note 17e)	–	–	(41)	–	–	–	–	–	41	–	–
Net income for the quarter	–	–	–	–	–	–	–	–	2,342,669	–	2,342,669
Balances as of March 31, 2006	10,797,337	4,778	23,310	793,677	471,899	4,754,574	46,184	99,616	2,343,456	(125,779)	19,209,052
Changes in the quarter	–	–	(41)	–	–	–	9,337	6,536	2,343,456	–	2,359,288
Balances as of December 31, 2006	11,912,895	355,638	6,597	1,095,866	1,794,058	5,210,866	133,882	248,356	–	–	20,758,158
Adjustment to market value - securities and derivative financial instrum...(Note 17g)	–	–	–	–	–	–	(7,059)	42,875	–	–	35,816
Tax effect on adjustments - securities and derivative financial instrumer...(Note 17g)	–	–	–	–	–	–	2,789	(3,590)	–	–	(801)
Dividends	–	–	–	–	(242,446)	–	–	–	–	–	(242,446)
Other events:											
Revaluations in subsidiary and associated companies...(Note 17e)	–	–	10	–	–	–	–	–	–	–	10
Realization of revaluation reserve in subsidiary and associated compan...(Note 17e)	–	–	(128)	–	–	–	–	–	128	–	–
Net income for the quarter	–	–	–	–	–	–	–	–	1,408,790	–	1,408,790
Interest on own capital...Note 17f)...	–	–	–	–	–	–	–	–	(321,070)	–	(321,070)
Balances as of March 31, 2007	11,912,895	355,638	6,479	1,095,866	1,551,612	5,210,866	129,612	287,641	1,087,848	–	21,638,457
Changes in the quarter	–	–	(118)	–	(242,446)	–	(4,270)	39,285	1,087,848	–	880,299

The accompanying notes are an integral part of these financial statements.

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

Quarter ended at March 31, 2007

STATEMENT OF CHANGES IN FINANCIAL POSITION

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1° quarter 2007	1° quarter 2006	1° quarter 2007	1° quarter 2006
FINANCIAL RESOURCES WERE PROVIDED BY	26,356,452	16,974,437	27,885,846	17,333,940
Net Income	1,408,790	2,342,669	1,408,790	2,342,669
Adjustments to net income	(69,570)	48,365	87,417	111,263
Depreciation and amortization	180,307	169,351	180,632	169,673
Depreciation of leased assets	7,428	7,215	99,139	70,519
(Profit)/(loss) investments on subsidiary and associated companies	(153,282)	37,594	(38,682)	154,290
(Profit)/loss on the sale of assets	(4,480)	--	(4,480)	--
(Profit)/loss on the disposal of property and equipment in use	(12,536)	--	(12,536)	--
Surplus depreciation	--	--	(20,718)	(15,209)
Changes in the currency exchange rate.	(127,821)	(155,443)	(157,267)	(263,498)
(Gains)/loss on capital	(4,205)	--	(4,205)	--
Provision/(reversal) for devaluation of other assets	(7,749)	--	(7,780)	--
Other adjustments	52,768	(10,352)	53,314	(4,512)
Changes in deferred income	(15,721)	6,310	(15,721)	6,310
Mark-to-Market – Securities and Derivative Financial Instruments	35,015	15,873	35,015	15,873
Third party funds:				
Increase in liabilities	24,982,969	14,537,467	26,222,181	14,661,051
Deposits	955,119	999,478	1,822,475	1,536,304
Deposits received under security repurchase agreements	18,047,059	12,051,845	18,355,602	12,249,321
Interbank and interdepartmental accounts	370,417	--	387,747	--
Borrowings and onlendings	455,266	609,235	451,870	--
Derivative financial instruments	--	876,909	--	875,426
Other liabilities	5,155,108	--	5,204,487	--
Disposal of assets and investments	15,087	23,067	35,937	37,734
Non-operating assets	14,409	--	14,438	62
Property and equipment in use	678	23,067	678	23,067
Leased assets	--	--	20,821	14,605
Revaluation reserve recognized by the equity method of accounting	(118)	41	(118)	41
Dividends receivable from subsidiary/associated companies	--	645	110,048	153,319
Interest on own capital receivable	--	--	2,297	5,680
FINANCIAL RESOURCES WERE USED FOR:	25,595,276	18,751,131	27,123,865	19,105,807
Dividends and Bonuses Proposed	242,446	--	242,446	--
Interest on own capital proposed	321,070	--	321,070	--
Resources repatriated	7,960	--	7,960	--
Reversals in Assets and Investments	82,049	59,401	245,414	207,887
Non-operating assets	7,453	--	7,483	292
Property and equipment in use	54,682	51,914	54,685	51,914
Leased assets	9,678	7,487	180,452	155,681
Adjustment to market value of subsidiaries	10,236	--	--	--
Investments	--	--	2,794	--
Deferred charges	29,662	61,696	29,651	61,665
Increase in current assets and long-term receivables	23,369,449	14,428,371	24,732,165	13,486,511
Short-term interbank investments	11,408,837	8,084,476	12,096,885	6,748,212
Securities and derivative financial instruments	243,479	2,139,338	247,791	2,161,156
Interbank and interdepartmental accounts	1,554,836	400,722	1,561,030	399,226
Loan operations	6,118,816	2,422,170	6,162,023	2,364,531

Lease operations	7,727	6,342	33,504	10,265
Other receivables	3,922,116	1,277,188	4,533,692	1,703,245
Other assets	113,638	98,135	97,240	99,876
Decrease in liabilities	**1,542,640**	**4,201,663**	**1,545,159**	**5,349,744**
Funds from acceptance and issue securities	1,717	17,217	3,226	377,037
Interbank and interdepartmental accounts	–	208,565		203,111
Borrowings and onlendings	–	–	–	1,144,791
Derivative financial instruments	1,540,923	–	1,541,933	–
Other liabilities	–	3,975,881	–	3,624,805
Increase (decrease) in cash and cash equivalents	**761,176**	**(1,776,694)**	**761,981**	**(1,771,867)**
Change in cash and cash equivalents:				
At the beginning of the period	4,742,521	5,827,939	4,748,797	5,827,663
At the end of the period	5,503,697	4,051,245	5,510,778	4,055,796
Increase (decrease) in cash and cash equivalents	**761,176**	**(1,776,694)**	**761,981**	**(1,771,867)**

The accompanying notes are an integral part of these financial statements.

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NOTE 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, and subject to the requirements of Brazilian corporate legislation. Its corporate purpose is to carry out all the asset, liability and accessory banking operations, to provide banking services, intermediate and originate financial transactions in various forms and perform any activity permitted to 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 Art. 19 of Law 4,595/1964.

NOTE 2 – Presentation of the Financial Statements

2.a) The Financial Statements have been prepared in accordance with the requirements of Law 6404/1976 and observing the rules and instructions issued by the Brazilian Central Bank (BACEN) and the Brazilian Securities Commission (CVM) and include operations of Banco do Brasil S.A. in Brazil and its branches and subsidiaries abroad (BB-Domestic and Foreign Branches), and the consolidated position of branches and financial subsidiaries in Brazil and abroad and the foreign special purpose entities (BB-Consolidated). The balances of foreign branches and subsidiaries included in the financial statements of "BB - Domestic and Foreign Branches" and "BB - Consolidated", respectively, are as follows:

	Foreign branches		Foreign Branches and Abroad	
	03.31.2007	03.31.2006	03.31.2007	03.31.2006
Current assets	26,496,521	28,753,882	26,707,678	28,924,461
Long-term receivables	12,647,048	11,302,177	12,757,983	11,637,779
Permanent assets	108,966	133,828	131,571	154,335
Total assets	39,252,535	40,189,887	39,597,232	40,716,575
Current liabilities	28,768,061	31,042,196	28,210,927	30,034,956
Long-term liabilities	7,006,429	6,697,603	7,107,981	6,737,349
Deferred income	5,659	4,679	5,659	4,679
Shareholders' equity	3,472,386	2,445,409	4,272,665	3,939,591
Total liabilities and stockholders' equity	39,252,535	40,189,887	39,597,232	40,716,575
Net income for the quarter	82,850	46,582	103,619	71,736

2.b) The consolidated financial statements (BB - Consolidated) comprise the domestic and foreign branches and the foreign subsidiaries: Banco do Brasil - AG. Viena (Austria), BB Leasing Company Ltd., Brasilian American Merchant Bank – BAMB, BB Securities Ltd. and and the domestic subsidiaries: BB Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A., BB Banco de Investimento S.A., BB Leasing S.A. - Arrendamento Mercantil and BB Banco Popular do Brasil S.A. In order to comply with CVM Instruction No. 408, of August 18, 2004, the following Foreign Special Purpose Entities (EPE) have been included in the consolidation, since December/2005: Dollar Diversified Payment Rights Finance Company and Nikkei Remittance Rights Finance Company.

The asset and liability and the income and expense accounts recording transactions between the foreign branches and subsidiaries and Banco do Brasil S.A. were eliminated on consolidation. The translation into Brazilian reais of the financial statements prepared in a foreign currency is carried out using current exchange rates, in conformity with CVM Decision n.º 28/1986.

BB - Corretora de Seguros e Administradora de Bens S.A., BB - Administradora de Cartões de Crédito S.A., BB-Tur Viagens e Turismo Ltda., Cobra Tecnologia S.A., Ativos S.A. and BB - Administradora de Consórcios S.A. were not included in the consolidation, in accordance with article 23 of CVM Instruction 247/03.27.1996, as they do not materially affect the consolidated financial statements, and Brasil Aconselhamento Financeiro S.A was also not included because it is in liquidation The investments in these companies were recorded on the equity method of accounting and the information required by article 20 of CVM Instruction 247 of 03.27.1996 and CVM Deliberation 26 of 02.05.1986 is presented in Notes 20 and 21, respectively.

2.c) The Cash Flow Statement, prepared according to the Accounting Standards and Procedures - NPC 20, of 4.30.1999, issued by the Brazilian Institute of Accountants - Ibracon, and the Value-Added Statement, according to Resolution CFC n.º 1,010, of 1.21.2005, of the Federal Accounting Council, are being submitted as information to supplement the financial statements.

NOTE 3 – Accounting practices

3.a) Net income is determined on the accrual basis of accounting.

3.b) The assets and liabilities with floating financial charges are recorded at present value, calculated pro rata based on the variations in the contractual indices. Those with fixed financial charges are recorded at future value, adjusted to reflect unearned income or unexpired expenses. The assets and liabilities in foreign currencies and those subject to indexation are adjusted in accordance with the exchange rates or official indices as of the balance sheet date and are presented at realizable values. The differences resulting from currency translation are recorded in income for the period. For the subsidiaries located abroad, assets and liabilities are translated into reais at the balance sheet closing exchange rate.

3.c) Interbank Investments
Interbank funds applied are recorded at investment value or purchase price, plus income accrued up to the balance sheet date.

3.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 based on the intention of management, in three different categories:

3.d.1) Trading securities: these are securities purchased to be actively and frequently traded. They are adjusted monthly to market value. Their increases and decreases in value are recorded in income and expense accounts for the period period;

3.d.2) Securities available for sale: these are securities which, although not actively and frequently traded, can be traded at any time. They are adjusted monthly to market value. Their increases and decreases in value are recorded, net of tax effects, in a separate stockholders' equity account;

3.d.3) Securities held to maturity: these are securities that the Bank intends and has the financial capacity to hold to maturity. The financial capacity is supported by a cash flow projection that does not consider the possibility of sale of these securities. They are not adjusted to market value.

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

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

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

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

3.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 and verifiable criteria, which consider the average price of trading on the date of calculation or, if not available, pricing models that estimate the probable net realizable value, according to the characteristics of the derivative.

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

3.e.1) Market risk hedge - increases or decreases in value of the financial instruments classified in this category, as well as of the item hedged, are recorded in income and expense accounts for the period;

3.e.2) Cash flow hedge - the effective amount of the increases or decreases in value of the financial instruments classified in this category is recorded, net of tax effects, in a separate stockholders' equity account. The effective amount is that in which the variation of the item hedged, directly related to the corresponding risk, is offset by the variation in the financial instrument used for hedge, considering the accumulated effect of the transaction. Other variations in these instruments are recorded directly in income or expense accounts for the period.

3.f) Loan and lease operations, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for possible loan losses

Loan and lease operations, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for possible loan losses are classified according to management's discernment with respect to the level of risk, taking into consideration the economic panorama, past experience and specific risks in relation to the operation, to obligators and guarantors, observing the parameters established by Resolution Bacen n.° 2,682/1999, which requires the periodic analysis of the portfolio and its rating at nine levels, ranging from AA (minimum risk) to H (maximum risk). Income from loans overdue for more than 60 days, regardless of their level of risk, will only be recognized as income when effectively received.

Operations rated at level H continue in this status for 6 months, when they are written off against the existing provision and controlled, for five years, in memorandum accounts, no longer figuring in balance sheets. Renegotiated operations are maintained, at a minimum, at the same level at which they were rated. The renegotiations of loans that had already been written off against provision that that were in memorandum accounts are rated as H and any gains from the renegotiation are only recognized as income when effectively received. Allowance for possible loan losses, considered sufficient by management, satisfies the minimum requirement established by the aforesaid Resolution, as shown in Note 6.d.

3.g) Permanent assets

3.g.1) Equity interest investments, when material, are calculated by the equity method of accounting. The statements of the overseas branches and subsidiaries are adapted to accounting criteria in force in Brazil and translated into reais, and their impacts are recorded in income for the period. Other permanent investments are stated at cost, restated up to December 31, 1995, and are adjusted to market value through the formation of provision, according to the current rules;

3.g.2) Property and equipment is stated at cost less depreciation calculated on the straight-line method at the following annual rates: buildings and improvements - 4%; vehicles, installations and equipment - 20%; others - 10%;

3.g.3) Deferred Charges are recorded when there is an increase of economic benefits related to these assets. Organization and expansion expenses recorded in Permanent Assets - Deferred Charges relate to: leasehold improvements in properties owned by third parties for the installation of facilities, amortized at rates based on the rental terms; cost of purchase and development of systems, amortized at the annual rate of 20%;

3.h) Vacations, paid leave and thirteenth month salaries

Vacations, paid leave and thirteenth month salaries are accrued monthly, in accordance with the period of acquisition of the right.

3.i) Benefits for employees

Short-term benefits for existing employees are recognized on the accrual basis as the services are provided. Post-employment
benefits, comprising supplementary retirement benefits, medical assistance and other benefits for which the Bank is responsible, were calculated at December 31, 2006 in accordance with criteria established by CVM Deliberation 371 of 12.13.2000, considering a 6.3% annual interest rate, and are being allocated monthly in accordance with this calculation, as shown in Note 24.

3.j) Income and Social Contribution Taxes

Corporate income tax is calculated at the basic rate of 15% plus a surcharge of 10% on taxable income above a specific limit, and the Social Contribution on net income is calculated at the basic rate of 9% on taxable income (Note 18.a). Income tax and social contribution on net income tax credits are recorded in accordance with the criteria mentioned in Note 19 and are supported by a study of future realization prepared by Bank management.

3.k) Contingent assets and liabilities and legal obligations

The recognition, measure counting and disclosure of contingent assets, liability contingencies and legal obligations are executed in accordance with the criteria defined in CVM Deliberation 489/2005.

3.k.1) Contingent assets - Contingent assets are only recognized in the financial statements upon the existence of evidence guaranteeing their realization;

3.k.2) Contingent liabilities - Contingent liabilities are recognized in the financial statements when, based on the opinion of the legal counsel and of management, the risk of loss of a lawsuit or administrative proceeding is considered probable, with a probable outflow of financial resources for the settlement of obligations and when the sums involved are measurable with sufficient assurance;

3.k.3) Legal obligations - fiscal and social security - are derived from tax obligations provided in the legislation, regardless of the probability of success of lawsuits in progress, which have their amounts recognized in full in the financial statements.

3.l) Prepaid expenses

Funds applied in prepayments, where the benefits or rendering services are to occur in the future years, are recorded.
With a basis on the accounting principles of "accrual accounting" and "comparison of income with expense", costs incurred that are related to corresponding assets that will generate revenues in subsequent periods are recorded in prepaid expenses. These costs are allocated to income in accordance with the timing and sums of the expected benefits and written off directly in income when the corresponding resources and rights are no longer part of the assets of the institution or the expected future benefits could not be realized.

3.m) Accounting estimates

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires that Management use discernment in the determination and recording of accounting estimates, when

applicable. Significant assets and liabilities subject to these estimates and assumptions include the residual value of property, plant and equipment, allowance for possible loan losses and deferred income tax recorded in assets, provision for contingencies, appreciation of derivative financial instruments, and assets and liabilities relating to benefits for employees. The final amounts of transactions involving these estimates are only known upon their settlement.

NOTE 4 – Interbank Investments

	Current and long-term			
	BB - Domestic and Foreign branches		BB-Consolidated	
	03.31.2007	03.31.2006	03.31.2007	03.31.2006
Repurchase agreements	30,591,991	21,883,686	30,511,563	21,838,978
Sales pending settlement - own operations	1,709,747	11,956,623	1,709,747	11,956,623
Sales pending settlement - financed operations	28,382,244	9,927,063	28,301,816	9,882,355
Resales pending settlement - clearing and settlement houses	500,000	–	500,000	–
Interbank deposits	18,160,072	20,445,728	10,673,079	13,905,156
Foreign currency deposits	440,922	2,321,485	–	–
Total	49,192,985	44,650,899	41,184,642	35,744,134

NOTE 5 – Securities and Derivative Financial Instruments

Securities are classified in three categories: trading securities, securities available for sale and securities held to maturity, and derivative financial instruments in derivates for trading and derivatives for hedging purposes.

Trading securities are adjusted to market value and the adjustments recorded as income or expense for the period while similar adjustments for securities available for sale are recorded in a separate stockholders' equity account. Securities held to maturity are stated at cost plus income accrued in the period.

The derivative financial instruments for trading, used at the request of clients or for own account, do not comply with hedging criteria and are recorded at market value and the adjustments recorded as income or expense. Derivatives for hedging purposes are used to protect exposures to risk or to modify the characteristics of financial assets and liabilities. They are directly related to a specific transaction and are also adjusted to market value with contra-entry to income or expense as they are considered a market risk hedge.

The parameters for the calculation of market values of marketable securities and derivative financial instruments are:
- the average of the representative trading price on the day of the calculation and the daily adjustment of future market transactions reported by ANDIMA, BM&F, BOVESPA and the Brazilian Central Bank; or
- the net probable realizable value obtained through the use of curves of future interest rates, foreign exchange rates, price and currency indices, all consistent with prices in effect during the quarter then ended.

5.a)Securities

The cost (plus accrued income) and market value of the securities at March 31, 2007 are as follows:

BB - Domestic and foreign branches

	03.31.2007 Market Value					Total			03.31.2006 Total		
	With no Maturity	0-30	31-180	181-360	over 360	Cost	Market Value	Unrealized gain (loss)	Cost	Market Value	Unrealized gain (loss)
1 - Trading securities	1,144	2,070	138,315	1,716,711	5,132,922	6,953,928	6,991,162	-	4,213,443	4,241,632	-
Domestic	1,144	2,070	138,315	1,716,711	5,132,922	6,953,928	6,991,162	-	4,213,443	4,241,632	-
Financial Treasury Bills	-	-	129,647	280,529	2,178,376	2,588,060	2,588,552	-	396,137	396,290	-
Federal Treasury Bills	-	2,070	8,668	1,436,025	1,748,820	3,174,436	3,195,583	-	3,753,952	3,782,482	-
Federal Treasury Notes	-	-	-	157	1,205,726	1,190,324	1,205,883	-	63,354	62,860	-
Shares in listed companies	1,144	-	-	-	-	1,108	1,144	-	-	-	-
2 - Securities available for sale	25,773	975,913	4,178,244	4,887,597	29,447,240	39,120,597	39,494,567	373,970	37,572,768	37,726,079	153,310
Domestic	17,758	972,644	4,035,899	4,780,005	27,675,202	37,275,456	37,481,508	206,052	35,876,289	35,950,082	73,793
Financial Treasury Bills	-	849,391	3,563,230	4,078,054	18,947,822	27,358,652	27,438,497	79,845	28,161,689	28,330,344	168,655
Federal Treasury Bills	-	7,501	13,606	110,118	2,995,398	3,092,735	3,126,623	33,888	33,616	33,597	(19)
Brazilian Central Bank Notes	-	-	-	-	4,723,390	4,635,630	4,723,390	87,760	172,656	169,580	(3,096)
Federal Treasury Notes	-	-	-	427,434	913,769	1,336,151	1,341,203	5,052	3,962,336	3,912,449	(49,887)
Federal Government securities – other	-	-	-	-	85,699	87,386	85,699	(1,687)	1,587,847	1,598,629	10,782
Debentures	-	-	61	435	5,930	7,749	6,426	(1,323)	33,034	31,803	(1,231)
Agricultural debt securities	-	-	-	-	-	-	-	-	16,769	14,367	(2,402)
Shares in investment funds	6,501	-	-	-	-	6,501	6,501	-	12,334	12,334	-
Shares in social development funds	1,314	-	-	-	-	1,545	1,314	(231)	1,545	481	(1,064)
Shares in listed companies	9,943	-	-	-	-	7,363	9,943	2,580	7,364	4,761	(2,603)
Rural Product Bills (Commodities)	-	115,752	459,002	163,964	3,194	741,744	741,912	168	1,887,100	1,841,757	(45,343)
Abroad	8,015	3,269	142,345	87,392	1,772,038	1,845,141	2,013,059	167,918	1,696,479	1,775,997	79,517
EUROBONDS	-	-	-	-	-	-	-	-	19,765	19,602	(163)
Brazilian foreign debt securities	-	-	19,284	87,392	1,730,866	1,670,809	1,837,542	166,733	1,454,659	1,533,951	79,291
Foreign debt securities - other countries	-	3,269	648	-	41,172	45,118	45,089	(29)	215,483	214,937	(546)
Shares in equity funds	8,014	-	-	-	-	6,846	8,014	1,168	6,572	7,506	934
Shares in listed companies	1	-	-	-	-	-	1	1	-	1	1
Others	-	-	122,413	-	-	122,368	122,413	45	-	-	-
3 - Securities held to maturity	-	5,898	5,240,188	4,180,196	14,807,393	24,259,550	24,233,677	-	25,065,418	24,831,607	-
Domestic	-	627	4,983,122	4,180,020	14,351,581	23,591,416	23,515,350	-	24,348,984	24,055,624	-
Financial Treasury Bills	-	-	4,643,901	1,593,592	14,337,251	20,574,304	20,574,744	-	20,848,215	20,834,009	-
Federal Treasury Notes	-	-	-	2,585,894	14,330	2,676,700	2,600,224	-	2,475,611	2,196,897	-
Federal Government securities – other	-	-	336,590	-	-	336,580	336,590	-	1,013,466	1,013,484	-
Commodities	-	627	2,631	534	-	3,832	3,792	-	11,672	11,234	-
Others	-	-	-	-	-	-	-	-	-	-	-
Abroad	-	5,271	257,066	178	455,812	668,134	718,327	-	716,454	775,983	-
EUROBONDS	-	-	-	-	13,780	13,783	13,780	-	13,224	13,218	-
Brazilian foreign debt securities	-	-	242,144	-	442,032	633,981	684,176	-	682,035	741,555	-
Foreign debt securities - other countries	-	-	1	178	-	178	179	-	611	626	-
Others	-	5,271	14,921	-	-	20,192	20,192	-	20,584	20,584	-
Total	26,917	983,881	9,556,747	10,784,304	49,387,555	70,334,075	70,719,406	373,970	68,851,629	68,799,318	153,310

Maturity in days	03.31.2007 Market Value					Total			03.31.2006 Total		
	With no Maturity	0-30	31-180	181-360	over 360	Cost	Market Value	Unrealized gain (loss)	Cost	Market Value	Unrealized gain (loss)
Total by portfolio	26,917	983,881	9,556,747	10,784,304	49,387,555	70,334,075	70,719,406	373,970	68,851,629	68,799,318	153,310
a) Own portfolio	26,917	431,769	2,875,470	7,084,050	18,770,719	29,033,504	29,188,925	174,145	30,138,835	29,991,670	48,944
b) Subject to repurchase agreements	-	26,563	4,236,076	2,516,790	29,540,332	36,093,725	36,321,781	197,979	32,499,800	32,593,755	103,780
c) Deposits with the Brazilian Central Bank	-	523,549	1,513,972	1,150,404	936,344	4,124,145	4,124,269	124	3,742,572	3,743,343	497
d) Pledged in guarantee	-	-	931,229	13,062	140,160	1,082,701	1,084,451	1,722	470,422	470,550	89

Maturity in years	03.31.2007 Market Value					Total		03.31.2006 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	Market Value	Cost	Market Value
Total by category	26,917	21,309,939	42,909,527	5,239,258	1,563,971	70,334,075	70,719,406	68,851,629	68,799,318
1 - Trading securities	1,144	1,857,096	4,781,456	351,466	-	6,953,928	6,991,162	4,213,443	4,241,632
2 - Securities available for sale	25,773	10,021,554	27,604,352	278,918	1,563,971	39,120,597	39,494,568	37,572,768	37,726,079
3 - Securities held to maturity	-	9,426,284	10,218,519	4,588,874	-	24,259,550	24,233,677	25,065,418	24,831,607

The portfolio after marking-to-market is as follows:

	03.31.2007		03.31.2006	
		% of total portfolio		% of total portfolio
Total by category	70,745,279	100%	67,033,129	100%
1 - Trading securities	6,991,162	10%	4,241,632	7%
2 - Securities available for sale	39,494,567	56%	37,726,079	56%
3 - Securities held to maturity	24,259,550	34%	25,065,418	37%

BB – Consolidated

Maturity in days	03.31.2007 Market Value: With no Maturity	0-30	31-180	181-360	over 360	03.31.2007 Total: Cost	Market Value	Unrealized gain (loss)	03.31.2006 Total: Cost	Market Value	Unrealized gain (loss)
1 - Trading securities	5,417	2,289	143,160	1,813,144	5,396,958	7,324,765	7,360,967	-	4,299,778	4,326,928	-
Domestic	5,281	2,070	136,315	1,716,711	5,396,958	7,223,012	7,259,315	-	4,214,063	4,242,240	-
Financial Treasury Bills	-	-	129,647	280,529	2,178,377	2,588,060	2,588,553	-	396,137	398,289	-
Federal Treasury Bills	-	2,070	6,668	1,436,025	1,748,820	3,174,436	3,195,583	-	3,753,952	3,782,483	-
Federal Treasury Notes	-	-	-	157	1,205,728	1,190,324	1,205,883	-	63,354	62,860	-
Debentures	-	-	-	-	264,035	264,890	264,035	-	-	-	-
Promissory Notes	-	-	-	-	-	-	-	-	-	-	-
Shares in listed companies	1,385	-	-	-	-	1,426	1,385	-	620	807	-
Shares in investment funds	3,876	-	-	-	-	3,876	3,876	-	-	-	-
Abroad	156	218	4,845	96,433	-	101,753	101,652	-	85,715	84,688	-
EUROBONDS	156	218	1,439	59,145	-	61,010	60,958	-	58,538	57,953	-
Brazilian foreign debt securities	-	-	3,406	37,288	-	40,773	40,694	-	27,177	26,735	-
2 - Securities available for sale	839,624	976,056	4,353,257	4,867,397	29,674,319	40,170,650	40,710,655	540,005	38,587,180	38,815,096	227,913
Domestic	794,912	972,789	4,035,899	4,780,005	27,795,321	38,053,734	38,378,926	325,192	36,749,199	36,862,547	113,347
Financial Treasury Bills	-	849,391	3,563,230	4,078,054	18,984,368	27,395,215	27,475,043	79,828	28,197,940	28,366,503	168,564
Federal Treasury Bills	-	7,501	13,606	110,118	2,995,398	3,092,735	3,126,623	33,888	33,616	33,598	(19)
Brazilian Central Bank Notes	-	-	-	-	-	-	-	-	172,656	169,560	(3,096)
Federal Treasury Notes	-	-	-	-	4,723,390	4,635,630	4,723,390	87,760	3,962,336	3,912,449	(49,887)
Federal Government securities – other	-	-	-	427,434	913,769	1,336,151	1,341,203	5,052	1,587,847	1,598,629	10,782
Debentures	-	-	-	-	141,635	142,889	141,635	(1,254)	194,313	194,614	301
Promissory Notes	-	-	-	-	-	-	-	-	-	-	-
Agricultural debt securities	-	-	61	435	5,930	7,749	6,426	(1,323)	16,769	14,367	(2,402)
Shares in investment funds	6,501	-	-	-	6,387	12,853	12,888	35	22,712	23,144	432
Shares in social development funds	1,314	-	-	-	-	10,321	1,314	(9,007)	10,321	481	(9,840)
Shares in listed companies	576,473	-	-	-	-	467,201	576,473	109,272	469,472	512,144	42,672
Shares in privately-held companies	3,016	-	-	-	-	2,749	3,016	267	2,749	2,986	237
Shares in equity funds	207,608	-	-	-	21,250	206,352	228,858	20,506	189,502	191,186	1,684
Rural Product Bills (Commodities)	-	115,752	459,002	163,964	3,194	741,744	741,912	168	1,887,513	1,842,171	(45,343)
Securities in special status company	-	-	-	-	-	-	-	-	808	-	(808)
Others	-	145	-	-	-	145	145	-	645	645	-
Abroad	44,712	3,269	317,358	87,392	1,878,998	2,116,916	2,331,729	214,813	1,837,981	1,952,547	114,566
EUROBONDS	-	-	-	-	-	-	-	-	19,765	19,602	(163)
Brazilian foreign debt securities	-	-	19,284	87,392	1,837,826	1,742,453	1,944,502	202,049	1,530,417	1,635,421	105,004
Foreign debt securities - other countries	-	3,269	175,661	-	41,172	220,131	220,102	(29)	215,483	214,937	(546)
Shares in equity funds	41,855	-	-	-	-	31,042	41,855	10,813	32,210	39,885	7,675
Shares in listed companies	2,857	-	-	-	-	922	2,857	1,935	977	2,896	1,919
Others	-	-	122,413	-	-	122,368	122,413	45	39,129	39,806	677
3 - Securities held to maturity	-	5,898	5,241,991	4,181,590	14,837,424	24,262,824	24,236,958	-	25,068,518	24,834,714	-
Domestic	-	627	4,983,122	4,180,020	14,351,581	23,591,416	23,515,350	-	24,348,993	24,055,623	-
Financial Treasury Bills	-	-	4,643,901	1,593,592	14,337,251	20,574,304	20,574,744	-	20,848,215	20,834,008	-
Federal Treasury Notes	-	-	-	2,585,894	14,330	2,676,700	2,600,224	-	2,475,811	2,196,897	-
Federal Government securities – other	-	-	336,590	-	-	336,580	336,590	-	1,013,465	1,013,484	-
Commodities	-	627	2,631	534	-	3,832	3,792	-	11,672	11,234	-
Others	-	-	-	-	-	-	-	-	-	-	-
Abroad	-	5,271	258,869	1,570	455,898	671,408	721,608	-	719,555	779,091	-
EUROBONDS	-	-	-	-	13,780	13,783	13,780	-	13,224	13,218	-
Brazilian foreign debt securities	-	-	243,946	1,392	442,033	687,175	687,371	-	684,989	744,509	-
Foreign debt securities - other countries	-	-	1	178	-	178	179	-	681	677	-
Others	-	5,271	14,922	-	85	20,272	20,278	-	20,661	20,687	-
Total	845,041	984,244	9,738,408	10,862,131	49,878,756	71,758,269	72,308,580	540,005	67,955,476	67,976,738	227,913

Maturity in days	03.31.2007 Market Value: With no Maturity	0-30	31-180	181-360	Over 360	03.31.2007 Total: Cost	Market Value	Unrealized gain (loss)	03.31.2006 Total: Cost	Market Value	Unrealized gain (loss)
Total by portfolio	845,041	984,244	9,738,408	10,862,131	49,878,756	71,758,269	72,308,580	540,005	67,955,476	67,976,738	227,913
a) Own portfolio	845,041	432,132	3,057,130	7,181,875	19,154,958	30,386,054	30,671,136	304,864	31,138,808	31,039,509	97,833
b) Subject to repurchase agreements	-	28,563	4,236,077	2,516,790	29,647,294	36,165,369	36,428,724	233,296	32,575,550	32,695,225	129,494
c) Deposits with the Brazilian Central Bank	-	523,549	1,513,972	1,150,404	936,344	4,124,145	4,124,269	123	3,770,687	3,771,453	497
d) Pledged in guarantee	-	-	931,229	13,062	140,160	1,082,701	1,084,451	1,722	470,422	470,551	89

Maturity in years	03.31.2007 Market Value: 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	03.31.2007 Total: Cost	Market Value	03.31.2006 Total: Cost	Market Value
Total by category	845,041	21,564,783	42,909,878	5,292,349	1,676,429	71,758,269	72,308,580	67,955,476	67,976,738
1 - Trading securities	5,417	1,958,592	4,997,118	399,839	-	7,324,765	7,360,967	4,299,778	4,326,928
2 - Securities available for sale	839,624	10,196,712	27,894,255	303,636	1,676,429	40,170,650	40,710,655	38,587,180	38,815,096
3 - Securities held to maturity	-	9,429,479	10,218,605	4,588,874	-	24,262,824	24,236,958	25,068,518	24,834,714

The portfolio after marking-to-market is as follows:

	03.31.2007	% of total portfolio	03.31.2006	% of total portfolio
Total by category	72,334,446	100%	68,210,542	100%
1 - Trading securities	7,360,967	10%	4,326,928	6%
2 - Securities available for sale	40,710,655	56%	38,815,096	57%
3 - Securities held to maturity	24,262,824	34%	25,068,518	37%

5.b) Derivative financial instruments

The Bank uses derivative financial instruments to manage, in a consolidated manner, its positions and to meet clients' needs, classifying own positions into Hedging (market risk) and Trading, both with limits of approval. This information is made available to the areas of pricing, trading, controls and calculation of results, which are segregated within the Bank .

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

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

The hedge strategy of the equity positions is in line with the macroeconomic analyses and is approved by management.

Risk analysis of the subsidiaries is individual and its control consolidated.
The Bank uses statistical methods and simulations to measure the risks of its positions, including derivatives, using models of values at risk sensibility and *stress* analysis.

Risks

The main risks inherent to derivative financial instruments resulting from the Bank's and its subsidiaries' business are credit, market and operating risks, all similar to those related to other types of financial instruments.

Market risk is the exposure created by a potential fluctuation in interest rates, exchange rates, quotations of goods, prices quoted on stock markets and other values, and is a function of the type of product, the volume of operations, the term and conditions of the contract and the underlying volatility.

Credit risk is the exposure to loss in the event of default by a counterparty to a transaction. The credit exposure in futures contracts is minimized due to daily settlement in cash. Swap contracts registered at CETIP and at BM&F are subject to credit risk if the counterparty is unable or unwilling to comply with his contractual liabilities. Total credit exposure in swaps at March 31, 2007 is R$ 1,575,937 thousand (R$ 1,095,638 thousand at March 31, 2006). The credit risk associated with options contracts is limited to the premiums paid on purchased options.

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

The tables below show the notional amounts, as cost or market value, and the respective net exposures in the balance sheet at March 31, 2007 for the derivative financial instruments classified in conformity with their classification as Trading or Hedge instruments.

NOTE 5 – Securities and Derivative Financial Instruments (cont.)

Trading derivatives (by index)

By index	Counter-part	BB-Domestic and Foreign Branches						BB-Consolidated					
		03.31.2007			03.31.2006			03.31.2007			03.31.2006		
		Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value
Exchange trading													
Forwards contracts													
Sales commitments		3,377,233	(2,393)	(2,456)	858,917	(52,435)	(52,482)	3,377,233	(2,393)	(2,456)	841,544	(52,435)	(52,472)
DI	B	1,753,628	4,914	4,914	–	2,082	2,082	1,753,628	4,914	4,914	–	2,082	2,082
Currencies	B	75,395	5,079	5,079	–	–	–	75,395	5,079	5,079	–	–	–
US dollar	B	–	–	–	–	(24,428)	(24,428)	–	–	–	–	(24,428)	(24,428)
Index	B	–	(106)	(106)	–	(49)	(49)	–	(106)	(106)	–	(49)	(49)
Foreign exchange coupon	B	292,311	(16,987)	(16,987)	343,041	(36,757)	(36,757)	292,311	(16,987)	(16,987)	343,041	(36,757)	(36,757)
Libor	IF	1,174,443	–	(63)	232,361	(1)	(48)	1,174,443	–	(63)	214,988	(1)	(38)
SCC	B	81,456	4,707	4,707	83,515	6,718	6,718	81,456	4,707	4,707	83,515	6,718	6,718
Sales commitments		2,694,309	11,718	11,362	5,360,905	(1,781)	814	2,694,309	11,718	11,362	5,360,905	(1,781)	814
DI	B	112,241	(1,218)	(1,218)	3,184,589	(24,755)	(24,755)	112,241	(1,218)	(1,218)	3,184,589	(24,755)	(24,755)
Currencies	B	407,929	7,212	7,212	–	–	–	407,929	7,212	7,212	–	–	–
US dollar	B	–	–	–	301,585	1,544	1,544	–	–	–	301,585	1,544	1,544
Index	B	–	(126)	(126)	–	(58)	(58)	–	(126)	(126)	–	(58)	(58)
Foreign exchange coupon	B	95,845	5,850	5,850	202,599	21,488	21,488	95,845	5,850	5,850	202,599	21,488	21,488
Libor	IF	2,078,294	–	(356)	1,672,132	–	2,395	2,078,294	–	(356)	1,672,132	–	2,395
Commodities	B	–	–	–	–	(1)	(1)	–	–	–	–	(1)	(1)
Fixed-term options													
Asset position		843,732	286,466	273,346	678,749	60,468	68,027	843,732	286,466	273,346	678,749	60,468	68,027
Security maturity		246,058	246,058	246,058	51,825	51,825	51,825	246,058	246,058	246,058	51,825	51,825	51,825
Currencies	B	597,674	40,408	27,288	626,924	8,643	16,202	597,674	40,408	27,288	626,924	8,643	16,202
Liability position		1,967,251	(467,464)	(383,265)	646,524	(97,852)	(83,411)	1,967,251	(467,464)	(383,265)	646,524	(97,852)	(83,411)
Security maturity		(246,058)	(246,058)	(246,058)	(51,825)	(51,825)	(51,825)	(246,058)	(246,058)	(246,058)	(51,825)	(51,825)	(51,825)
Currencies	B	2,213,309	(221,406)	(137,207)	698,349	(46,027)	(31,586)	2,213,309	(221,406)	(137,207)	698,349	(46,027)	(31,586)
Options market													
Purchase options		=	=	=	8,696	87	87	10,158	1,080	336	10,439	152	147
Financial assets & derivatives	C	–	–	–	8,696	87	87	10,158	1,080	336	10,439	152	147
Sales options		(576,686)	(1,206,991)	(1,218,735)	(370,787)	(816,028)	(823,012)	(566,528)	(1,209,071)	(1,220,071)	(369,044)	(816,093)	(823,073)
Shares	B	(576,686)	(1,206,991)	(1,219,735)	(379,483)	(815,941)	(822,925)	(576,686)	(1,206,991)	(1,219,735)	(379,483)	(815,941)	(822,925)
Financial assets & derivatives	IF	–	–	–	8,696	(87)	(87)	10,158	(1,080)	(336)	10,439	(152)	(148)
Over-the-counter trading													
Swap contracts													
Asset position		8,101,841	718,385	718,918	2,072,495	292,044	336,574	8,092,788	718,382	718,654	2,001,703	292,156	336,207
DI	C	3,788,729	436,061	400,081	1,523,306	266,899	289,593	3,788,729	436,061	400,081	1,523,305	266,899	289,593
	IF	3,404,140	238,087	232,439	–	–	–	3,404,140	238,087	232,439	–	–	–
Foreign currency	C	61,228	1,770	1,880	36,071	701	177	61,228	1,770	1,880	36,071	701	177
	IF	147,084	19,909	60,004	77,548	20,194	40,955	147,084	19,909	60,004	77,548	20,194	40,955
Prefixed	C	691,607	22,835	24,250	435,570	4,250	5,849	691,607	22,835	24,250	364,779	4,362	5,482
IPCA	C	9,053	23	264	–	–	–	–	–	–	–	–	–
Liability position		20,872,037	(346,491)	(347,953)	15,742,292	(528,524)	(529,800)	20,872,037	(346,491)	(347,953)	15,742,292	(528,524)	(529,800)
DI	C	17,049,819	(204,567)	(204,438)	12,031,117	(379,043)	(379,375)	17,049,819	(204,567)	(204,438)	12,031,117	(379,043)	(379,375)
	IF	1,612,775	(78,353)	(72,012)	605,856	(46,669)	(53,841)	1,612,775	(78,353)	(72,012)	605,856	(46,669)	(53,841)
Foreign currency	C	320,952	4,397	(6,421)	546,212	(14,475)	(7,394)	320,952	4,397	(6,421)	546,212	(14,475)	(7,394)
	IF	214,792	(20,615)	(18,670)	1,710	(1,140)	(1,140)	214,792	(20,615)	(18,670)	1,710	(1,140)	(1,140)
Prefixed	C	438,188	(18,697)	(17,756)	77,422	(999)	(1,852)	438,188	(18,697)	(17,756)	77,422	(999)	(1,852)
TMS	C	853,438	(19,954)	(19,954)	2,151,074	(77,058)	(77,058)	853,438	(19,954)	(19,954)	2,151,074	(77,058)	(77,058)
TR	C	382,073	(8,702)	(8,702)	328,901	(9,140)	(9,140)	382,073	(8,702)	(8,702)	328,901	(9,140)	(9,140)
Forward contracts													
Asset position		2,358,089	12,207	23,169	1,874,052	2,427	16,348	2,358,042	12,207	23,169	1,874,025	2,427	16,348
Foreign currency	IF	1,415,273	12,056	23,018	920,720	1,521	15,442	1,415,226	12,056	23,018	920,693	1,521	15,442
Others	–	942,816	151	151	953,332	906	906	942,816	151	151	953,332	906	906
Liability position		1,091,060	(3,444)	(18,645)	1,220,797	(5,847)	(10,967)	1,002,492	(3,875)	(17,646)	1,128,198	(3,848)	(9,467)
Foreign currency	IF	777,772	(2,416)	(17,617)	786,477	(5,843)	(10,963)	689,204	(2,847)	(16,618)	693,878	(3,844)	(9,463)
Others	–	313,288	(1,028)	(1,028)	434,320	(4)	(4)	313,288	(1,028)	(1,028)	434,320	(4)	(4)

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

NOTE 5 – Securities and Derivative Financial Instruments

Trading derivatives (by maturity)

By maturity	BB-Domestic and Foreign Branches						BB-Consolidated					
	03.31.2007			03.31.2006			03.31.2007			03.31.2006		
	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value	Notional Amount	Cost	Market Value
Forwards contracts												
Sales commitments	3,377,233	-	-	658,917	-	-	3,377,233	-	-	841,544	-	-
Up to 30 days	548,367	-	-	6,513	-	-	548,367	-	-	6,513	-	-
31 to 60 days	-	-	-	21,568	-	-	-	-	-	21,568	-	-
61 to 90 days	324,722	-	-	82,520	-	-	324,722	-	-	82,520	-	-
91 to 180 days	574,785	-	-	69,491	-	-	574,785	-	-	69,491	-	-
181 to 360 days	752,995	-	-	91,757	-	-	752,995	-	-	91,757	-	-
1 to 5 years	1,176,364	-	-	369,095	-	-	1,176,364	-	-	369,095	-	-
Over 5 years	-	-	-	17,373	-	-	-	-	-	-	-	-
Sales commitments	2,694,309	-	-	5,360,905	-	-	2,694,309	-	-	5,360,905	-	-
31 to 60 days	376,157	-	-	301,585	-	-	376,157	-	-	301,585	-	-
61 to 90 days	-	-	-	173,729	-	-	-	-	-	173,729	-	-
91 to 180 days	608,731	-	-	907,190	-	-	608,731	-	-	907,190	-	-
181 to 360 days	435,797	-	-	1,120,506	-	-	435,797	-	-	1,120,506	-	-
1 to 5 years	1,265,426	-	-	2,705,883	-	-	1,265,426	-	-	2,705,883	-	-
Over 5 years	8,198	-	-	152,012	-	-	8,198	-	-	152,012	-	-
Fixed-term options												
Security maturity												
Asset position	246,058	246,058	246,058	51,825	51,825	51,825	246,058	246,058	246,058	51,825	51,825	51,825
Up to 30 days	246,058	246,058	246,058	51,825	51,825	51,825	246,058	246,058	246,058	51,825	51,825	51,825
Liability position	(246,058)	(246,058)	(246,058)	(51,825)	(51,825)	(51,825)	(246,058)	(246,058)	(246,058)	(51,825)	(51,825)	(51,825)
Up to 30 days	(246,058)	(246,058)	(246,058)	(51,825)	(51,825)	(51,825)	(246,058)	(246,058)	(246,058)	(51,825)	(51,825)	(51,825)
Currency maturity												
Asset position	597,674	40,408	27,288	626,924	8,643	16,202	597,674	40,408	27,288	626,924	8,643	16,202
Up to 30 days	153,518	5,092	4,555	340,933	2,278	2,677	153,518	5,092	4,555	340,933	2,278	2,677
31 to 60 days	29,926	1,181	1,124	41,229	735	773	29,926	1,181	1,124	41,229	735	773
61 to 90 days	84,699	3,763	2,562	11,465	322	367	84,699	3,763	2,562	11,465	322	367
91 to 180 days	135,463	9,147	5,947	50,920	8,527	7,917	135,463	9,147	5,947	50,920	8,527	7,917
181 to 360 days	190,922	20,680	12,880	163,480	(2,827)	3,782	190,922	20,680	12,880	163,480	(2,827)	3,782
1 to 5 years	3,146	545	220	18,897	(392)	686	3,146	545	220	18,897	(392)	686
Liability position	2,213,309	(221,406)	(137,207)	698,349	(46,027)	(31,586)	2,213,309	(221,406)	(137,207)	698,349	(46,027)	(31,586)
Up to 30 days	225,585	(11,046)	(9,944)	177,631	(6,355)	(5,774)	225,585	(11,046)	(9,944)	177,631	(6,355)	(5,774)
31 to 60 days	118,990	(7,263)	(6,732)	68,625	(3,362)	(3,419)	118,990	(7,263)	(6,732)	68,625	(3,362)	(3,419)
61 to 90 days	136,705	(10,981)	(9,984)	73,391	(4,797)	(4,212)	136,705	(10,981)	(9,984)	73,391	(4,797)	(4,212)
91 to 180 days	554,587	(52,397)	(38,671)	199,472	(13,253)	(9,530)	554,587	(52,397)	(38,671)	199,472	(13,253)	(9,530)
181 to 360 days	773,639	(77,165)	(43,419)	163,500	(15,717)	(6,959)	773,639	(77,165)	(43,419)	163,500	(15,717)	(6,959)
1 to 5 years	403,803	(62,554)	(28,457)	15,730	(2,543)	(1,692)	403,803	(62,554)	(28,457)	15,730	(2,543)	(1,692)
Options market												
Purchase options												
Shares	-	-	-	8,696	87	87	10,158	1,089	336	10,439	152	147
Up to 30 days	-	-	-	8,696	87	87	8,810	346	13	9,650	132	120
31 to 60 days	-	-	-	-	-	-	2,503	117	60	-	-	-
91 to 180 days	-	-	-	-	-	-	677	604	250	203	17	11
181 to 360 days	-	-	-	-	-	-	168	13	13	586	3	16
Sales options												
Shares	(576,688)	(1,208,991)	(1,219,735)	(370,787)	(816,028)	(823,012)	(566,528)	(1,208,071)	(1,220,071)	(369,044)	(816,093)	(823,073)
Up to 30 days	(372,623)	(780,615)	(786,347)	(84,627)	(203,148)	(205,393)	(365,813)	(780,961)	(786,360)	(83,673)	(203,193)	(205,426)
31 to 60 days	(52,401)	(108,554)	(108,868)	(48,740)	(107,975)	(109,114)	(49,808)	(108,671)	(108,928)	(48,740)	(107,975)	(109,114)
61 to 90 days	(125,332)	(261,572)	(263,936)	-	-	-	(125,332)	(261,572)	(263,936)	-	-	-
91 to 180 days	(10,434)	(22,250)	(22,654)	(235,100)	(499,905)	(503,488)	(9,757)	(22,854)	(22,904)	(234,897)	(499,922)	(503,499)
181 to 360 days	-	-	-	(2,320)	(5,000)	(5,017)	168	(13)	(13)	(1,734)	(5,003)	(5,034)
1 to 5 years	(15,896)	(34,000)	(37,930)	-	-	-	(15,896)	(34,000)	(37,930)	-	-	-
Swap contracts												
Asset	8,101,641	716,385	718,918	2,072,495	292,044	336,574	8,092,788	716,362	718,654	2,001,703	292,156	336,207
Up to 30 days	646,615	51,439	49,980	556,134	50,015	59,490	646,615	51,439	49,980	556,134	50,015	59,490
31 to 60 days	435,177	28,724	28,481	268,029	3,502	5,533	435,177	28,724	28,481	268,029	3,502	5,533
61 to 90 days	748,272	40,802	39,514	121,698	12,310	13,931	748,272	40,802	39,514	121,698	12,310	13,931
91 to 180 days	2,022,418	259,796	258,590	77,085	6,280	7,460	2,022,418	259,796	258,590	77,085	6,280	7,460
181 to 360 days	1,982,124	183,352	214,739	448,852	27,711	30,328	1,982,124	183,352	214,739	378,060	27,823	29,961
1 to 5 years	2,257,235	153,575	127,406	600,697	192,226	219,832	2,248,182	153,552	127,142	600,697	192,226	219,832
5 to 10 years	10,000	697	208	-	-	-	10,000	697	208	-	-	-
Liability	20,872,037	(346,491)	(347,953)	15,742,292	(528,524)	(529,800)	20,872,037	(346,491)	(347,953)	15,742,292	(528,524)	(529,800)
Up to 30 days	792,914	(32,392)	(31,184)	657,525	(31,869)	(34,089)	792,914	(32,392)	(31,184)	657,525	(31,869)	(34,089)
31 to 60 days	7,055,400	(41,075)	(40,467)	400,395	(17,672)	(16,718)	7,055,400	(41,075)	(40,467)	400,395	(17,672)	(16,718)
61 to 90 days	771,735	(20,150)	(19,312)	391,241	(39,782)	(40,223)	771,735	(20,150)	(19,312)	391,241	(39,782)	(40,223)
91 to 180 days	1,869,882	(66,267)	(65,511)	7,235,137	(253,704)	(251,556)	1,869,882	(66,267)	(65,511)	7,235,137	(253,704)	(251,556)
181 to 360 days	3,206,356	(63,234)	(64,641)	2,461,259	(76,887)	(77,866)	3,206,356	(63,234)	(64,641)	2,461,259	(76,887)	(77,866)
1 to 5 years	7,175,750	(123,373)	(126,838)	4,596,735	(108,610)	(109,348)	7,175,750	(123,373)	(126,838)	4,596,735	(108,610)	(109,348)
Forward contracts												
Asset	2,358,089	12,207	23,169	1,874,052	2,427	16,348	2,358,042	12,207	23,169	1,874,025	2,427	16,348
Up to 30 days	426,609	4,577	5,625	535,162	1,608	3,839	426,591	4,577	5,625	535,162	1,608	3,839
31 to 60 days	951,326	1,256	2,518	202,905	2,080	3,968	951,299	1,256	2,518	202,885	2,080	3,968
61 to 90 days	154,661	2,027	3,040	370,279	794	2,791	154,658	2,027	3,040	370,272	794	2,791
91 to 180 days	665,068	2,885	9,710	472,251	157	4,163	665,068	2,885	9,710	472,251	157	4,163
181 to 360 days	109,124	1,968	2,196	291,705	(2,192)	1,567	109,124	1,968	2,196	291,705	(2,192)	1,567
1 to 5 years	51,301	(506)	80	1,750	(20)	20	51,302	(506)	80	1,750	(20)	20
Liability	1,091,060	(3,444)	(16,645)	1,220,797	(5,847)	(10,967)	1,002,492	(3,875)	(17,646)	1,128,198	(3,848)	(9,467)
Up to 30 days	563,501	(707)	(6,613)	888,015	66	(2,582)	516,863	(989)	(5,931)	802,476	873	(2,068)
31 to 60 days	302,023	(2,340)	(11,257)	113,933	(1,033)	(1,564)	266,427	(2,362)	(11,238)	113,902	(1,033)	(1,564)
61 to 90 days	126,925	(163)	(119)	14,478	(351)	(1,194)	126,898	(163)	(119)	14,461	(351)	(1,194)
91 to 180 days	65,782	(228)	(221)	47,678	(803)	(1,401)	65,612	(241)	(211)	47,589	(801)	(1,401)
181 to 360 days	27,731	(52)	(208)	124,947	(91)	(812)	26,692	(120)	(147)	124,766	(83)	(811)
1 to 5 years	2,905	80	(136)	27,837	(2,785)	(2,438)	-	-	-	25,004	(2,453)	(2,409)
5 to 10 years	2193	(34)	(91)	3,909	(850)	(976)	-	-	-	-	-	-

The margin given as guarantee for transactions with derivative financial instruments is comprised of Financial Treasury Bills (LFT), NTN-B and pledged TDA, amounting to R$ 1,084,451thousand (R$ 470,551 thousand at March 31, 2006).

5.c) Adjustment to market value - securities and derivatives

The mark-to-market accounting requirement established by the Central Bank (Bacen) Circulars Letters 3068/2001 and 3082/2002 for securities registered in category 1 and later regulations resulted in the following income and expense being recognized in the period:

	BB-Consolidated	
	1st quarter/2007	1st quarter/2006
Securities	(5,171)	8,697
Derivatives	59,811	21,931
Total	54,640	30,628

NOTE 6 – Loan and Lease Operations

6.a) Details of the loan portfolio and loan operations with loan characteristics classified as "Other receivables":

	BB - Domestic and Foreign branches		BB-Consolidated	
	03.31.2007	03.31.2006	03.31.2007	03.31.2006
Loan operations	118,687,610	87,777,643	120,019,691	88,306,162
Loans and bills discounted	49,761,978	36,884,364	50,019,751	37,142,233
Financing	33,596,354	21,144,453	34,817,891	21,591,725
Rural and agribusiness financing	44,050,089	36,898,815	44,050,089	36,898,815
Financing of securities	436	406	–	–
(Allowance for loan losses)	(8,721,247)	(7,150,395)	(8,868,040)	(7,326,611)
Other receivables with Loan characteristics	10,234,624	8,811,591	11,189,960	9,459,757
Receivables from guarantees honored	53,448	156,430	53,448	156,430
Advances on foreign exchange contracts	8,134,309	6,834,853	8,134,309	6,834,853
Sundry	2,288,858	2,200,245	3,244,227	2,848,788
(Provision for other losses)	(241,991)	(379,937)	(242,024)	(380,314)
Lease operations	11,398	22,990	44,680	29,774
Lease operations	11,405	23,488	67,742	54,088
(Allowance for lease losses)	(7)	(498)	(23,062)	(24,314)
Total	128,933,632	96,612,224	131,254,331	97,795,693

6.b) Details of the loan portfolio by sector, including operations with loan characteristics classified as "Other receivables":

	BB-Domestic and Foreign Branches				BB-Consolidated			
	03.31.2007	%	03.31.2006	%	03.31.2007	%	03.31.2006	%
PUBLIC SECTOR	3,102,539	2.3	3,448,764	3.5	3,134,027	2.2	3,476,346	3.5
Domestic	546,087	0.4	446,462	0.5	546,087	0.4	446,462	0.5
Government	289,863	0.2	206,009	0.2	289,863	0.2	206,009	0.2
Direct administration	258,509	0.2	185,795	0.2	258,509	0.2	185,795	0.2
Indirect administration	31,354	--	20,214	--	31,354	--	20,214	--
Business entities	256,224	0.2	240,453	0.3	256,224	0.2	240,453	0.3
Industry	175,013	0.1	152,932	0.2	175,013	0.1	152,932	0.2
Financial services	67,499	0.1	68,765	0.1	67,499	0.1	68,765	0.1
Other services	13,712	--	18,756	--	13,712	--	18,756	--
Abroad	2,556,452	1.9	3,002,302	3.0	2,587,940	1.8	3,029,884	3.0
Business entities	2,556,452	1.9	3,002,302	3.0	2,587,940	1.8	3,029,884	3.0
Industry	46,426	--	165,541	0.2	62,658	--	354,453	0.3
Other banks	29,118	--	--	--	29,118	--	--	--
Other services	2,480,908	1.8	2,836,761	2.8	2,496,164	1.8	2,675,431	2.7

PRIVATE SECTOR	134,794,338	97.8	100,694,290	96.5	137,253,430	97.8	102,050,586	96.5
Domestic	126,556,735	91.8	95,539,926	91.7	127,523,843	90.9	96,208,471	91.2
Rural	39,484,233	28.6	34,242,246	32.9	39,484,233	28.1	34,242,246	32.5
Industry	35,558,339	25.8	22,580,067	21.7	35,935,171	25.6	22,819,684	21.6
Commerce	13,880,683	10.1	11,311,333	10.9	14,117,271	10.1	11,486,876	10.9
Financial services	34	--	194	--	34	--	194	--
Other services	13,867,772	10.1	9,666,926	9.3	14,146,344	10.1	9,794,843	9.3
Private Individuals	23,765,674	17.2	17,739,159	16.9	23,840,790	17.0	17,864,628	16.9
Abroad	8,237,603	6.0	5,154,363	4.8	9,729,587	6.9	5,842,115	5.3
BB Group	23,499	--	38,300	--	27,259	--	12,321	--
Commerce	1,033,414	0.7	595,271	0.5	1,098,817	0.8	667,782	0.6
Industry	5,751,809	4.2	3,762,037	3.5	6,954,221	5.0	4,243,438	3.8
Other companies	61,262	--	70,986	0.1	61,262	--	70,986	0.1
Other banks	1,084,895	0.8	503,402	0.5	1,136,216	0.8	504,343	0.5
Private Individuals	6,332	--	8,237	--	6,391	--	8,326	--
Other services	276,392	0.2	176,130	0.2	445,421	0.3	334,919	0.3
Total	137,896,877	100.0	104,143,054	100.0	140,387,457	100.0	105,526,932	100.0

6.c) Details of the loan portfolio by risk level and maturity, including operations with loan characteristics classified as "Other receivables":

BB-Domestic and Foreign Branches
Loans falling due

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Above de 360	Total portfolio	%	Total portfolio	%
								03.31.2007		03.31.2006	
AA	1,756,049	991,180	2,235,599	2,824,577	5,662,032	6,771,723	15,965,448	36,206,608	28%	17,695,209	18%
A	652,860	630,679	1,506,016	1,425,403	3,473,673	6,460,136	15,433,024	29,581,793	23%	27,735,526	29%
B	877,299	421,247	1,056,443	1,208,384	3,018,640	8,038,708	27,623,674	42,244,394	32%	31,418,464	33%
C	379,329	101,741	310,002	321,750	873,040	2,197,121	11,364,264	15,547,247	12%	15,146,657	15%
D	71,760	27,432	64,445	73,463	186,365	607,893	3,288,611	4,319,970	3%	3,250,744	3%
E	19,406	35,862	15,860	15,722	45,372	175,114	1,208,215	1,515,552	1%	716,118	1%
F	3,238	539	2,526	2,305	8,649	15,432	283,671	316,360	--	256,171	--
G	2,559	604	1,284	1,591	9,990	12,454	443,190	471,671	--	401,718	--
H	16,480	3,874	7,556	12,046	33,784	55,098	1,591,152	1,719,990	1%	1,136,429	1%
Total	3,778,980	2,213,159	5,199,730	5,885,242	13,311,545	24,333,680	77,201,249	131,923,585	100%	97,757,036	100%

BB-Domestic and Foreign Branches
Loans overdue

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio	%	Total portfolio	%
								03.31.2007		03.31.2006	
B	22,670	535,328	30,606	4,025	3,527	449	--	596,605	10%	401,062	6%
C	16,499	392,011	461,049	32,044	18,402	--	86	920,092	15%	881,840	14%
D	2,673	100,168	129,463	298,976	60,523	360	210	592,372	10%	671,518	11%
E	1,114	55,569	58,653	75,915	271,269	39,989	--	502,509	8%	559,211	9%
F	406	22,334	26,456	22,983	265,028	47,678	--	384,886	6%	419,616	7%
G	358	15,354	14,982	18,549	314,805	112,250	37,457	513,755	9%	432,197	7%
H	2,003	93,217	85,999	83,015	329,661	1,556,804	312,374	2,463,073	42%	3,020,574	46%
Total	45,723	1,213,982	807,208	535,508	1,263,214	1,757,531	350,127	5,973,292	100%	6,386,018	100%

BB-Consolidated
Loans falling due

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Above de 360	Total portfolio	%	Total portfolio	%
								03.31.2007		03.31.2006	
AA	1,774,694	1,018,531	2,249,266	2,853,542	5,729,032	6,855,409	16,852,824	37,333,297	28%	17,814,921	18%
A	661,080	636,124	1,518,064	1,436,599	3,507,501	6,518,454	15,806,759	30,084,583	23%	28,324,150	29%
B	890,784	430,005	1,074,783	1,226,285	3,066,661	8,125,090	28,022,580	42,836,187	32%	31,737,839	32%
C	380,781	102,851	313,409	326,403	890,858	2,213,800	11,394,081	15,622,183	12%	15,239,991	16%
D	72,603	28,315	66,058	75,042	190,469	615,129	3,299,168	4,346,785	3%	3,306,866	3%
E	19,667	36,294	16,482	16,416	48,259	178,114	1,209,089	1,524,322	1%	731,881	1%
F	3,583	697	2,848	2,597	9,214	15,869	283,988	318,796	--	257,443	--
G	2,621	623	1,344	1,652	10,172	12,705	443,507	472,623	--	402,519	--
H	18,394	4,063	8,035	12,516	35,073	57,000	1,705,893	1,840,974	1%	1,276,993	1%
Total	3,824,207	2,257,504	5,250,288	5,951,053	13,487,239	24,591,571	79,017,889	134,379,751	100%	99,092,603	100%

BB-Consolidated
Loans overdue

Risk Level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio 03.31.2007	%	Total portfolio 03.31.2006	%
B	22,673	535,431	30,610	4,025	3,527	449	–	596,715	10%	401,154	6%
C	16,709	396,215	461,126	32,045	18,402	–	86	924,584	15%	887,466	14%
D	2,678	100,298	134,082	299,007	60,523	360	210	597,157	10%	678,855	11%
E	1,117	55,632	58,798	78,419	271,311	39,989	–	505,266	8%	563,771	9%
F	414	22,491	26,629	23,092	267,204	47,678	–	387,509	6%	423,875	7%
G	358	15,397	15,042	18,608	316,888	112,250	37,457	516,000	9%	435,941	7%
H	2,008	93,573	86,553	83,500	333,058	1,569,408	312,375	2,480,475	42%	3,043,267	46%
Total	45,957	1,219,038	812,840	538,697	1,270,912	1,770,135	350,128	6,007,706	100%	6,434,329	100%

6.d) Details of the allowance for loan losses by risk level, including operations with loan characteristics classified as "Other receivables":

BB-Domestic and Foreign Branches

Risk Level	% Allowance	Balance 03.31.2007	Allowance 03.31.2007	Balance 03.31.2006	Allowance 03.31.2006
AA	0	36,206,608	–	17,695,209	–
A	0.5	29,581,792	147,909	27,735,526	138,678
B	1	42,840,998	428,410	31,819,526	318,195
C	3	16,467,339	494,020	16,028,497	480,855
D	10	4,912,343	491,234	3,922,262	392,226
E	30	2,018,061	605,418	1,275,329	382,599
F	50	701,246	350,623	675,787	337,893
G	70	985,426	689,798	833,915	583,740
H	100	4,183,064	4,183,064	4,157,003	4,157,003
Subtotal		137,896,877	7,390,476	104,143,054	6,791,189
Additional allowance foreign (*)		–	17,352	–	29,729
Additional allowance domestic (**)		–	1,555,417	–	709,912
Total		137,896,877	8,963,245	104,143,054	7,530,830

BB-Consolidated

Risk Level	% Allowance	Balance 03.31.2007	Allowance 03.31.2007	Balance 03.31.2006	Allowance 03.31.2006
AA	0	37,333,297	–	17,814,921	–
A	0.5	30,084,584	150,423	28,324,150	141,621
B	1	43,432,902	434,329	32,138,993	321,390
C	3	16,546,766	496,403	16,127,457	483,824
D	10	4,943,943	494,394	3,985,721	398,572
E	30	2,029,588	608,876	1,295,652	388,695
F	50	706,305	353,153	681,318	340,659
G	70	988,622	692,036	838,460	586,922
H	100	4,321,450	4,321,450	4,320,260	4,320,260
Subtotal		140,387,457	7,551,064	105,526,932	6,981,943
Additional allowance foreign (*)		–	26,637	–	39,234
Additional allowance domestic(**)		–	1,555,425	–	710,062
Total		140,387,457	9,133,126	105,526,054	7,731,239

(*) Additional allowance required by local legislation.

(**) Includes the installment of R$ 1,400 million with the purpose of prudently reflecting the risks that exist in the portfolio, and also the installment of R$ 51 million of charges on operations classified at Proagro, pending recovery by Central Bank.

6.e) Changes in the allowance for loan and lease losses and for operations with loan characteristics classified as "Other receivables":

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Opening balance	8,449,027	6,484,244	8,634,714	6,691,651
Provision/(reversal)	1,425,723	1,830,297	1,430,419	1,844,594
Exchange variation on allowances - foreign	(627)	(5,544)	(6,020)	(16,534)
Loans written off	(910,878)	(778,167)	(925,987)	(788,472)
Closing balance	8,963,245	7,530,830	9,133,126	7,731,239

6.f) Changes in the provision for loss on other receivables without loan characteristics:

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Opening balance	3,459,814	2,569,412	3,472,393	2,579,850
Provision/(reversal)	192,044	226,187	190,308	226,225
Exchange variation on allowances - foreign	(136)	384	(136)	384
Loans written off	(521)	(91)	(521)	(493)
Closing balance	3,651,201	2,795,892	3,662,044	2,805,966

6.g) Supplementary information:

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Renegotiated loans	2,121,849	1,363,739	2,135,728	1,363,739
Recoveries of loans written off (*)	341,467	296,181	345,761	296,632

(*) Recorded in Revenue from Loans (see income statement), pursuant to CMN Resolution 2,836, of 5.30.2001. Of this total, in the first quarter of 2007, R$ 16,351 thousand (book value - 3,511 thousand) refer to loans to individuals and corporate entities. In the first quarter/2006, these amounts reached R$ 4,346 thousand (book value - R$ 13,665 thousand).

NOTE 7 – Other Receivables

7.a) Foreign exchange portfolio

	Current and long-term	
	BB-Domestic and Foreign Branches and BB-Consolidated	
	03.31.2007	03.31.2006
Forward foreign exchange purchases pending settlement	11,690,618	7,970,887
Bills of exchange and time drafts in foreign currency	88,937	87,995
Receivables from sales of foreign exchange	11,651,652	9,553,210
Advances received	(8,473,544)	(8,588,013)
Foreign currency receivables	22,454	14,123
Income receivable on advances granted	135,594	91,612
Income receivable on financed imports	23	9
Total	15,115,734	9,129,823

7.b) Specific credits

These are credits from the Federal Treasury of R$ 700,168 thousand (R$ 626,859 thousand at March 31, 2006) for the –extension of terms of rural financing– as determined by Law 9138/1995.

7.c) Sundry

	Current and long-term			
	BB - Domestic and Foreign branches		BB-Consolidated	
	03.31.2007	03.31.2006	03.31.2007	03.31.2006
Salary and other advances	146,817	229,600	146,837	229,656
Accounts receivable - Federal Treasury	260,669	344,577	260,669	344,577
Accounts receivable - credit card operations	1,813,630	1,494,393	1,813,630	1,494,393
Accounts receivable – other	772,283	404,870	809,458	413,516
Tax credits (Note 19)	8,523,300	8,808,858	8,641,666	8,905,447
Sundry debtors – foreign	17,732	19,560	18,180	19,667
Sundry debtors – domestic *	5,443,775	4,723,427	5,446,366	4,696,981
Receivables from guarantee deposits **	14,063,981	12,193,775	14,129,305	12,251,207
Income tax and social contribution on net income to offset	688,138	816,466	702,241	831,170
Receivables from sale of assets and rights	398,348	459,419	398,348	460,722
Other	416,061	234,595	244,266	187,062
Total	32,544,734	29,729,540	32,610,966	29,834,398

(*) Includes the net amount of R$ 2,555,846 thousand equivalent to the total of the "Actuarial Asset CVM No. 371" and of the "Actuarial Asset relating to the 1997 Contract" (R$ 3,865,470 at March 31, 2006, relating to the sum of "Actuarial Asset relating to the 1997 Contract" and of "Actuarial Asset CVM No. 371", as shown in Note 24.e.

(**) Includes R$ 11,767,963 thousand (R$ 10,184,935 thousand at March 31, 2006) relating to Filing Appeals of Tax Claims (Note 18.d), R$ 1,552,562 thousand (R$ 1,404,727 thousand at March 31, 2006) relating to Filing Appeals of Labor Claims and R$ 737,905 thousand (R$ 596,638 thousand at March 31, 2006) relating to Other Appeals, related to the Bank.

NOTE 8 – Other Assets

	Current and long-term			
	BB - Domestic and Foreign branches		BB-Consolidated	
	03.31.2007	03.31.2006	03.31.2007	03.31.2006
Non-operating assets	246,480	275,333	264,967	282,036
Supply materials	23,607	28,082	23,607	28,082
Total	270,087	303,415	288,574	310,118

NOTE 09 - Property and equipment and leased assets

	BB-Consolidated				
	Annual depreciation rate (by group)	03.31.2006 Residual Cost	Changes	03.31.2007 Depreciation	Closing bala
Property and equipment		3,014,610	(1,936)	(230,275)	2,782,399
Furniture and equipment in stock	--	9,346	28,368	--	37,714
Constructions in progress	--	267,641	(171,166)	--	96,475
Land	--	179,369	(4,401)	--	174,968
Buildings	4%	932,672	72,204	(44,960)	959,916
Facilities	10%	211,927	24,526	(38,043)	198,410
Furniture and equipment in use	10%	320,152	42,470	(45,966)	316,656
Communication systems	10%	71,033	5,496	(9,844)	66,685
Data processing systems	20%	927,413	(6,983)	(75,941)	844,489
Security systems	10%	94,444	8,437	(16,015)	86,866
Transportation systems	20%	613	(889)	495	220
Leased assets		894,927	560,640	(150,072)	1,305,495
Total		3,909,537	558,704	(380,347)	4,087,894

The ratio of formation of fixed assets in relation to the equity of reference is 14.21% (16.97% at March 31, 2006), observing the limit of 50%.

NOTE 10 – Deposits

	Current and long-term			
	BB - Domestic and Foreign branches		BB-Consolidated	
	03.31.2007	03.31.2006	03.31.2007	03.31.2006
Demand deposits	35,550,699	31,815,890	35,588,302	31,877,536
Related companies	526,649	864,026	526,649	864,026
Individuals	12,789,041	10,144,762	12,797,754	10,151,305
Corporate entities	12,531,924	10,930,343	12,568,521	10,983,656
Financial institutions	220,252	146,908	211,763	147,839
Government	2,478,300	2,002,947	2,478,300	2,002,947
Federal Treasury	308,642	275,689	308,643	275,689
Domiciled abroad	27,473	11,386	27,061	11,298
Restricted	4,200,568	4,168,585	4,201,761	4,169,532
In foreign currency	2,433,482	3,257,036	2,433,482	3,257,036
Others	34,368	14,208	34,368	14,208
Savings deposits	38,942,074	32,975,353	38,942,074	32,975,353
Individuals	36,632,375	30,979,695	36,632,375	30,979,695
Corporate entities	1,889,931	1,617,920	1,889,931	1,617,920
Related companies	414,278	375,351	414,278	375,351
Financial institutions	5,490	2,387	5,490	2,387
Interbank deposits	6,987,624	9,396,940	5,025,723	5,261,900
Time deposits	80,700,963	68,886,756	80,859,879	68,948,386
Time deposits	35,887,005	33,609,130	36,045,921	33,670,760
Time deposits in foreign currency	1,671	46	1,671	46
Time deposits with automatic renewal	164,510	182,735	164,510	182,735
Remunerated judicial deposits	25,473,081	21,699,675	25,473,081	21,699,675
Special deposits relating to funds and programs (Note 14.c)	19,174,696	13,395,170	19,174,696	13,395,170
Deposits for investments	247,456	131,388	247,456	131,388
Total	162,428,816	143,206,327	160,663,434	139,194,563

NOTE 11– Borrowings - Foreign Borrowings

	BB-Domestic and Foreign Branches						
	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 03.31.2007	Total 03.31.2006
Exports	106,538	37,490	--	--	--	144,028	230,049
Imports	78,452	159,123	111,590	38,155	2,922	390,242	283,356
Banks	1,307,041	--	--	--	--	1,307,041	181,826
Onlend to the public sector	248,257	132,545	530,180	--	1,364,712	2,275,694	2,802,006
Borrowings from BB Group companies abroad	619,505	182,128	361,390	--	--	1,163,023	3,830,891
Borrowings by BB Group companies abroad	153,942	596,376	--	--	--	750,318	892,191
Total	2,513,735	1,107,662	1,003,160	38,155	1,367,634	6,030,346	8,220,319

	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 03.31.2007	Total 03.31.2006
Imports	35,176	92,747	103,362	34,230	--	265,515	165,537
Banks	1,307,041	--	--	--	--	1,307,041	181,826
Onlend to the public sector	248,257	132,545	530,180	--	1,364,712	2,275,694	2,802,006
Borrowings by BB Group companies abroad	135,617	589,898	--	--	--	725,515	881,341
Total	1,726,091	815,190	633,542	34,230	1,364,712	4,573,765	4,030,710

Banco do Brasil S.A. policy in respect of its foreign borrowings is to seek the lowest possible cost for the maturity, type of instrument, and its balance sheet profile. The Bank uses the Libor and US Treasury rates, respectively, as references for its financial and capital transactions, constantly monitoring rates in the various markets.

NOTE 12– Domestic Onlending – Official Institutions

Programs	Financial charges	BB- Domestic and Foreign branches		BB- Consolidated	
		03.31.2007	03.31.2006	03.31.2007	03.31.2006
Federal Treasury		3,077,172	4,053,193	3,077,172	4,053,193
Rural credit		3,077,172	4,053,193	3,077,172	4,053,193
Farming/livestock breeding	TR or 9% p.a.	39,522	38,698	39,522	38,698
Cocoa	TJLP + 0.6% p.a. or 6.35% p.a.	43,929	41,393	43,929	41,393
Pronaf	TMS (available) or 1.0% p.a. to 7.25% p.a. (Invested)	2,771,391	3,717,720	2,771,391	3,717,720
Recoop	5.75% p.a. to 7.25% p.a.	222,329	255,382	222,329	255,382
Others		1	--	1	--
BNDES	*	4,715,850	3,959,658	4,715,850	3,959,658
Finame	**	5,722,368	4,710,695	5,747,527	4,719,965
Other institutions		409,359	319,808	409,520	319,951
Recursos do Prohemp	--	774	992	774	992
FBB - Fundec II	--	9,676	10,065	9,676	10,065
Funcafé	TR or TMS (available) or TJLP + 3% p.a. or 4% p.a. or 5% p.a. (Invested)	398,761	308,588	398,761	308,588
Other	--	148	163	309	306
Total		13,924,749	13,043,354	13,950,069	13,052,767

(*) BNDES
- Programs with fixed interest rates: interest paid to the BNDES varies from 3% p.a. to 11% p.a..
- Programs with TJLP or foreign exchange variation: interest paid to the BNDES varies from 0.5% p.a. to 5% p.a.

(**) Finame
- Programs with fixed interest rates: interest paid to BNDES/FINAME varies from 3.75% p.a. to 11% p.a.
- Programs with TJLP or foreign exchange variation: interest paid to BNDES/FINAME and BNDES/EXIM varies from 0.5% p.a. to 11.47% p.a.

NOTE 13 – Funds Obtained in Foreign Capital Markets (in R$/US$ million)

Transactions	Coupon	Amount	Date of funding	Maturity
a) DIRECT FUND RAISING				
"Global medium-term notes" program **(a.1)**	9.375% p.a.	US$ 200	Jun/97	Jun/07
"Global medium-term notes" program **(a.1)**	Zero – cupom	R$ 200	Dec/04	Dec/07
Subordinated debt	8.5% p. a.	US$ 300	Sep/04	Sep/14
Perpetual bonus **(a.2)**	7.95% p.a.	US$ 500	Jan/06	--
b) FUND RAISING THROUGH SPC				
Securitization of the flow of electronic remittances (MT - 100) **(b.1)**	7.890% p.a.	US$ 450	Dec/01	Dec/08
Securitization of the flow of electronic remittances (MT - 100) **(b.1)**	Libor 3m+0.60% p.a.	US$ 300	Jul/02	Jun/09
Securitization of the flow of electronic remittances (MT - 100) **(b.1)**	7.890% p.a.	US$ 40	Sep/02	Sep/09
Securitization of the flow of electronic remittances (MT - 100) **(b.1)**	7.26% p.a.	US$ 120	Mar/03	Mar/10
Securitization of the flow of electronic remittances (MT - 100) **(b.1)**	6.55% p.a.	US$ 250	Dec/03	Dec/13
Securitization of credit card receivables - Visanet **(b.2)**	5.911% p.a.	US$ 178	Jul/03	Jun/11
Securitization of credit card receivables - Visanet **(b.2)**	4.777% p.a.	US$ 45	Jul/03	Jun/11

Total issued per program:

	Foreign currency		Reais*
"Global medium-term notes" program		--	200
"Global medium-term notes" program – GMTN	US$	200	410
Securitization of the flow of electronic remittances (MT - 100)	US$	743	1,523
Securitization of credit card receivables – Visanet	US$	166	340
Subordinated debt	US$	300	615
Perpetual bonus	US$	500	1,025
Total			4,113

* Exchange rate: US$ 1.00 x R$ 2.0496.

a.1) Recorded under Foreign marketable securities. At August 31, 2006, Moody's Investors Service Inc. upgraded the rating of foreign currency bonuses of Banco do Brasil to the investment grade category, at the Baa3 rating.

Series	Issue date	Maturity date	Volume	Term (years)	Coupon (%)	Issue Price	Return to the investor	Current rating
007	06/09/97	06/15/07	US$ 200 MM	10	9,375	99.219%	9.50%	Baa3
012	12/17/04	12/17/07	R$ 200 MM	3	zero	62.0385%	17.25%	-

a.2) Recorded in Other Liabilities – Hybrid Capital and Debt Instruments. On January 23, 2006, Banco do Brasil S.A. concluded a foreign funding in the amount of US$ 500,000,000.00 through launching of perpetual securities. The operation has a redemption option by initiative of the issuer ("call") as from the 5th year, and, quarterly, each interest payment date thereafter. The issue price was of 100% and coupon, quarterly, of 7.95% p.a. was the lower price ever paid by a Brazilian issuer until that date.

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 Bank of Brazil or its financial indicators are below the minimum level required by the regulations applicable to Brazilian banks; (ii) the Central Bank of Brazil 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 or payment 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.

b.1) Recorded under Funds from acceptance and issued securities - Foreign marketable securities. The transaction was carried out through the Special Purpose Company (SPC) "Dollar Diversified Payment Rights Finance Company", incorporated under the laws of the Cayman Islands on November 6, 2001. The Head Office of the SPC is at BNP Paribas Private Bank & Trust Cayman Limited, P.O. Box 10632 APO 3rd Floor

Royal Bank House, Shedden Road, George Town, Grand Cayman, Cayman Islands, British West Indies. The capital of the SPC is US$1,000.00, divided into 1,000 shares of US$1.00 each. Banco do Brasil S.A. ("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 SPC. On December 14, 2001, this SPC entered into an Administration Services Agreement with BNP Paribas Private Bank & Trust Cayman Limited. The SPC has declared that it does not have any subsidiaries, employees or debt, except for the securities described below.

The SPC was incorporated for the sole purpose of carrying out the transactions described below. The purpose of the SPC is: (a) issue and sell securities in the international market; (b) use funds raised with the issue of securities to pay for the purchase from BB of BB's rights on payment orders issued by correspondent banks in the USA and by BB's New York branch, in US dollars, to any BB branch in Brazil (Remittance Rights); (c) pay the principal and interest on securities and make other payments established in the related security issue agreements

The SPC has no material assets other than the funds obtained from the issue of its capital, the Remittance Rights, and the duties arising from the issue agreements. The SPC's liabilities consist of the five issues of securities made in the international capital market, as follows:

Series	Issue date	Maturity date	Amount (US$)	Term (years)	Coupon (%)	Issue Price	Return to the investor	Current rating
2001-1	12/27/01	12/15/08	450,000,000	7	7.890	100.0000	7.89%	BBB/Baa1
2002-1	07/03/02	06/15/09	300,000,000	7	L3M+0.60	100.0000	L3M+0.60	AAA/Aaa
2002-2	09/11/02	09/15/09	40,000,000	7	7.890	100.0000	7.89%	BBB/Baa1
2003-1	03/17/03	03/15/10	120,000,000	7	7.260	100.0000	7.26%	BBB/Baa1
2003-2	12/19/03	12/16/13	250,000,000	10	6.550	100.0000	6.55%	BBB/Baa1
		Total	**1,160,000,000**					

The liabilities arising from the securities are paid by the SPC using the funds accumulated in its account. When the amount corresponding to the next interest and/or amortization installment is reached in SPC's account, the entire excess amount is automatically released to BB.

This structure resulted in the reduction of the Brazil risk and helped obtain an investment grade rating for the transaction which, in the final analysis, reduced BB's fund raising cost. For the beneficiaries of the dekasseguis' remittances in Brazil, nothing changed because even after the sale of the Remittance Rights to the SPC, BB regularly and punctually fulfills all payment orders within the same deadlines as previously.

Under this structure, after the final maturity of each transaction, the SPC will have repaid all interest and principal of the transaction thus returning the full ownership of the flow of remittances to BB. Based on its analysis of the transaction, BB is not exposed to any potential loss.

b.2) Recorded in Other liabilities – Sundry - Contracts for assumption of liabilities. The transaction was carried out through the Special Purpose Company (SPC) "Brazilian Merchant Voucher Receivables", incorporated under the laws of the Cayman Islands on May 16, 2003. The Head Office of the SPC is at Walkers SPV limited, P.O. Box 908 GT, Mary Street, George Town, Grand Cayman, Cayman Islands.

The capital of the SPC is US$1,000.00, divided into 1,000 shares of US$1.00 each. Banco do Brasil S.A. ("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 SPC. On 07.09.2003, the SPC entered into a Corporate Services Agreemen with Walkers SPV Limited.

The SPC was incorporated for the sole purpose of carrying out the transactions described below. The purpose of the SPC is: (a) issue and sell securities in the international market; (b) use funds raised with the issue of securities to pay for the purchase of the current and future rights of Companhia Brasileira de Meios de Pagamento ("Visanet") against Visa International Service Association on receivables ("Receivables") arising from (i) credit or debit purchases made in Brazil, in any currency processed by Visanet, using Visa cards issued by financial institutions located outside Brazil, or (ii) credit or debit purchases, processed by Visanet in foreign currency, made using Visa cards issued by financial institutions located in Brazil; c) pay the principal and interest on the securities and make other payments established in the related security issue agreements.

The SPC stated that it does not have any significant assets other than the funds from the issue of its capital and from the Receivables. It also stated that it does not have significant liabilities other than the obligations arising from the contracts for issue of securities.

The SPC's liabilities consist of two issues of securities carried out in the international capital market, as follows:

Series	Issue date	Maturity date	Amount (US$)	Term (years)	Coupon (%)	Issue Price	Return to the investor	Rating Current rating
2003-1	07/10/03	06/15/11	400,000,000*	8	5.911	100.0000	5.955%	BBB+/Baa1
2003-2	07/10/03	06/15/11	100,000,000**	8	4.777	95.0000	5.955%	BBB+/Baa1
		Total	**500,000,000**					

* Pursuant to the Series 2003 Visanet Support Agreement, BB received the amount of US$ 178,473,952, as described in the text below.
** Pursuant to the Series 2003 Visanet Support Agreement, BB received the amount of US$ 44,618,488, as described in the text below.

The liabilities arising from the securities are paid by the SPC using the funds accumulated in its account. When the amount corresponding to the next interest and/or amortization installment is reached in the SPC's account, the entire excess amount is automatically released to Visanet.

Under the structure, which included, among other agreements, the agreement called "Series 2003 Visanet Support Agreement", entered into on July 10, 2003 by Visanet, BB and Bradesco, Visanet agreed to transfer to BB the funds arising from the sale of the Receivables, at the ratio of 44.618488%, calculated based on the shareholding interest of BB in Visanet on the transaction closing date, resulting in US$ 223,092,440.00 of funds being raised by BB.

Also under the same agreement, BB agreed to periodically transfer to Visanet amounts equivalent to the Receivables held by Visanet for the account of the SPC, pursuant to the Receivables purchase and sale agreement, at the ratio of 44.618488%.

This structure resulted in the reduction of the Brazil risk and helped obtain an investment grade rating for the transaction which, in the final analysis, reduced BB's fund raising cost.

Under this structure, after the final maturity of each transaction, the SPC will have repaid all interest and principal of the transaction thus returning the full ownership of the Receivables to Visanet.
Based on its analysis of the transaction, BB is not exposed to any potential loss.

NOTE 14 – Other liabilities

14.a) Foreign exchange portfolio

	Current and long-term			
	BB - Domestic and Foreign branches		BB-Consolidated	
	03.31.2006	03.31.2006	03.31.2007	03.31.2006
Forward foreign exchange sales pending settlement	11,377,716	9,381,551	11,313,320	9,381,551
Advances in foreign currencies	(120,721)	(32,574)	(120,721)	(32,574)
Import financing	(61,281)	(9,375)	(61,281)	(9,375)
Foreign exchange purchase liabilities	12,078,801	8,160,981	12,078,801	8,160,981
Advances on foreign exchange contracts	(8,279,835)	(6,834,853)	(8,279,835)	(6,834,853)
Foreign currency payables	12,526	17,029	12,526	17,029
Unearned income on advances granted	3,339	3,768	3,339	3,768
Charges payable on advances received	65	=	65	=
Total	15,010,610	10,686,527	14,946,214	10,686,527

14.b) Financial and development funds

	Current and long-term BB-Domestic and Foreign Branches and BB-Consolidated	
	03.31.2007	**03.31.2006**
PIS/PASEP	1,539,800	1,477,600
Merchant Navy	18,213	8,352
Land and Agrarian Reform - BB Banco da Terra	1,006	94,542
Special Lending Program for Agrarian Reform – Procera	321,750	376,139
Consolidation of Family Farming (CAF)	22,646	–
Fight against Poverty/Our First Land (CPR/NPT)	18,308	–
Other	23,787	24,688
Total	1,945,510	1,981,321

14.c) Fund for Worker Assistance (FAT) and Fund to Guarantee the Increase in Employment and Earnings (FUNPROGER)

FAT is a special accounting and financial fund, established by Law 7998, enacted on 01/11/1990, attached to the Ministry of Labor and Employment (MTE) and managed by the Executive Council of the Worker Assistance Fund (CODEFAT). CODEFAT is a collective, tripartite and equal level organization, composed of representatives of workers, employers and government, which acts as the manager of FAT.

The main sources of funding of FAT are contributions payable to the Social Integration Program (PIS) and to the Public Service Employees Savings Program (PIS/PASEP).

FAT's objective is to fund the Unemployment Insurance Program (with specific responsibilities for payment of unemployment insurance benefits, professional qualification and requalification, and orientation and intermediation of employment), the Salary Bonus (paragraph 3 of article 239 of the Federal Constitution), and finance programs for economic development as well as to promote employment.

The main actions to promote employment using FAT funds are centralized in the Programs for the Increase in Earnings (PROGER), whose resources are allocated by special deposits, established by Law 8352/12.28.1991, in official federal financial institutions (including, among others, PROGER in the Urban – Investment and Working Capital– and Rural, the National Program for Strengthening of 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 and FAT Digital Inclusion).

Banco do Brasil has a partnership with FAT in the conduct of the employment and income generation programs, through special deposits to be applied in Proger, Urban and Rural, in Pronaf, in FAT Housing and in the special lines mentioned above; for this purpose, the Bank offers credit lines directed to mini and small companies, cooperatives, informal economy and rural workers.

The FAT special deposits, allocated with Banco do Brasil, while available, incur interest on a daily "pro rata" basis using the TMS (Average Selic Rate). As they are applied in loans, the interest rate is changed to the TJLP (Long-term Interest Rate) during the effective period of the loans.

The income on the Bank's funds is paid to FAT on a monthly basis, as established in CODEFAT Resolution No. 439, of April 28, 2006.

The Guarantee Fund for Generation of Employment and Earnings (Funproger) is a special accounting fund established on November 23, 1999 by Law 9872, amended by Law 10360, of 12.27.2001, and by Law 11110, of 04.25.2005 and regulated by Codefat Resolution 409 of 28.10.2004, and is managed by Banco do Brasil under the supervision of Codefat/MTE, whose balance at March 31, 2007 is R$ 282,706 thousand (R$ 238,931 thousand at March 31, 2006).

The objective 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 the payment of a commission.

The net assets of FUNPROGER are accumulated through funds arising from the difference between the average SELIC Rate and the Long-Term Interest Rate (TJLP) in respect of the remuneration of the special deposit balances available in the 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.

Program	Resolution/ TADE	Available TMS (1)	Invested TJLP (2)	Total	Return of FAT funds		
					Type (*)	Initial date	Final date
PROGER (Rural) and PRONAF		245,995	9,181,140	9,427,135			
Pronaf Custeio	4/2005	27,233	2,122,902	2,150,135	RA(**)	11/2005	--
Pronaf Investimento	5/2005	31,250	3,341,738	3,372,988	RA(**)	11/2005	--
Giro Rural – Aquisição de Títulos	3/2005	106,900	1,857,431	1,964,331	SD(***)	07/2007	04/2013
Giro Rural Fornecedores	14/2006	77,833	1,120,125	1,197,958	RA(**)	08/2006	--
Rural Custeio	2/2006	1,764	13,308	15,072	RA(**)	11/2005	--
Rural Investimento	13/2005	1,015	725,636	726,651	RA(**)	11/2005	--
Proger Urbano		152,307	5,983,901	6,136,208			
Urbano Investimento	18/2005	66,817	3,352,287	3,419,104	RA(**)	11/2005	--
Urbano Capital de Giro	15/2005	83,802	2,473,756	2,557,558	RA(**)	11/2005	--
Empreendedor Popular	1/2006	1,688	157,858	159,546	RA(**)	11/2005	--
Others		137,777	2,875,892	3,013,669			
Electric appliances	5/2006	28	9	37	RA(**)	11/2005	--
Exports	27/2005	4,744	5,240	9,984	RA(**)	11/2005	--
Rural Area Integration	26/2005	13,212	384,578	397,790	RA(**)	11/2005	--
Urban Area Integration	25/2005	2,568	118,782	121,350	RA(**)	11/2005	--
Housing - Construction	4/2006	29,629	281,755	311,384	RA(**)	11/2005	--
Digital Inclusion	9/2005	1,745	5,036	6,781	RA(**)	11/2005	--
FAT Giro Setorial - Micro and Small Companies	8/2006	26,043	305,064	331,107	RA(**)	09/2007	--
FAT Giro Setorial - Medium and Large Companies	9/2006	31,412	1,622,468	1,653,880	RA(**)	09/2007	--
FAT Giro Cooperativo Agropecuário	10/2006	6,435	30,923	37,358	RA(**)	07/2006	--
FAT Fomentar - Micro and Small Companies	11/2006	4,340	9,657	13,997	RA(**)	08/2006	--
FAT Fomentar- Medium and Large Companies	12/2006	17,621	112,380	130,001	RA(**)	07/2006	--
Total		536,079	18,040,933	18,577,012			

(1) Funds remunerated by the TMS:
(2) Funds remunerated by the TJLP:
(*) Type: PU (single payment at the end of the period), PAS (annual and successive installments) and PSS (semiannual and successive installments).
(**) Automatic return (Monthly, 2% over total balance)
(***) Available balance

14.d) Sundry

	Current and long-term			
	BB - Domestic and Foreign branches		BB-Consolidated	
	03.31.2007	03.31.2006	03.31.2007	03.31.2006
Provisions for payments (*)	5,510,769	5,282,149	5,529,473	5,284,648
Creditors by residual value advances	1,311	370	219,879	142,912
Contracts of assumption of liabilities	519,297	869,059	337,905	430,404
Provisions for contingent liabilities (Note 15)	3,236,025	3,041,241	3,240,619	3,070,243
Accounts payable for payment services provided	447,224	409,474	447,224	409,474
Sundry creditors – overseas	82,262	37,667	86,087	38,669
Sundry creditors – domestic	811,577	1,154,646	825,243	1,164,011
Credit card operations	1,612,918	688,865	1,612,918	688,865
Liabilities for official agreements	81,508	68,868	81,508	68,868
Liabilities for purchase of goods and rights	62,096	163,679	62,096	163,679
Funds restricted to credit operations	81,198	79,644	877,827	822,334
Other	11,198	5,626	11,170	5,515
Total	12,457,383	11,801,288	13,331,949	12,289,622

(*) Includes R$ 3,530,406 thousand (R$ 3,290,966 thousand at March 31, 2006) relating to "PREVI Actuarial Liability of the Informal Plan" (exclusive responsibility of the Bank) and the "Cassi Actuarial Liability" at March 31, 2007 (Note 24.e).

14.e) Subordinated debt

	Current and long-term BB-Domestic and Foreign Branches and BB-Consolidated	
	03.31.2007	03.31.2006
Subordinated Debt Qualifying as Capital	9,241,467	8,070,083
Other subordinated debt	23,388	24,715
Total	9,264,855	8,094,798

As from June 30, 2001, as determined by CMN Vote No. 67 of June 28, 2001 and Bacen's Official Letter 2001/1602 of June 29, 2001, Banco do Brasil has considered the funds from the Central-Western Constitutional Fund (FCO) as subordinated debt and as Level II Reference Equity, because of their low level of obligation and length of term in the Bank.

On September 13, 2004, Banco do Brasil carried out its first international issue in the subordinated debt market. The funding obtained amounts to US$ 300 million (R$ 850,921 thousand) with a ten-year maturity. As authorized by the Central Bank of Brazil, the Bank started to consider the amount of this funding, net of the value of free repurchase, as Level II Reference Equity.

NOTE 15 – Provision for Vacation Pay, Paid Leave and Litigation

The changes in the provisions are as follows:

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
15.a) Vacation pay (other liabilities - sundry)				
Opening balance	734.998	723.657	734.998	723.657
Provision/(reversal)	149.938	142.920	149.938	142.920
Provision used	(257.168)	(250.316)	(257.168)	(250.316)
Closing balance	627.768	616.261	627.768	616.261
15.b) Paid leave (other liabilities - sundry)				
Opening balance	568.129	585.917	568.129	585.917
Provision/(reversal)	47.183	49.390	47.183	49.390
Provision used	(66.868)	(69.609)	(66.868)	(69.609)
Closing balance	548.444	565.698	548.444	565.698
15.c) Labor claims (other liabilities - sundry)				
Opening balance	2.360.483	2.129.075	2.360.483	2.129.075
Provision/(reversal)	77.535	94.866	77.535	94.866
Provision used	(110.691)	(63.292)	(110.691)	(63.292)
Closing balance	2.327.327	2.160.649	2.327.327	2.160.649
15.d) Tax claims (other liabilities - taxes and social security charges)				
Opening balance	35.243	28.523	82.517	70.447
Reclassification (from 15.e)	32.756	–	32.756	–
Provision/(reversal)	5.670	1.412	236	2.874
Provision used	(7)	(2)	(7)	(2)
Closing balance	73.662	29.933	115.502	73.319
15.e) Other legal claims (other liabilities - sundry)				
Opening balance	885.284	844.079	888.751	871.838
Reclassification (to 15.d)	(32.756)	–	(32.756)	–
Provision/(reversal)	62.410	29.171	63.325	29.463
Provision used	(9.391)	(15.132)	(9.391)	(15.132)
Closing balance	905.547	858.118	909.929	886.169

NOTE 16 – Analysis of Income Statement Items

16.a) Banking services fees

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1st quarter/07	1st quarter/06	1st quarter/07	1st quarter/06
Investment funds	246,905	224,489	394,640	355,872
Collections	223,805	189,275	223,992	189,439
Collection services	7,457	6,793	9,187	8,108
Services rendered to related companies	52,850	46,085	70,010	60,135
Fund transfers	35,695	31,805	35,767	31,881
Guarantees granted	9,122	12,251	9,150	12,272
Settlement and transfer of funds systems	179,762	173,429	179,762	173,429
Examination of requests for exclusion from CCF	22,452	19,892	22,452	19,892
PASEP administration	6,163	6,536	6,163	6,536
Loans contracted	222,638	203,952	222,638	203,952
Deposit account fees	140,486	127,991	140,486	127,991
Fees on register information	28,436	28,125	28,436	28,125
Service package	459,778	393,350	459,778	393,350
Fees for official services	79,133	85,645	79,133	85,645
International trade services	6,697	5,853	6,697	5,853
Third party collection services	57,763	53,464	57,763	53,464
Commissions for administration of public sector debt	11,806	11,922	11,806	11,922
Payments on account of third parties	42,480	34,719	42,480	34,719
Credit card transactions	192,601	172,681	192,601	172,681
Other services	159,253	106,228	184,179	127,635
Total	2,185,282	1,934,485	2,377,120	2,102,901

16.b) Personnel expenses

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Salaries	(767,758)	(778,339)	(780,166)	(791,625)
Benefits	(219,223)	(216,330)	(220,574)	(217,613)
Social Charges	(361,563)	(395,681)	(365,813)	(400,284)
Training	(10,166)	(8,374)	(10,343)	(8,446)
Directors' fees	(2,905)	(2,771)	(3,289)	(3,142)
Personnel provisions	(367,920)	(359,428)	(367,920)	(359,428)
Provisions for labor claims	–	(31,727)	–	(31,727)
Labor claim losses	(110,521)	(63,292)	(110,521)	(63,292)
Total	(1,840,056)	(1,855,942)	(1,858,626)	(1,875,557)

16.c) Other administrative expenses

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Water, electricity and gas	(72,081)	(69,316)	(72,136)	(69,367)
Rent	(68,876)	(67,891)	(69,926)	(69,169)
Leasing costs	(17,631)	(18,307)	(17,631)	(18,307)
Communications	(201,570)	(221,326)	(204,391)	(224,173)
Maintenance and upkeep	(55,555)	(50,763)	(55,836)	(51,021)
Materials	(29,247)	(31,686)	(29,342)	(31,784)
Data processing	(162,409)	(146,536)	(165,108)	(149,283)
Promotion and public relations	(27,002)	(31,212)	(27,035)	(32,040)
Advertising and publicity	(36,629)	(39,166)	(36,635)	(39,180)
Financial system services	(89,620)	(87,762)	(86,826)	(85,859)
Third party services	(118,654)	(112,188)	(124,489)	(116,831)
Security services	(116,104)	(106,450)	(116,142)	(106,486)
Specialized technical services	(13,561)	(11,402)	(14,239)	(11,977)
Transportation	(102,441)	(78,767)	(102,637)	(78,994)
Domestic travel	(13,752)	(15,268)	(13,848)	(15,737)
Amortization	(50,940)	(43,343)	(51,176)	(43,582)
Depreciation	(129,367)	(126,008)	(129,456)	(126,091)
Expenses with tax and civil lawsuits	(66,001)	(31,114)	(66,001)	(31,114)
Other	(79,764)	(56,240)	(83,753)	(60,888)
Total	(1,451,204)	(1,344,745)	(1,466,607)	(1,361,883)

16.d) Other Operating Income

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Recovery of charges and expenses	215,028	85,037	215,250	85,073
Income from Special Operations	11,662	15,455	11,662	15,455
Income from specific credits	18,676	16,708	18,676	16,708
Previ – Contributions parity agreement	61,795	--	61,795	--
Income from payments of INSS benefits	47,143	71,296	47,143	71,296
Warrants Deposits Receivable	280,199	323,169	280,199	323,169
Income from securities and credits receivable from the Federal Treasury	13,409	37,431	13,409	37,431
Dividends received	14,449	15,665	14,449	15,665
Equalization of rates – Law 8,427	1,393	3,020	1,393	3,020
Credit card transactions	26,053	27,311	26,053	27,311
Overdue advances on exchange contracts	2,742	2,477	2,742	2,477
Personnel expenses – Reversal of provisions	7,030	2,205	7,030	2,205
Contingent liabilities – Reversal of operational provisions	5,302	5,462	5,302	5,462
Foreign exchange gains	338,099	806,314	338,099	806,314
Taxes paid in error (Note 27.b)	1,168	13,655	1,168	13,655
Other	77,657	33,916	77,140	38,520
Total	1,121,805	1,459,121	1,121,510	1,463,761

16.e) Other operating expenses

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Discounts granted on renegotiations - credit operations	(19,732)	(19,096)	(19,732)	(19,096)
Updating of the pension liability	(49,675)	(36,477)	(49,675)	(36,477)
Interest on funds allocated for payment of benefits	(46,749)	(70,903)	(46,749)	(70,903)
Previ– Actuarial Asset Amortization – CVM Resolution 371	(95,844)	--	(95,844)	--
CASSI – Interest on actuarial liabilities (Adjustments arising from CVM Resolution 371) 371	(114,161)	(94,967)	(114,161)	(94,967)
Premium paid to clients	(67,392)	(73,384)	(67,392)	(73,384)
Losses with holdups and burglaries	(12,410)	(1,580)	(12,410)	(1,580)
Errors and fraud	(21,562)	(15,802)	(21,562)	(15,802)
Expenses with restatement – Interest on own capital/Dividends	(19,912)	(21,572)	(19,912)	(21,572)
BB Personal Banking expenses	(20,788)	(13,313)	(20,788)	(13,313)
Expenses with credit card operations	(66,608)	(52,300)	(66,608)	(52,300)
Expenses with Proagro funds	(1,633)	(1,243)	(1,633)	(1,243)
Provision for guarantees provided	(1,351)	(8,215)	(1,351)	(8,215)
Foreign exchange losses	(272,536)	(1,075,242)	(272,536)	(1,075,242)
Law 9138/95 - Restatement of funds to be returned to the Federal Treasury	(13,402)	(11,931)	(13,402)	(11,931)
Securitization dekasseguis – liabilities with the SPC (*)	--	(2,212)	--	--
Securitization SWIFT MT100 – liabilities with the SPC (*)	(29,221)	(40,243)	--	--
Hybrid Capital and Debt Instruments	(20,769)	(16,626)	(20,769)	(16,626)
Other	(49,609)	(60,986)	(70,840)	(82,010)
Total	(923,354)	(1,616,092)	(915,364)	(1,594,661)

(*) In BB-Consolidated, these obligations are classified as "Foreign marketable securities" in the consolidated statements because of the consolidation of the foreign special purpose entities.

16.f) Non-operating income

	BB - Domestic and Foreign branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Non-operating income	39,982	53,537	44,025	55,071
Profit on the sale of assets	4,962	14,058	4,962	14,058
Capital gains	831	1,854	831	1,854
Rental income	2,477	2,345	2,721	2,345
Valuation of other assets	15,336	20,419	15,378	20,446
Gains with shares and quotas	831	668	4,037	2,006
Profit on the sale of other assets	12,536	11,255	12,536	11,255
Other non-operating income	3,009	2,938	3,560	3,107
Non-operating expenses	(13,490)	(28,518)	(13,524)	(28,768)
Loss on sale of investments	--	(6)	--	(6)
Loss on sale of assets	(482)	(888)	(482)	(888)
Capital losses	(5,036)	(11,666)	(5,036)	(11,666)
Loss in value of other assets	(7,587)	(14,946)	(7,598)	(15,106)
Losses with shares and quotas	--	--	--	(90)
Other non-operating expenses	(385)	(1,012)	(408)	(1,012)
Total	26,492	25,019	30,501	26,303

NOTE 17 – Stockholders' Equity

17.a) Stockholders' equity of R$ 21,638,457 thousand (R$ 19,209,052 thousand at March 31, 2006), corresponding to a net book value of R$ 26.22 per share taking into consideration the total of 825.316.423 common shares (R$ 24.03 per share at March 31, 2006 based on the total of 799,359,738 common shares),disregarding treasury stock. The market value of the common share at March 31, 2007 was R$ 66.69 (R$ 55.50 at March 31, 2006).

17.b) Of the subscription bonuses issued by the Bank, the remaining balance of 27,028,746 "C" Bonus, that can be exercised up to the original terms – 03.31.2011 to 06.30.2011.

17.c) Capital

Capital is R$ 11,912,895 thousand (R$ 10,797,337 thousand at March 31, 2006), totally paid-up, comprising 825,316,423 common shares with no par value. The Federal Treasury is the controlling stockholder.
Capital increase derived from capitalization related to incorporation of Expansion Reserves and Capital Reserves and by the exercise of series "B" subscription bonuses in the period of 01/31/2006 to 06/30/2006, resolved in Ordinary and Extraordinary General Meeting of 04/28/2006 and approved by Monetary Authority on 07/06/2006.

17.d) Treasury stock

The Bank purchased 10,234,252,464 preferred shares, equivalent to 1.44% of the total capital, as reimbursement to dissident stockholders not in agreement with the conversion of preferred shares into common shares, approved at the Special Preferred Stockholders' Meeting held on June 7, 2002. These shares were converted into 11,257,677 common shares and remain in treasury in accordance with article 45 of Law 6404/1976. These shares were sold in the Secondary Public Offer held from June 12 to 23, 2006.

17.e) Revaluation reserves

These refer to a revaluation of assets carried out by the associated companies Kepler Weber, Pronor, and by the subsidiary Cobra Tecnologia S.A. The realizations of the reserves in the period, totaling R$ 128 thousand (R$ 41 thousand at March 31, 2006), were transferred to the "Retained earnings" account.

17.f) Interest on Own Capital/Dividends

Pursuant to the decision of the Board of Directors, in November/2006, the Bank approved the policy for quarterly payment of dividends and/or Interest on Own Capital.

In accordance with Laws 9,249/1995 and 9,430/1996 and with the Bank's By-Laws, Management decided on the payment to its stockholders of Interest on Own Capital, imputed to the dividend value, plus interim dividends, equivalent in the 1st quarter/2007, to 40% of the net income.

The Bank set aside the amount of R$ 321,070 thousand in the form of Interest on Own Capital and R$ 242,446 thousand in the form of interim dividends, which were charged to the Dividend Equalization Statutory Reserve.

Dividends and Interest on Own Capital will be paid on 5.29.2007 and will be based on the share position of 3.21.2007.

The total amount of Interest on Own Capital of the 1st quarter/2007 brought about a reduction in expenses with tax charges in the sum of R$ 109,164 thousand.

	1st quarter 2007
1. Net Income of the period	1.518.181
2. Interest on own capital imputed to dividends	264.411
3. Withholding Tax	56.659
4. Interest on own capital earmarked for stockholders (item 2 + item 3)	321.070
5. Dividends earmarked for stockholders	242.446
6. Total earmarked for stockholders (40% of net income)	563.516

17.g) Adjustment to Market value - securities & derivative financial instruments

In accordance with BACEN Circular Letters 3068/08.11.2001 and 3082/01.30.2002, this account records the mark-to-market adjustment of securities available for sale, totaling R$ 417,253 thousand (R$ 145,800 thousand at March 31, 2006), net of tax effects, as per changes in the stockholders' equity account "Mark-to-Market – Securities and Derivatives":

Securities available for sale	12.31.2006 Balance	Net changes Net changes in the quarter	03.31.2007 Balance
Multiple Bank	213,111	(7,059)	206,052
Subsidiaries and affiliates	289,592	42,875	332,467
Tax effects	(120,465)	(801)	(121,266)
Total	382,238	35,015	417,253

Securities available for sale	31.12.2005 Balance	Net changes Net changes in the quarter	03.31.2006 Balance
Multiple Bank	58,929	14,864	73,793
Subsidiaries and affiliates	109,046	6,673	115,719
Tax effects	(38,048)	(5,664)	(43,712)
Total	129,927	15,873	145,800

17.h) Shareholding position

As prescribed in paragraphs IV, V, VI and VII of Article 40 of the Bank's by-laws, the shareholding positions are as follows:

Paragraph IV: Shareholdings at March 31, 2007 of all those who hold, directly or indirectly, more than 5% of capital:

Stockholders	Total shares	% Total
Federal Treasury	566,778,036	68.7
Banco do Brasil Employees Retirement Fund (PREVI)	94,415,335	11.4
BNDES Participações S.A. – BNDESPar *	41,604,052	5.0
Other shareholders	122,519,000	14.9
Total	825,316,423	100.0

(*) Linked to the controller

Paragraph V: number and characteristics of the securities issued by the Bank and directly or indirectly held by the controlling stockholder, management and members of the Fiscal Council; and

Paragraph VI: changes in ownership of the parties referred to in the previous paragraph of these securities during the preceding twelve months:

Controlling Group	03.31.2007	03.31.2006
Federal Treasury	566,778,036	584,778,036
Previ	94,415,335	112,415,335
BNDESPar	41,604,052	46,604,052
Total	702,797,423	743,797,423

Board of Directors	Position	Common Shares		C Bonds	
		03.31.07	03.31.06	03.31.07	03.31.06
Bernard Appy	President	01	01	--	--
Antonio Francisco de Lima Neto	Vice-President	01	--	--	--
Carlos Augusto Vidotto	Counselor	02	02	--	--
Francisco Augusto da Costa e Silva	Counselor	02	02	--	--
João Carlos Ferraz	Counselor	02	02	--	--
José Carlos Rocha Miranda	Counselor	01	01	--	--
Tarcísio José Massote de Godoy	Counselor	01	01	--	--

Fiscal Council	Position	Common Shares		C Bonds	
		03.31.07	03.31.06	03.31.07	03.31.06
Otavio Ladeira de Medeiros	President	--	--	--	--
Agostinho do Nascimento Netto	Member	--	--	--	--
Eduardo Grande Bittencourt	Member	--	--	--	--
Eustáquio Wagner Guimarães Gomes	Member	--	--	--	--
José Luiz Gomes Rôlo	Deputy	--	--	--	--
Alfredo Luiz Buso	Deputy	--	--	--	--
Daniel Sigelmann	Deputy	--	--	--	--
Egon Handel	Deputy	--	--	--	--
Marcos Machado Guimarães	Deputy	--	--	--	--

Executive Board of Directors	Position	Common Shares		C Bonds	
		03.31.07	03.31.06	03.31.07	03.31.06
Antonio Francisco de Lima Neto	President (Substitute)	01	--	--	--
Adézio de Almeida Lima	Vice-President	02	02	01	01
Aldemir Bendine	Vice-President (Substitute)	--	--	--	--
Aldo Luiz Mendes	Vice-President	126	--	--	--
Derci Alcântara	Vice-President (Substitute)	1,182	33	16	16
José Maria Rabelo	Vice-President	20	20	10	10
Luiz Oswaldo Sant'Iago Moreira de Souza	Vice-President	02	02	01	01
Manoel Gimenes Ruy	Vice-President (Substitute)	473	14	06	06

Directors	Position	Common Shares		C Bonds	
		03.31.07	03.31.06	03.31.07	03.31.06
Augusto Braúna Pinheiro	Director	--	--	--	--
Clara da Cunha Lopes	Director	114	--	--	--
Francisco Claudio Duda	Director	461	2	1	1
Glauco Cavalcante Lima	Director	28	22	11	11
Izabela Campos Alcântara Lemos	Director	114	--	--	--
José Carlos Soares	Director	914	219	10	10
José Carlos Vaz	Director (Substitute)	22	22	--	--
Juraci Masiero	Director	--	--	--	--
Luiz Gustavo Braz Lage	Director	--	--	--	--
Maria da Glória Guimarães dos Santos	Director (Substitute)	--	--	--	--
Maria da Graça França	Director	114	--	--	--
Maurício Doff Sotta	Director (Substitute)	150	1	--	--
Milton Luciano dos Santos	Director	--	--	--	--
Nilo José Panazzolo	Director	459	--	--	--
Nilson Martiniano Moreira	Director	--	--	--	--
Paulo Euclides Bonzanini	Director	6	--	--	--
Paulo Rogério Caffarelli	Director	183	--	--	--
Renê Sanda	Director	03	03	01	01
Ricardo José da Costa Flores	Director	24	19	9	9
Sandro Kohler Marcondes	Director	230	1	--	--
Sérgio Ricardo Miranda Nazaré	Director	114	--	--	--
William Bezerra Cavalcanti Filho	Director	114	--	--	--
Internal Audit					
José Luis Prola Salinas	General Auditor	114	--	--	--
Audit Committee					
José Danúbio Rozo	Coordinator	--	--	--	--
José Antonio Guarnieri	Member	459	--	--	--
Flavio Fernando da Fontoura Ferreira	Deputy	--	--	--	--

Paragraph VII - number of shares in the market and percentage in relation to the total issued:

BB shares	Number	%
Market *	825,316,423	100.00
Total issued	825,316,423	100.00

(*) As per Law No 6404.

NOTE 18 – Income Tax and Social Contribution on Net Income

18.a) Details of calculation basis

	BB-Consolidated			
	1st Quarter 2007		1st Quarter 2006	
	Income Tax	Social Contribution	Income Tax	Social Contribution
a) Profit before taxation and after employee profit sharing:	2,365,507	2,365,507	1,193,504	1,193,504
- Profit before taxation	2,128,277	2,128,277	990,831	990,831
- Net income of foreign entities	(110,966)	(110,966)	(81,770)	(81,770)
- Intercompany eliminations	348,196	348,196	284,529	284,529
- Employee profit sharing	--	--	(86)	(86)
b) Permanent additions/(deductions):	(699,371)	(695,167)	(151,098)	(146,754)
- Equity in the (earnings)/loss of subsidiary and associated companies	(370,046)	(370,046)	(125,648)	(125,648)
- Interest on own capital	(321,070)	(321,070)	--	--
- Non-deductible expenses and provisions	127,071	127,070	129,523	129,523
- Other additions/(deductions)	(135,326)	(131,121)	(154,973)	(150,628)
c) Temporary additions/(deductions):	1,390,499	1,404,544	2,003,862	2,116,593
- Allowance for loan losses	1,625,243	1,625,243	2,066,403	2,089,080
- Provision for loss on securities and investments	2,099	2,099	133	133
- Provision for pension liabilities	(15,075)	(15,075)	(29,971)	(29,971)
- Provision for labor claims, tax contingencies and contingent liabilities	(1,732)	(1,732)	30,242	30,242
- Amortization of goodwill on investments	397	--	398	--
- Other additions/(deductions)	(220,433)	(205,991)	(63,343)	27,109
d) Other adjustments: additions/(deductions):	(898,180)	(900,533)	(770,723)	(771,707)
- Foreign profits	--	--	--	--
- Adjustment resulting from Bacen Resolution 2,682 and Law 9.430/99	(898,179)	(898,179)	(771,363)	(771,363)
- Other	(1)	(2,354)	640	(344)
e) Taxable income	2,158,455	2,174,351	2,275,545	2,391,636
f) Income tax/social contribution:	536,787	196,594	564,339	215,708
- Rate of 15% / 9%	326,656	196,594	343,499	215,708
- Additional 10%	217,753	--	228,981	--
- Tax incentives	(7,622)	--	(8,141)	--
- Income tax on profits of foreign entities	--	--	--	--

18.b) Details of income tax and social contribution expense

	BB-Consolidated			
	1st Quarter 2007		1st Quarter 2006	
	Income Tax	Social Contribution	Income Tax	Social Contribution
a) Present values	(542,610)	(196,623)	(572,875)	(215,708)
- Domestic income tax and social contribution	(536,864)	(196,623)	(564,339)	(215,708)
- Foreign income tax	(5,746)	--	(8,536)	--
b) Deferred tax liabilities	(56,195)	(19,950)	(62,150)	(20,967)
- Provision)/reversal of deferred income tax on the adjustment of the portfolio and depreciation (leasing operations)	(4,282)	--	(2,841)	--
- Provision)/reversal of provision for deferred taxes positive MTM	2,828	947	(10,063)	(3,218)
- (Provision)/reversal of the provision for deferred income tax sale of investments in installments (BB-BI)	--	--	160	57
- Provision)/reversal of provision for deferred taxes restatement of judicial deposits	(38,179)	(13,744)	(46,575)	(16,767)
- Provision)/reversal of provision for deferred taxes deferred income from abroad	(7,872)	(4,088)	(8,190)	(3,852)
- (Provision)/reversal of provision for deferred income tax on transactions carried out in the futures market	(8,690)	(3,065)	5,359	2,813
c) Provision (a+b)	(598,805)	(216,573)	(635,025)	(236,675)
d) Deferred tax credits	204,175	71,928	1,612,249	801,001
- Recording/(reversal) of tax credits on temporary differences	5,671	288	3,169	--
- (Recording)/reversal of tax credit on income tax and social contribution losses	222,276	79,551	1,563,403	784,123
- (Recording)/reversal of tax credits - negative MTM	(23,772)	(7,911)	1,918	826
- Recording/(Reversal) of Tax Credits on Transactions Carried out in the Futures Market	--	--	43,759	16.052
e) Total income tax and social contribution expense (c+d)	(394,630)	(144,645)	977,224	564,326

18.c) Reconciliation of income tax and social contribution expense

	BB-Consolidated	
	1st Quarter 2007	1st Quarter 2006
a) Income tax		
Profit before taxation and profit sharing	2,128,277	990,831
- Total income tax charge (rate of 25%)	(532,069)	(247,708)
- Charges upon Interest on Own Capital	80,267	--
- Effects of non-taxable income	222,437	174,909
- Effects of non-deductible expenses	(543,384)	(674,465)
- Effects of foreign profits	(7,348)	(10,034)
- Employee profit sharing	--	22
- Deferred charges on mark-to-market adjustments	129	(175)
- Other	377,716	1,726,534
- Fiscal incentives (workers meal program, culture and others)	7,622	8,141
Income tax expense	=	977,224
b) Social contribution		
Profit before taxation and profit sharing	2,128,277	990,831
- Total social contribution charge (rate of 9%)	(191,545)	(89,175)
- Charges upon Interest on Own Capital	28,896	--
- Effects of non-taxable income	80,002	60,866
- Effects of non-deductible expenses	(195,618)	(242,807)
- Effects of foreign profits	--	--
- Employee profit sharing	--	8
- Deferred charges on mark-to-market adjustments	47	(63)
- Other (tax credit from temporary difference and others)	133,573	835,497
Social contribution expense	(144,645)	564,326

18.d) Judicial Proceeding: Interest on Own Capital Tax Benefit

In February 1998, the Bank filed a legal request for full offset of prior year income tax and social contribution on net income losses against taxable income. Since then, the Bank has offset these tax losses in full against income tax and social contribution taxable income and has made judicial deposits of the taxes otherwise due (on 70% of the amount offset). These deposits prompted the Federal District 16th Court to issue a dispatch recognizing the suspension of payment of these taxes until final judgment of the Bank's request, based on article 151, II, of the Tax Code.
The amounts relating to this matter are as follows:

	03.31.2007	03.31.2006
a) Judicial deposits	8,941,433	7,723,039
- Original amounts	5,819,878	5,392,040
- Restatement	3,121,555	2,330,999
b) 70% thereof	5,703,141	5,309,444
- Income tax losses incurred up to December 31, 1994	739,067	739,067
- Income tax losses incurred after December 31, 1994	2,262,966	2,262,966
- Social contribution losses incurred up to December 31, 1994	356,007	356,007
- Social contribution losses incurred after December 31, 1994	560,880	560,880
- Social contribution to offset (temporary differences up to 1998)	1,784,221	1,390,524

c) The offset of income tax and social contribution losses results in the reduction of the deferred tax credits.

d) The provision relating to the judicial deposit, recorded in Provision for losses on assets without loan characteristics, amounts to R$ 3,121,555 thousand. Management considers this provision sufficient based on the status of the lawsuit at March 31, 2007.

e) As of September/2005 the Bank consumed the entire inventory of Tax Loss and the respective recorded Tax Credits. As of the referred period of October /2005 the amount of Income Tax is being deposited in full.

f) Considering that the re-alignment of tax credits written off over the duration of the lawsuit would occur in contra account to the reconstitution of provision relating to the portion of 70% of IRPJ and of CSLL, for which judicial deposits were made, and that these deposits, in restated amounts, would deduct the provision, as permitted by item 53 of CVM Deliberation 489/2005, the corresponding impact on the calculation of the total capital ratio would be 1.34% (from 17.19% to 15.85%).

NOTE 19 – Tax Credits

19.a) Tax credits recorded as assets

	BB-Consolidated			
	03.31.2007		03.31.2006	
Nature and origin:	Income tax	Social contribution	Income tax	Social contribution
a) Income tax and social contribution losses	248,136	60,094	172,839	25,947
a.1) Rate (%)	25	9	25	9
a.2) Tax credit recorded	62,034	5,408	43,210	2,335
b) Timing differences	21,492,146	21,405,861	20,395,555	20,226,262
b.1) Rate (%)	25	9	25	9
b.2) Tax credit recorded	5,373,036	1,926,528	5,098,889	1,820,364
c) Negative mark-to-market adjustments	100,687	91,629	164,932	158,081
c.1) Rate (%)	25	9	25	9
c.2) Tax credit recorded	25,172	8,247	41,233	14,227
d) Social contribution to offset	--	1,228,771	--	1,801,072
e) Negative futures market adjustments	--	--	175,035	178,354
e.1) Rate (%)	25	9	25	9
e.2) Tax credit recorded	--	--	43,759	16,052
f) Tax credits abroad	7,721	--	7,609	--
g) Total income tax and social contribution tax recorded (a.2 + b.2 + c.2 + d + e.2 + f)	5,467,963	3,168,954	5,234,700	3,654,050

	Pasep	Cofins	Pasep	Cofins
h) Negative mark-to-market adjustments	102,134	102,134	172,055	172,055
h.1) Rate (%)	0.65	4	0.65	4
h.2) Tax credit recorded	664	4,085	1,118	6,881
i) Negative futures market adjustments	--	--	187,052	187,052
i.1) Rate (%)	0.65	4	0.65	4
i.2) Tax credit recorded	--	--	1,216	7,482
j) Total PASEP and COFINS credits recorded (h.2 + i.2)	664	4,085	2,334	14,363
k) Total tax credits recorded (g + j)	5,468,627	3,173,039	5,237,034	3,668,413

19.b) Tax credits not recorded as assets

	BB-Consolidated			
	03.31.2007		03.31.2006	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Nature and origin:				
a) Income tax and social contribution losses	98,379	53,597	124,834	84,180
a.1) Rate (%)	25	9	25	9
a.2) Tax credits not recorded	24,595	4,824	31,208	7,576
b) Timing differences	33,409	16,632	95,967	85,836
b.1) Rate (%)	25	9	25	9
b.2) Tax credits not recorded	8,352	1,497	23,992	7,725
c) Negative mark-to-market adjustments	--	--	457	457
c.1) Rate (%)	25	9	25	9
c.2) Tax credits not recorded	--	--	114	41
d) Accounting losses of foreign entities in countries with favorable taxation	198,144	198,144	377,636	377,636
d.1) Rate (%)	25	9	25	9
d.2) Tax credits not recorded	49,536	17,832	94,409	33,987
e) Tax credits abroad	55,943	--	74,588	--
f) Total income tax and social contribution credits not recorded (a.2 + b.2 + c.2 + d.2 + e)	138,426	24,153	224,311	49,329

	Pasep	Cofins	Pasep	Cofins
g) Negative mark to market adjustments	--	--	479	479
g.1) Rate (%)	0.65	4	0.65	4
g.2) Tax credits	--	--	3	19
h) Total PASEP and COFINS tax credits not recorded (g.2)	--	--	3	19
i) Total tax credits not recorded (f + h)	138,426	24,153	224,314	49,348

19.c) Entries and write-offs of the period

Entries of the period

	BB-Consolidated			
	03.31.2007		03.31.2006	
	Income Tax	Social Contribution	Income Tax	Social Contribution
a) On income tax and social contribution losses	5,671	499	3,169	--
b) On timing differences	187,749	67,239	1,563,404	784,123
c) On negative mark-to-market adjustments	18	1	306	123
d) Tax credits abroad	--	--	3,493	--
e) Negative futures market adjustments market adjustments	--	--	43,759	16,052
f) Total income tax and social contribution tax recorded (a + b + c + d + e)	193,438	67,739	1,614,131	800,298

	Pasep	Cofins	Pasep	Cofins
g) Relating to negative mark-to-market adjustments	--	--	--	3
h) Relating to negative futures market adjustments	--	--	646	3,974
i) Total tax credits recorded (f + g + h)	193,438	67,739	1,614,777	804,275

Write-offs in the period

	BB-Consolidated			
	03.31.2007		03.31.2006	
	Income Tax	Social Contribution	Income Tax	Social Contribution
a) Relating to income tax & social contribution losses	--	212	--	--
b) Relating to timing differences	3,653	1,433	--	--
c) Relating to social contribution to offset (PM No. 1858/ 1999)	--	181,872	--	200,154
d) Relating to negative mark-to-market adjustments	21,846	8,031	359	189
e) Tax credits abroad	2,147	--	--	--
f) Arising from futures market transactions.	--	--	--	--
g) Total reversals of income tax and social contribution tax credits (a + b + c + d + e + f)	27,646	191,548	359	200,343
	Pasep	Cofins	Pasep	Cofins
h) Relating to negative mark-to-market adjustments	608	3,743	39	242
i) Relating to negative futures market adjustments	--	--	--	--
j) Total tax credits reversed (g + h + i)	28,254	195,291	398	200,585

19.d) Deferred tax liabilities

	BB-Consolidated			
	03.31.2007		03.31.2006	
	Income Tax	Social Contribution	Income Tax	Social Contribution
a) Arising from sale of investments	--	--	111	40
b) Arising from mark-to-market adjustments	116,985	42,175	84,743	30,500
c) Arising from leasing portfolio adjustment	53,624	--	38,715	--
d) Arising from tax incentive depreciation	--	--	2	--
e) Entities abroad	2,014	--	2,550	--
f) Arising from restatement of judicial deposits *	--	--	346,554	124,759
g) Arising from foreign profits	7,872	4,088	8,190	3,852
h) Arising from futures market transactions	25,055	8,138	--	--
i) Total reversals of income tax and social contribution tax credits (a + b + c + d + e + f + g + h)	205,550	54,401	480,865	159,151
	Pasep	Cofins	Pasep	Cofins
j) Arising from mark-to-market adjustments	3,194	19,658	2,310	14,217
k) Arising from restatement of judicial deposits	13,883	85,432	9,450	58,153
l) Arising from futures market transactions	617	3,793	--	--
m) Total deferred tax liabilities (i + j + k + l)	223,244	163,284	492,625	231,521

(*) Deferred taxes (IRPJ and CSLL) on the restatement of judicial deposits were offset against the tax credits originating from the provision formed in an amount identical to the aforesaid restatement, pursuant to § 2, item II, art. 1 of Resolution CMN nº 3,059/2002.

19.e) Estimates of the realization of tax credits recorded (tax losses, timing differences, negative mark-to-market adjustments on derivatives and social contribution available for offset)

	Multiple Bank	
	03.31.2007	
	Nominal Value	Present Value
In 2007	2,002,000	1,920,000
In 2008	2,144,000	1,945,000
In 2009	1,445,000	1,202,000
In 2010	1,325,000	1,088,000
In 2011	1,498,000	1,210,000
Total tax credits	8,414,000	7,365,000

In the first quarter of 2007, it was observed the realization of tax credits in the Multiple Bank in the amount of R$ 615,200 thousand, corresponding to 30.73 % of the consumption forecast of technical study carried out at December 31, 2006 (R$ 2,002,000 thousand).

The above estimates of realization of tax credits were based on a technical study carried out as of 12.31.2006.

19.f) Estimated realization of recorded tax credits, considering the re-alignment of amounts written off over the duration of the lawsuit (70%) and observing the limitation of 30% (timing differences, negative adjustments of mark-to-market on derivatives, Social Contribution recoverable and tax loss):

	Banco do Brasil	
	03.31.2007	
	Nominal Value	Present Value
In 2007	1.543.000	1.512.000
In 2008	2.439.000	2.278.000
In 2009	2.617.000	2.320.000
In 2010	1.939.000	1.637.000
In 2011	1.766.000	1.421.000
From 2012 to 2016	3.169.000	1.738.000
Total tax credits	13.473.000	10.906.000

19.g) Other information

19.g.1) The tax credits were recorded at the current rates calculated on their respective bases and the recording, maintenance and reversal/use of the credits are being followed according to Resolution 3059, of December 20, 2002 of the National Monetary Council, changed to Resolution CMN 3355, of March 31, 2006.

19.g.2) The tax credits recorded include Social Contribution to Offset relating to tax credits calculated at the rate of 18% on tax losses and temporary differences existing on December 31, 1998. Article 8 of Provisional Measure (MP) 2158-35/2001 reduced the rate of social contribution from 18% to 8% and authorized the maintenance of this credit classified in Other Receivables - Sundry. At March 31, 2007, the balance of this account amounted to R$ 1,228,771 thousand.
Since January 1, 2003, the rate for social contribution on net income is 9%, in conformity with Law 10637 of December 30, 2002.

19.g.3) The projections of utilization of tax credits recorded as assets in the Multiple Bank are classified in two groups. The first arises from tax losses (income tax and social contribution on net income losses) and Social Contribution on Net Income (CSLL) to offset, whose projection for offset is linked to the ability to generate IRPJ and CSLL taxable income in future years. The second group arises from temporary differences, whose ability for offset arises from changes in the provisions (estimates of realization, of reversals, write-offs and use).

19.g.4) In September 2005, the Bank offset the balance of the IRPJ tax credits arising from tax losses. The realization of the nominal amounts of the other tax credits recorded as assets, based on a technical study prepared by the Multiple Bank (as of December 31, 2006), is estimated in five years, in the following proportions:

	CSLL to offset	Temporary differences
In 2007	42%	20%
In 2008	55%	20%
In 2009	3%	19%
In 2010	–	19%
In 2011	–	22%

This study also shows the tax credits recorded as assets at present values based on the average funding rate of the Bank.

19.g.5) The Bank has recorded IRPJ, CSLL, Pasep and Cofins tax credits on the negative mark-to-market adjustments of securities and derivative financial instruments recorded in a separate account in Stockholders' equity (Note 3, items "d" & "e").

IRPJ, CSLL, Pasep and Cofins deferred tax liabilities have been recorded on the positive mark-to-market adjustments of securities and derivative financial instruments recorded in income and in a separate account in Stockholders' equity (Note 3, items "d" and "e").

19.g.6) The Bank has recorded IRPJ, CSLL, PASEP and COFINS tax credits on the net negative adjustment of operations to be recorded in future markets in the period of 01.01.2005 to 02.28.2006 (effective term of taxation by the cash basis accounting as per art. 32 of Law 11,051/2004 and art. 110 of Law 11,196/2005). Assets will vary in the extent that operations generating said adjustment shall be liquidated.

19.g.7) The tax credit realization based on nominal values, and taking into consideration the reconstitution of those tax credits which were written of with reference to the lawsuit as mentioned in the Note 18.d – item "f", is projected to a period of 9.5 years, and are presented as follows:

			03.31.2007
	Prejuízos Fiscais	CSLL to offset	Temporary differences
In 2007	20%	4%	13%
In 2008	32%	7%	20%
In 2009	41%	8%	19%
In 2010	7%	10%	19%
In 2011	–	11%	18%
From 2012 to 2016	–	60%	11%

NOTE 20 – Equity in the Earnings (Loss) of Subsidiary and Associated Companies

Significant investments in Brazil and abroad are stated on the equity method of accounting, in conformity with BACEN and CVM instructions, and are classified in an investment account in permanent assets.
The equity accounting adjustments were recorded in the account "Equity in the earnings (loss) of subsidiary and associated companies" as follows:

20.a) BB - Domestic and Foreign branches

DESCRIPTION	Paid-in capital	Adjusted shareholder's equity	Our owner-ship %	Dividends/ Interest on own capital	Equity in the earnings (loss) Operational	Equity in the earnings (loss) FX Variation	Book Value 03.31.2007	Book Value 03.31.2006
SUBSIDIARIES								
BAMB-Brasilian American Merchant Bank	494,001	635,914	100.00	--	15,613	(24,509)	635,913	1,341,442
Banco do Brasil AG. Viena (Austria)	51,489	85,917	100.00	--	905	(2,545)	85,917	78,636
BB-Leasing Company Ltd.	--	78,448	100.00	--	4,252	(3,171)	78,448	74,104
BB-Administradora de Cartões de Crédito S.A.	9,300	26,831	100.00	--	1,888	--	26,831	26,263
BB-Administradora de Consórcios S.A.	14,100	23,168	100.00	--	7,472	--	23,168	19,442
BB-Corretora de Seguros e Administradora de Bens S.A.	26,918	52,421	100.00	--	17,523	--	52,421	49,213
BB -Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A.	99,628	208,878	100.00	--	86,947	--	208,878	197,417
BB-Banco de Investimento S.A.	1,589,399	1,975,044	100.00	--	156,966	--	1,975,044	1,867,220
BB-Leasing S.A. - Arrendamento Mercantil	61,860	67,967	100.00	--	5,249	--	67,967	26,116
BB-Banco Popular do Brasil S.A.	160,256	27,478	100.00	--	(4,584)	--	27,478	14,021
Cobra Tecnologia S.A. (A)	17,183	--	99.35	720	23,953	--	--	--

ASSOCIATED COMPANIES								
Cadam S.A. (B)	183,904	331,215	21.64	--	(3,937)	--	71,675	74,955
SUBTOTAL	--	--	--	720	312,246	(30,225)	3,253,740	3,768,829
Abroad								
Foreign exchange gain/losses in branches	--	--	--	--	--	(128,662)	--	--
Increase/decrease in stockholders' equity arising from other movements,	--	--	--	--	(78)	--	--	--
Total	--	--	--	720	312,168	(158,887)	3,253,740	3,768,829

(A) Information regarding balance sheet at January/2007.
(B) Information regarding balance sheet at February/2007.

20.b) BB – Consolidated

DESCRIPTION	Paid-in capital	Adjusted Shareholders equity	Our ownership %	Dividends/ Interest on own capital	Equity in the earnings (loss) Operating	Equity in the earnings (loss) FX Variation	(Goodwill)/ Negative goodwill	Book Value 03.31.2007	Book Value 03.31.2006
1) Interest – Banco do Brasil S.A.									
SUBSIDIARIES									
BB-Administradora de Cartões de Crédito S.A.	9,300	26,831	100.00	--	1,888	--	--	26,831	26,263
BB-Administradora de Consórcios S.A.	14,100	23,168	100.00	--	7,472	--	--	23,168	19,442
BB-Corretora de Seguros e Admin. de Bens S.A.	26,918	52,421	100.00	--	17,523	--	--	52,421	49,213
Cobra Tecnologia S.A.(A)	17,183	--	99.35	720	23,953	--	--	--	--
ASSOCIATED COMPANIES									
Cadam S.A.(B)	183,904	331,215	21.64	--	(3,937)	--	--	71,675	74,955
SUBTOTAL (1)	--	--	--	720	46,900	--	--	174,095	169,873
2) Interest - BB Banco de Investimento									
ASSOCIATED COMPANIES (B)									
Brasilseg Participações S.A /									
BrasilVeículos Cia de Seguros (D) (E)	130,026	255,322	70.00	4,200	17,352	--	--	178,725	145,741
Cia. de Seguros Aliança do Brasil S.A.	129,861	324,139	70.00	22,005	26,633	--	--	226,897	185,399
Brasilprev	77,687	291,361	49.99	26,845	24,519	--	(1,109)	146,761	112,640
Brasilcap	79,054	158,407	49.99	31,094	13,222	--	--	79,188	84,590
Brasilsaúde	39,726	46,049	49.92	1,152	1,628	--	111	22,876	21,471
Cia. Brasileira de Meios de Pagamento	74,534	564,505	32.00	--	59,544	--	--	180,809	150,091
Seguradora Brasileira de Crédito à Exportação	9,165	16,073	12.088	140	33	--	--	1,943	1,764
Itapebi (F)	150,000	234,635	19.00	4,781	6,560	--	--	44,581	37,940
Kepler Weber (G)	86,230	(70,598)	24.38	--	(1,161)	--	--	1,061	16,510
Cia. Brasileira de Soluções e Serviços (H)	8,720	52,359	40.345	2,777	3,191	--	--	18,032	7,405
Ativos S.A.	4,577	14,958	74.50	14,651	7,537	--	--	11,325	10,809
BAF S.A., "in liquidation"(G) (I)	203,498	4,369	100.00	--	--	(2,085)	--	4,369	4,369
SUBTOTAL (2)	--	--	--	107,645	159,058	(2,085)	(998)	916,567	778,729
3) BAMB-Brasilian American Merchant Bank									
SUBSIDIARIES									
BB-Tur - Viagens e Turismo Ltda. (B)	9,633	5,879	99.00	--	(2,968)	265	--	5,820	9,536
Ativos S.A. (B)	4,577	9,154	25.50	4,699	2,328	138	--	3,633	3,467
Other	--	--	--	--	--	--	--	--	--
SUBTOTAL (3)	--	--	--	--	(640)	403	--	9,453	13,003
4) Participação da BB - Leasing Company Ltd									
ASSOCIATED COMPANY									
BB-Tur - Viagens e Turismo Ltda. (B)	9,633	5,879	1.00	--	(27)	--	--	59	96
SUBTOTAL (4)	--	--	--	--	(27)	--	--	59	96
5) Participação da BB-Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A.									
ASSOCIATED COMPANY									
Pronor (B) (J)	154,686	170,344	12.02	--	(5,962)	--	--	20,475	20,722
SUBTOTAL (5)	--	--	--	--	(5,962)	--	--	20,475	20,722
Abroad									
Foreign exchange gain/losses in branches	--	--	--	--	--	(128,662)	--	--	--
Foreign exchange gain/losses in subsidiaries	--	--	--	--	--	(30,225)	--	--	--
Increase/decrease in stockholders' equity arising from other movements,	--	--	--	--	(78)	--	--	--	--
Total	--	--	--	108,365	199,251	(160,569)	(998)	1,120,649	982,423

(A) Information regarding balance sheet at January/2007.
(B) Information regarding balance sheet at February/2007.
(C) The goodwill recorded on the acquisition of investments was based on the estimate of future profitability and the negative goodwill was based on other economic reasons
(D) At December 15, 2006 Brasilseg Participações S.A. was taken over by Brasilveículos Cia. de Seguros
(E) The Stockholders´ Equity is adjusted with the Interest on Own Capital distributed in December/2006.
(F) Equity in the earnings of subsidiary and associated companies is adjusted with investments in fiscal incentives of the period.
(G) Provisions for liabilities were formed due to the devaluation of the investments in Kepler Weber - R$ 14,431 thousand and in BAF S.A. - overdue - R$ 1,636 thousand.
(H) In the Adjusted Stockholders´ Equity, we have not considered in equity calculation the amount of R$ 7,665 thousand of Capital Reserve related to share bonus, as the bonus is recorded in TVM of this company.
(I) The agreements for dissolution of the partnership in Maxblue Américas Holdings S.A. were signed on 12.19.2003, whereby BB BI assigned its 49.90% interest in the Company in exchange for a 100% interest in

Maxblue DTVM S.A. The Extraordinary General Meeting held on 5.12.2004 changed the corporate name of Maxblue DTVM S.A. to "Brasil Aconselhamento Financeiro e DTVM S.A". The Extraordinary General Meeting held on 7.26.2004 approved an amendment to the bylaws, changing the corporate name to "Brasil Aconselhamento Financeiro S.A.", and the business purpose, aiming at its disqualification as a DTVM. The Ordinary General Meeting of 4.30.2005 decided on the extra-judicial liquidation of the company. As of the 2nd semester/2005, we ceased to evaluate it by MEP. A provision for loss of R$ 4,369 thousand was recorded for BAF S.A - in "liquidation".

(J) As of November /2006 we began to evaluate it by the equity method of accounting, due to the interest percentage of 12.02%.

NOTE 21 – Related-party Transactions

We present below the transactions carried out between Banco do Brasil S.A. and the companies of the financial group:

	03.31.2007		03.31.2006	
	Assets (Liabilities)	Income (Expenses)	Assets (Liabilities)	Income (Expenses)
Cash and cash equivalents	**199**	**--**	**407**	**--**
Subsidiárias no exterior	199	--	407	--
Short-term interbank investments	**1,469,707**	**30,684**	**2,918,242**	**101,498**
Subsididárias no exterior	440,922	--	2,321,485	79,961
BB Banco de Investimento S.A.	113,683	794	--	--
BB Leasing S.A. - Arrendamento Mercantil	814,418	29,890	506,636	21,537
BB Banco Popular do Brasil S.A.	100,684	--	90,044	--
Dollar Diversified Payment Rights Finance Company	--	--	77	--
Securities	**264**	**(376)**	**164,871**	**412**
Subsidiárias no exterior	--	--	--	525
BB Banco de Investimento S.A.	264	--	--	--
BB Leasing S.A. - Arrendamento Mercantil	--	--	367	--
BB Administração de Ativos - DTVM S.A.	--	(16)	--	(25)
BB Administradora de Cartões de Crédito S.A.	--	(360)	--	(88)
Dollar Diversified Payment Rights Finance Company	--	--	164,504	--
Loan operations	**67,935**	**351**	**69,171**	**3,600**
Subsidiárias no exterior	--	--	--	509
BB Leasing S.A. - Arrendamento Mercantil	67,499	333	68,765	3,046
BB Administração de Ativos - DTVM S.A.	436	18	406	45
Other receivables	**257,278**	**--**	**119,266**	**--**
Subsididárias no exterior	103	--	--	--
BB Banco de Investimento S.A.	850	--	942	--
BB Leasing S.A. - Arrendamento Mercantil	2,750	--	3,858	--
BB Administração de Ativos - DTVM S.A.	2,935	--	2,761	--
BB Administradora de Cartões de Crédito S.A.	339	--	213	--
BB Corretora de Seguros e Administradora de Bens S.A.	30,427	--	22,697	--
Cobra Tecnologia S.A.	708	--	609	--
BB Banco Popular do Brasil S.A.	4,122	--	4,201	--
BB Administradora de Consórcios S.A.	819	--	521	--
BB Tur Viagens e Turismo Ltda.	19,334	--	14,139	--
Ativos S.A.	19,804	--	19,392	--
Dollar Diversified Payment Rights Finance Company	175,087	--	2	--
Nikkei Remittance Rights Finance Company	--	--	49,931	--
Demand deposits	**(24,414)**	**--**	**(21,815)**	**--**
Subsidiárias no exterior	(412)	--	(89)	--
BB Banco de Investimento S.A.	(6,230)	--	(132)	--
BB Leasing S.A. - Arrendamento Mercantil	(596)	--	(33)	--
BB Administração de Ativos - DTVM S.A.	(1,665)	--	(60)	--
BB Banco Popular do Brasil S.A.	(3)	--	(4)	--
BB Administradora de Cartões de Crédito S.A.	(8)	--	(47)	--
BB Corretora de Seguros e Administradora de Bens S.A.	(28)	--	(603)	--
BB Tur Viagens e Turismo Ltda.	(194)	--	(6,065)	--
Cobra Tecnologia S.A.	(15,226)	--	(14,765)	--
BB Administradora de Consórcios S.A.	(10)	--	(6)	--
Ativos S.A.	(42)	--	(11)	--

NOTE 21 – Related-party Transactions (cont.)

Interbank deposits	**(8,951,872)**	**--**	**(10,342,126)**	**--**
Subsidiárias no exterior	(8,851,188)	--	(10,342,126)	--
BB Banco Popular do Brasil S.A.	--	--	--	--
Deposits received under securities repurchase agreements	**(684,592)**	**(122,738)**	**(780,832)**	**(37,522)**
Subsidiárias no exterior	(80,428)	(99,036)	(44,708)	--
BB Banco de Investimento S.A.	--	(3,292)	(188,340)	(12,247)
BB Leasing S.A. – Arrendamento Mercantil	--	(570)	(513)	(68)
BB Administração de Ativos – DTVM S.A.	(280,555)	(12,023)	(271,088)	(15,643)
BB Administradora de Cartões de Crédito S.A.	(113,309)	(1,594)	(112,011)	(1,323)
BB Corretora de Seguros e Administradora de Bens S.A.	(139,186)	(4,894)	(125,394)	(5,954)
BB Banco Popular do Brasil S.A.	(21,003)	--	(16,615)	(803)
BB Administradora de Consórcios S.A.	(26,127)	(1,025)	(20,032)	(869)
BB Tur Viagens e Turismo Ltda.	--	(304)	(2,131)	(615)
Cobra Tecnologia S.A.	(23,984)	--	--	--
Funds from acceptance and issue of securities	**(34,433)**	**--**	**(39,073)**	**--**
Subsidiárias no exterior	(34,433)	--	(39,073)	--
Foreign borrowings	**(1,406,965)**	**--**	**(4,222,645)**	**--**
Subsididárias no exterior	(1,406,965)	--	(4,222,645)	--
Foreign onlendings	**(3,435,073)**	**(255)**	**(1,068,703)**	**--**
Subsidiárias no exterior	(3,435,073)	(255)	(1,068,703)	--
Derivative financial instruments	**(2,240)**	**237**	**(3,280)**	**391**
Subsidiárias no exterior	(1,000)	--	(1,500)	--
BB Leasing S.A. – Arrendamento Mercantil	--	8	--	391
BB Banco de Investimento S.A.	--	229	--	--
BB Administradora de Cartões de Crédito S.A.	(254)	--	(17)	--
BB Corretora de Seguros e Administradora de Bens S.A.	(751)	--	(1,451)	--
BB Administradora de Consórcios S.A.	(235)	--	(312)	--
Other liabilities	**(1,847,971)**	**--**	**(2,757,686)**	**--**
Subsidiárias no exterior	(245,787)	--	(438,681)	--
BB Leasing S.A. – Arrendamento Mercantil	(7)	--	(23)	--
BB Administradora de Cartões de Crédito S.A.	(48,879)	--	(47,724)	--
BB Administração de Ativos – DTVM S.A.	(68)	--	(7,741)	--
Cobra Tecnologia S.A.	(18,317)	--	(34,621)	--
BB Tur Viagens e Turismo Ltda.	(2,871)	--	(2,162)	--
BB Banco Popular do Brasil S.A.	(1,675)	--	(1,906)	--
Dollar Diversified Payment Rights Finance Company	(1,530,367)	--	(2,130,858)	--
Nikkei Remittance RightsFinance Company	--	--	(93,970)	--
Other operating income	**--**	**21,245**	**--**	**19,785**
Subsidiárias no exterior	--	72	--	25
BB Banco de Investimento S.A.	--	7,585	--	8,419
BB Administração de Ativos – DTVM S.A.	--	4,285	--	4,708
BB Leasing S.A. – Arrendamento Mercantil	--	393	--	--
BB Administradora de Cartões de Crédito S.A.	--	265	--	531
BB Corretora de Seguros e Administradora de Bens S.A.	--	1,630	--	1,894
BB Tur Viagens e Turismo Ltda.	--	418	--	7
BB Administradora de Consórcios S.A.	--	323	--	1,823
Ativos S.A.	--	--	--	973
Cobra Tecnologia S.A.	--	8	--	--
BB Banco Popular do Brasil S.A.	--	4,199	--	--
Dollar Diversified Payment Rights Finance Company	--	2,067	--	1,405
Other administrative/operating expenses	**--**	**(67,217)**	**--**	**(87,065)**
BB Administração de Ativos - DTVM S.A.	--	--	--	(2,326)
BB Banco Popular do Brasil S.A.	--	(15,311)	--	(2,619)
Cobra Tecnologia S.A.	--	(22,685)	--	(39,665)
Dollar Diversified Payment Rights Finance Company	--	(29,221)	--	(40,243)
Nikkei Remittance RightsFinance Company	--	--	--	(2,212)

Other receivables include accounts receivable from related parties, dividends and interest on own capital receivable.

Transactions carried out between the companies included in the consolidation are eliminated on consolidation (Note 2.b).

Transactions with related parties were performed at rates practiced by the market, in force on the dates of the operations.

During the 1st quarter of 2007 costs were recovered in the amount of R$ 116,891 thousand (R$ 117,239 thousand at March 31, 2006), basically relating to services rendered by Banco do Brasil S.A. to the companies from the group, charged according to contracts maintained between the parties, for the use of physical structure and of staff for the bank card, leasing, capitalization, purchasing pool, insurance and brokerage operations.

NOTE 22 – Operational Limits – Basel Accord

At March 31, 2007, the referential stockholders' equity exceeded the minimum required by the Brazilian Central Bank by R$ 11,467,515 and the coefficient of capital adequacy was 17.19% (18.28% as of March 31, 2006), while the minimum required is 11%.

The risk-weighted assets are as follows:

	03.31.2007	03.31.2006
Cash and cash equivalents	3,472,744	2,686,152
Credits and securities issued or guaranteed by the Brazilian Government	95,731,778	85,658,836
Central Bank deposits	26,998,455	21,969,637
Receivables from related companies	38,896	6,712
Specific credits - rescheduling of rural credits	700,168	626,859
Foreign exchange portfolio	3,847,275	630,952
Others	1,562,422	1,306,807
Total subject to zero-risk	132,351,738	112,885,955
Foreign currency funds	2,032,622	44,276
Clearing services for checks and other papers	2,726,703	2,839,043
Foreign exchange portfolio	1,513,208	896,582
Deposits with other banks	--	1,321,108
Investments in gold	5,412	4,260
Total subject to 20% risk	6,277,945	5,105,269
Weighted amount	1,255,589	1,021,054
Funds applied in interbank deposits	10,634,124	13,848,516
Foreign exchange portfolio	9,145,309	7,355,972
Foreign securities	45,266	215,598
Others	(395,808)	266,832
Total subject to 50% risk	19,428,891	21,686,918
Weighted amount	9,714,446	10,843,459
Loan operations	119,878,167	88,166,732
Property and equipment	2,782,399	3,014,610
Leased assets	1,272,320	868,729
Investments	1,166,001	1,019,298
Securities	3,126,777	3,993,423
Foreign exchange portfolio	609,943	246,317
Memorandum accounts	(8,609,390)	(9,077,023)
Others	21,636,080	18,574,989
Total subject to 100% risk	141,862,297	106,807,075
Weighted amount	141,862,297	106,807,075

Deferred tax credits - income tax and social contribution on net income	8,608,860	8,889,176
Total subject to 300% risk	8,608,860	8,889,176
Weighted amount	25,826,580	26,667,528
Total assets subject to risk weighting	308,529,731	255,374,393
Total weighted amount	178,658,912	145,339,116

The calculations of the required stockholders' equity and the adequacy coefficient are as follows:

	03.31.2007	03.31.2006
A) Assets subject to risk weighting	308,529,731	255,374,392
B) AWR (assets weighted by risk)	178,658,912	145,339,115
C) SWAP credit risk	1,575,937	1,095,638
D) Requirement of stockholders' equity on AWR (11% of "B")	19,652,480	15,987,303
E) Requirement of stockholders' equity on SWAP (20% of "C")	315,187	219,128
F) Requirement of stockholders' equity on interest rate exposure	416,778	198,002
G) Required stockholders' equity (RSE): "D" + "E" + "F"	20,384,446	16,404,432
H) Referential equity amount (RE)	31,851,962	27,262,863
Tier I	21,580,194	19,169,470
Capital	11,912,895	10,797,337
Capital reserves	355,638	4,778
Revenue reserves	7,858,344	6,020,150
Adjustment to market value - securities and derivatives	417,253	145,800
Retained earnings (accumulated losses)	128	787
Contas de Resultados Credoras	16,240,351	16,074,046
Contas de Resultados Devedoras	(15,152,632)	(13,731,377)
Treasury stock	–	(125,779)
Deferred Assets	(14,985)	–
Mark-to-market	(3,992)	–
Tax credits excluded from Level I of RE	(32,806)	(16,272)
Tier II	10,271,768	8,093,393
Subordinated Debt Qualifying as Capital	9,241,467	8,070,083
- Funds obtained from the FCO	8,652,162	7,445,700
- Funds obtained abroad	589,305	624,383
Hybrid Capital and Debt Instruments	1,019,830	–
Revaluation reserves	6,479	23,310
Mark-to-market	3,992	–
I) Ratio between Referential equity amount to required stockholders' equity: ("H"/"G")	1.56	1.66
J) Surplus/(insufficiency) of stockholders' equity: RE - RSE (h-g)	11,467,515	10,858,431
L) Margin/(surplus) of leverage: ("J" x 100)/11	104,250,141	98,713,011
M) Basel Ratio: RE x 100/(RSE/0.11)	17.19	18.28

With reference to the Note 18.d, a reconstitution of tax credits related to a lawsuit concerning the full offset of accumulated tax losses and the negative basis on social contribution, would represent as of March 31, 2007 an impact of 1.34% in the Basle accord index. The index would decrease from 17.19% to 15.85%.

NOTE 23 – Balance Sheet by Currency and Foreign Exchange Exposure

The purpose of this balance sheet is to show the assets and liabilities in foreign currency in Brazil and abroad.

	BB-Consolidated					
	03.31.2007				03.31.2006	
	Balance Sh	Local Currency	Foreign currency Brazil	Foreign currency Abroad	Foreign currency Brazil	Foreign currency Abroad
ASSETS	321,898,019	275,723,964	18,372,976	27,801,079	10,611,556	27,516,266
Current Assets and Long-Term Receivables	316,063,394	270,042,157	18,351,729	27,669,508	10,590,125	27,361,932
Cash and cash equivalents	5,510,791	3,373,765	1,480,740	656,286	158,643	1,339,491
Short-term interbank investments	41,184,642	30,320,778	–	10,863,864	–	14,309,275
Securities and derivative financial instruments	73,349,951	69,112,913	814,195	3,422,843	368,389	2,894,354
Interbank accounts	29,844,101	29,844,101	–	–	–	1,304
Interdepartmental accounts	33,045	33,045	–	–	–	–
Loan and lease operations	120,064,371	103,601,515	4,320,085	12,142,771	1,894,791	8,663,565
Other receivables and assets	46,076,493	33,756,040	11,736,709	583,744	8,168,302	153,943
Permanent Assets	5,834,625	5,681,807	21,247	131,571	21,431	154,334
Investments	1,176,120	1,129,010	21,247	25,863	21,431	23,546
Property and equipment	2,782,399	2,682,075	–	100,324	–	124,284
Leased assets	1,305,495	1,305,495	–	–	–	–
Deferred charges	570,611	565,227	–	5,384	–	6,504
LIABILITIES	321,898,019	279,682,829	17,416,651	24,798,539	14,035,880	23,816,156
Current and Long-Term Liabilities	300,146,667	257,937,136	17,416,651	24,792,880	14,035,880	23,811,476
Deposits	160,663,433	146,588,980	2,436,084	11,638,369	3,258,012	12,372,848
Demand deposits	35,588,301	32,227,109	2,434,413	926,779	3,257,966	961,141
Savings deposits	38,942,074	38,942,074	–	–	–	–
Interbank deposits	5,273,179	1,410,173	–	3,863,006	–	4,432,654
Time deposits	80,859,879	74,009,624	1,671	6,848,584	46	6,979,053
Deposits received under security repurchase agreements	67,638,992	63,216,522	–	4,422,470	–	1,762,796
Funds from acceptance and issue of securities	2,099,154	–	–	2,099,154	–	2,788,614
Interbank accounts	2,037,810	2,037,810	–	–	–	7,590
Interdepartmental accounts	1,912,790	146,332	1,766,458	–	1,076,192	–
Borrowing and onlendings	18,524,310	13,950,068	1,573,033	3,001,209	347,841	3,683,345
Derivative financial instruments	1,969,472	1,219,916	704,229	45,327	–	–
Other liabilities	45,300,706	30,777,508	10,936,847	3,586,351	9,353,835	3,196,283
DEFERRED INCOME	112,895	107,236	=	5,659	=	4,680
STOCKHOLDERS' EQUITY	21,638,457	21,638,457	=	=	=	=

Banco do Brasil adopts a policy of not generating foreign currency exposure that requires to cover it, and it remains within the exposure limit of 5% of the Reference Shareholders' Equity, as defined in CMN Resolution 2891/09.26.2001. The foreign exchange exposure at March 31, 2007 was R$ 805,988 thousand (R$ 1,339,036 thousand at March 31, 2006).

The Central Bank made optional the use of a methodology that takes into consideration exposures in Euro, Dollar, Swiss Franc, Yen, Pound Sterling and Gold as a single currency, incorporating the diversification effect in the calculation of foreign exchange exposure. In order to improve foreign exchange risk management, Banco do Brasil adopted this methodology.

NOTE 24 – Retirement and Pension and Health Plans - Post-Employment Benefits

24.a) Caixa de Previdência dos Funcionários do Banco do Brasil – Previ

Banco do Brasil is the sponsor of Caixa de Previdência dos Funcionários do Banco do Brasil (PREVI) which provides participants and their dependents with benefits which are complementary or similar to those of the Basic Government Retirement Plan. The plans offered through PREVI are of defined contribution (Plano Previ Futuro) or defined benefit (Plan 1), the latter having adopted the capitalization method for actuarial calculations. On March 31, 2007, Previ had 136,616 participants, with 43,757 active participants of Benefit Plan 1, 35,542 active participants of Previ Futuro Plan and 57,317 participant (135,885) retirees, as follows: 46,088 active participants of Benefit Plan 1, 33,457 active participants of Previ Futuro Plan and 56,340 retirees on 3.31.2006).

24.a.1) The funding of the vested and unvested benefits is summarized as follows:

a) Participants employed before April 14, 1967, who were not retired and who were not eligible on that date to apply for retirement, contemplated in the contract signed on 12.24.1997 between the Bank and Previ (Plan 1): the sponsor assumes the commitment for the payment of pensions for this group; mathematical reserves ensuring benefits corresponding to such group are fully paid-up at Previ. The retirement benefit of this group is characterized as a defined contribution.

b) Participants employed between April 15, 1967 and December 23, 1997 (Plan 1): active participants are now contributing with 1.8% of the amount of their participation salary, plus 1.2% of the part of this salary that exceeds half the Previ Contribution (R$ 1,506.58 at March 31, 2007), plus 4.8% of the part of this salary that exceeds such contribution. Participants receiving benefits contribute 4.8% of the amount of the pension complement and the sponsor an amount equal to the contributions of the participants.

c) Participants employed as from December 24, 1997 (Plano Previ Futuro): active participants contribute to PREVI an amount between 7% and 17% of their contribution salary, varying based on length of service and the amount of the contribution salary. Participation percentages vary according to the length of service in the company and the level of the participation 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. The retirement benefit of this group is characterized as a defined contribution.

24.a.2) Effects of Benefit Plan 1, based on actuarial valuations as of December 31, 2005 and 2006 carried out by an independent actuary, and of the Plano Previ Futuro as required by CVM Resolution 371 of December 13, 2000:

a) Equity effect (reconciliation of assets and liabilities):

Specification	03.31.2007	03.31.2006
	Plan 1	Plan 1
1) Present value of actuarial liabilities with coverage	65,870,816	58,033,630
2) Present value of actuarial liabilities not covered	–	–
3) Present value of actuarial liabilities (1 + 2)	65,870,816	58,033,630
4) Fair value of the plan assets	(103,352,512)	(81,439,183)
5) Present value of liabilities in excess of (less than) the fair value of the assets (3 + 4)	(37,481,696)	(23,405,553)
) Actuarial (gains) or losses not recognized	(34,925,850)	(20,217,605)
7) Net actuarial liability/(asset) to be recorded (5 - 6)	(2,555,846)	(3,187,948)

The Previ Futuro Plan, being a defined contribution plan, is not required to record actuarial assets or liabilities.

b) Amounts paid to Previ:

Specification	03.31.2007			03.31.2006		
	Plan 1	Plano Previ Futuro	Total	Plan 1	Plano Previ Futuro	Total
Sponsor contributions	76,015	19,974	95,989	113,415	17,249	130,664

c) Impacts on Income for the quarter:

Specification	03.31.2007			03.31.2006		
	Plan 1	Plano Previ Futuro	Total	Plan 1	Plano Previ Futuro	Total
1) Cost of current service (with interest)	(86,927)	(38,971)	(125,898)	(67,603)	(33,614)	(101,217)
2) Interest on actuarial liabilities	(1,757,025)	--	(1,757,025)	(1,400,921)	--	(1,400,921)
3) Expected earnings on the plan assets	2,799,713	--	2,799,713	1,995,561	--	1,995,561
4) Deferment of the net earnings from assets and liabilities as from June/2003 (2+3)	1,042,688	--	1,042,688	594,640	--	594,640
5) Total gross (expense)/income (1 - 2 - 3 + 4)	(86,927)	(38,971)	(125,898)	(67,603)	(33,614)	(101,217)
6) Expected contributions from participants	36,305	19,995	56,300	49,306	17,227	66,533
7) Previ Liabilities/Assets (expense)/income	(95,844)	--	(95,844)	(3,663)	--	(3,663)
8) Employer's Contribution exceeding cost of Benefit Plan no. 1 1	(21,592)	--	(21,592)	(9,165)	--	(9,165)
9) Subtotal net (expense)/income (5 + 6 + 7 + 8)	(168,058)	(18,976)	(187,034)	(31,125)	(6,387)	(47,512)
10) Previ management fee (5% of the employers' union dues)	(3,801)	(999)	(4,800)	(5,671)	(862)	(6,533)
11) Effect of the net (expense)/income (9 + 10)	(171,859)	(19,975)	(191,834)	(36,796)	(7,249)	(54,045)

24.a.3) The principal economic assumptions adopted for the actuarial calculations were the following:

Specification	03.31.2007	03.31.2006
- Real interest rate used for discounting actuarial liabilities to present value	6.3% p.a.	6.3% p.a.
- Real expected yield on plan assets	6.3% p.a.	6.3% p.a.
- Estimated salary increases:		
- Benefit Plan 1	0.9520% p.a.	1.3154% p.a.
- Plano Previ Futuro	3.6053% p.a.	3.3914% p.a.

24.b) Benefits of sole responsibility of the Bank

Banco do Brasil is also responsible for assistance and pension benefits for employees employed before April 14, 1967, not covered by the PREVI Benefits Plan, with characteristics of a defined benefit plan, and the regime adopted for the actuarial calculations is that of capitalization, comprising 8,428 retired employees and surviving spouses at March 31, 2007 (8,656 retired employees and surviving spouses at March 31, 2006).

The main benefits are: (a) retirement pensions to founder participants and pension payments to survivors of participants deceased prior 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 retirement benefits and pension payments in excess of those provided by the PREVI Benefit Plans, as a result of judicial and administrative decisions due to the restructuring of job and salary plans and incentives created by the Bank.

24.b.1) The cost of these benefits is totally funded by Banco do Brasil.

24.b.2) Effects of Benefit Plan, based on actuarial valuations as of December 31, 2005 and 2006 carried out by an independent actuary, and of the Plano Previ Futuro as required by CVM Resolution 371 of December 13, 2000:

a) Equity effect (reconciliation of assets and liabilities):

Specification	03.31.2007	03.31.2006
1) Present value of actuarial liabilities with coverage	–	–
2) Present value of actuarial liabilities not covered (Plans without financial assets)	1,633,840	1,588,703
3) Present value of actuarial liabilities (1 + 2)	1,633,840	1,588,703
4) Fair value of the plan assets	–	–
5) Present value of liabilities in excess of the fair value of the assets (3 + 4)	1,633,840	1,588,703
) Actuarial (gains) or losses not recognized	178,459	188,887
7) Net actuarial liability/(asset) to be recorded (5 - 6)	1,455,381	1,399,816

b) Amounts paid to Previ:

Specification	03.31.2007	03.31.2006
Total benefits paid to Previ	64,750	66,448

c) Impacts on Income for the quarter:

Specification	03.31.2007	03.31.2006
1) Cost of current service	–	–
2) Expected contributions from participants	–	–
3) Interest on actuarial liabilities	(41,572)	(36,431)
4) Actuarial (gains) or losses	(8,103)	–
5) Expected earnings on assets	–	–
6) Effect of the expense recorded (1 - 2 + 3 + 4 - 5)	(49,675)	(36,431)

24.b.3) The economic assumptions adopted for the actuarial calculations are the same as those adopted for the PREVI Plan 1 (item 24.a.3).

24.c) Cassi - Caixa de Assistência dos Funcionários do Banco do Brasil

The Bank is the sponsor of a Health Plan managed by CASSI - Caixa de Assistência dos Funcionários do Banco do Brasil. The main objective is to provide coverage for expenses with the promotion, protection, recovery and rehabilitation of a member's health and of his/her inscribed beneficiaries. At March 31, 2007 this plan had 159.,842 participants, with 86,213 active and 73,629 retired participants and pensioners (158,721participants, of which 86,813 were active and 71,908 retired participants and pensioners, at March 31, 2006).
The Bank contributes monthly an amount equivalent to 150% of the total contributions from members (active and retired) and from pension beneficiaries of employees employed before December 23, 1997 and 100% of the total contributions from participants employed after that date. Monthly contributions from members and pension beneficiaries amount to 3% of the total payroll or the total retirement or pension plan benefits.

24.c.1) Effects of the CASSI Plan on the financial statements, based on actuarial appraisals as of December 31, 2005 and 2006 carried out by an independent actuary, and of Plano Previ Futuro, as required by CVM Resolution 371/12.13.2000:

a) Equity effect (reconciliation of assets and liabilities):

Specification	03.31.2007	03.31.2006
1) Present value of actuarial liabilities with coverage	–	–
2) Present value of unsecured actuarial liabilities (Plans without financial assets)	3,562,867	3,232,214
3) Present value of actuarial liabilities (1 + 2)	3,562,867	3,232,214
4) Fair value of the plan assets	–	–
5) Present value of liabilities in excess of the fair value of the assets (3 + 4)	3,562,867	3,232,214
6) Actuarial (gains) or losses not recognized	1,487,842	1,341,064
7) Net actuarial liability (asset) to be recorded (5 - 6)	2,075,025	1,891,150

b) Amounts paid to Cassi:

Specification	03.31.2007	03.31.2006
Sponsor contributions	103,651	99,313

The amounts of R$ 103,651 thousand and R$ 99,313 thousand comprise Employer Contributions for Active employees and Pensioners, as follows: at March 31, 2007– Active employees R$ 40,101 thousand and Pensioners R$ 63,550 thousand, and at March 31, 2006 – Active employees R$ 39,378 thousand and Pensioners R$ 59,935 thousand.

c) Impacts on Income for the quarter:

Specification	03.31.2007	03.31.2006
1) Cost of current service (with interest)	(10,167)	(9,271)
2) Expected contributions from participants	–	–
3) Interest on actuarial liabilities	(94,805)	(77,835)
4) Actuarial (gains) or losses	(19,356)	(17,132)
5) Expenses with current employees	(40,101)	(39,378)
6) Expected earnings on assets	–	–
7) Effect of the expense recorded (1 - 2 + 3 - 4 – 5 - 6)	(164,429)	(143,616)

24.c.2) The economic assumptions adopted for the actuarial calculations were the same as those applied to the PREVI Plan 1 (item 24.a.3).

24.d) Policy for the recognition of actuarial gains and losses

In accordance with CVM Deliberation 371, the actuarial gains or losses to be recognized as income or expense in a defined benefit plan are the amount of unrecognized gains and losses that exceed, in each period, the higher of the following limits:

- 10% of the present value of the total actuarial liability of the defined benefit; and
- 10% of the fair value of plan assets.

24.d.1) Benefits of Sole Responsibility of the Bank: Actuarial losses relating to these benefits are being recorded in the same year the actuarial calculation is made because the persons involved are all former employees, and thus there is no remaining length of service to amortize.

24.d.2) Cassi Actuarial Liability: the actuarial losses relating to this liability are recognized over the average remaining work period estimated for the employees participating in the plan (15.4 years as of 12.31.2006).

24.e) Summary of Assets/Liabilities of Previ and Cassi

1st quarter/2007						
Specification	Aactuarial liability/ (asset) on 01.01.2007	(Expense) income recorded in the income statement considering actuarial adjustments	Transfer between unamortized reserves and advanced amortization	Amortization/ Use of the Actuarial Assets and Parity Fund Assets	Sponsor contributions made in the 3rd quarter	Aactuarial liability/(asset) on 03.31.2007
	A	B	C	D	E	F = (A-B+C+D+E)
Actuarial asset CVM No. 371	(2,651,690)	–	–	95,844	–	(2,555,846)
Actuarial asset/liability in respect of the 1997 contract	=	=	=	=	=	=
- Advanced amortization (1997 Agreement)	(9,960,041)	279,541	98,603	–	–	(10,140,979)
- Unamortized reserves (1997 contract)	9,960,041	(279,541)	(98,603)	–	–	10,140,979
Parity Fund Asset	(2,198,206)	61,795	–	76,015	–	(2,183,986)
Actuarial liability in respect of the Informal Plan (sole responsibility of the Bank)	1,470,456	(49,675)	–	–	(64,750)	1,455,381
CASSI actuarial liability	2,014,247	(124,328)	–	–	(63,550)	2,075,025

1st Quarter 2006						
Specification	Net actuarial liability/ (asset) on January 1, 2006	(Expense) income recorded in the income statement considering actuarial adjustments	Transfer between unamortized reserves and advanced amortization	Unrecognized actuarial (losses)/gains	Sponsor contributions made in the year	Net actuarial liability/ (asset) on March 31, 2006
	A	B	C	D	E	F = (A-B+C+D+E)
Actuarial asset CVM No. 371	(3,187,948)	–	–	–	–	(3,187,948)
PREVI actuarial liability in respect of the 1997 contract	(681,185)	(3,663)	–	–	–	(677,522)
- Advanced amortization (1997 Agreement)	(9,996,980)	234,073	287,917	–	–	(9,943,136)
- Unamortized reserves (1997 contract)	10,116,917	(237,736)	(287,917)	13,330	–	10,080,066
- Unrecognized actuarial losses (1997 contract)	(801,122)	–	–	(13,330)	–	(814,452)
PREVI actuarial liability in respect of the Informal Plan (sole responsibility of the Bank)	1,429,833	(36,431)	–	–	(66,448)	1,399,816
CASSI actuarial liability	1,846,847	(104,238)	–	–	(59,935)	1,891,150

NOTE 25 – Compensation Paid to Employees and Management

The monthly compensation of employees and management of the Bank in Brazil is presented below (in reais) in the format required by item 4, Section C of Ministry of Finance Statement of Justification 139/03.17.1988:

Lowest salary	**1st quarter/2007**	**1st quarter/2006**
Standard amount	856.50	827.40
Semiannual bonus	214.12	206.85
Fixed amount – Trade Union Agreement 2004	33.00	31.80
Total	1,103.62	1,066.05
Highest salary		
Standard amount	1,184.70	1,144.50
Amount per individual/supplement for length of service - I	410.53	395.51
Amount per individual - standard amount	1,255.67	1,213.06
Variable temporary supplement – commissioned position	11,438.70	11,054.14
Additional per function	2,850.00	2,753.40
Additional for temporary work updated	1,769.10	1,709.10
Semiannual bonus	1,867.50	1,803.89
Total	20,776.20	20,073.60
Average salary	3,366.62	3,219.03
Management		
President	27,075.60	26,160.00
Vice-President	24,395.10	23,570.10
Director	20,776.20	20,073.60

NOTE 26 – Assignment of Employees to External Organizations

26.a) With costs for the Bank

a) Federal government

Assignments are regulated by article 93 of Law 8112/12.11.1990 (amended by Law 9257/12.11.97), by Decree 925/09.10.1993, and by PGFN/CJN Note 088/96 issued by the General Counsel of the Federal Treasury.

	1st quarter/2007	**1st quarter/2006**
Number of employees assigned	20	15
Cost for the period	R$ 262 thousand	R$ 639 thousand

b) Labor unions

Assignments occur in cases prescribed in the Collective Labor Agreement or by commitments assumed as a result of salary negotiations:

	1st quarter/2007	**1st quarter/2006**
Number of employees assigned	132	132
Cost for the period	R$ 2,900 thousand	R$ 2,578 thousand

c) Other organizations/entities

Assignments occur as a result of agreements of strategic business interest of the Bank:

	1st quarter/2007	**1st quarter/2006**
Number of employees assigned	3	3
Cost for the period	R$ 222 thousand	R$ 233 thousand

26.b) Without cost to the Bank

	1st quarter/2007	1st quarter/2006
a) Federal, state and municipal governments	324	360
b) External organizations	697	671
c) Employee entities	37	33
d) Subsidiary and associated companies	323	321
Total employees assigned	1,536	1,534

NOTE 27 – Commitments, Responsibilities and Contingencies

27.a) Contingent liabilities

The Bank and its subsidiaries are parties in lawsuits involving labor, civil, tax and social security contingencies.

he Bank classifies contingencies as remote, possible and probable, based on the possibilities of loss determined after a legal update of each claim.

The use of this criterion seeks to comply with CVM Deliberation 489/10.03.2005, which requires a provision for the total amount of the contingencies classified as probable, and does not require a provision to be recorded for those classified as possible and remote.

The provisions for claims are recorded taking into consideration the possibility of success by the plaintiff in the lawsuit against the Bank/subsidiary.

The provisions for labor claims are recorded considering, also, the jurisprudence applicable to each claim.

The position of the contingent liabilities at March 31, 2007, segregated by nature of claim and classification of loss, as well as the provisions recorded, whose changes in the Bank are shown in Note 15, are the following:

	BB - Domestic and foreign branches				BB – Consolidated			
	03.31.2007		03.31.2006		03.31.2007		03.31.2006	
	Amount	Allowance	Amount	Allowance	Amount	Allowance	Amount	Allowance
1 – Labor claims	2,618,958	2,327,327	2,441,103	2,160,649	2,618,958	2,327,327	2,441,103	2,160,649
Probable loss	2,327,327	2,327,327	2,160,649	2,160,649	2,327,327	2,327,327	2,160,649	2,160,649
Possible loss	291,631	--	280,454	--	291,631	--	280,454	--
2 – Tax claims	313,372	73,662	233,153	29,934	369,683	115,502	302,432	73,319
Probable loss	73,662	73,662	29,934	29,934	115,502	115,502	73,319	73,319
Possible loss	239,710	--	203,219	--	254,181	--	229,113	--
3 – Civil claims	2,401,462	908,697	2,170,945	880,592	2,416,043	913,292	2,215,204	909,594
Probable loss	908,697	908,697	880,592	880,592	913,292	913,292	909,594	909,594
Possible loss	1,492,765	--	1,290,353	--	1,502,751	--	1,305,610	--
4 – Social security claims	--	--	478	--	--	--	478	--
Probable loss	--	--	--	--	--	--	--	--
Possible loss	--	--	478	--	--	--	478	--

27.b) Contingent tax assets

The Bank has filed lawsuits for reimbursement of taxes paid in error that will only be recognized in the financial statements if the Bank obtains a favorable outcome, in conformity with item 25 of Deliberation CVM n.º 489, of 10.03.2005. We emphasize the most important lawsuits not yet recorded:

-Unconstitutionality of Income Tax on Net Income paid in 1989 and in the 1t six months of 1992, in the amount of R$ 11,901thousand;

-Tax on Financial Transactions (IOF) - Law 8033/90 (Price-level restatement), in the amount of R$ 185,229 thousand;

27.c) Other commitments

27.c.1) The Bank is the sponsor of Fundação Banco do Brasil whose purpose is the promotion, support, advancement and sponsorship of educational, cultural, social, philanthropic, and recreational/sporting activities, as well as the promotion of research activities of a technological and scientific nature, and rural and urban community assistance services. During the 2007 year, the Bank contributed with R$ 10,000 thousand to the Fundação.

27.c.2) Guarantees to third parties, for a fee and with counter-guarantees from the beneficiaries - guarantees, sureties and bonds - amounted to R$ 3,184,804 thousand at March 31, 2007 (R$ 2,457,286 thousand at March 31, 2006). A provision of R$ 1,296 thousand, recorded in "Other Liabilities", is considered sufficient to cover any potential loss arising on these guarantees.

27.c.3) Available credit lines for loan and lease operations amount to R$ 27,790,263 thousand at March 31, 2007 (R$ 24,748,028 thousand at March 31, 2006).

27.c.4) The confirmed import and export letters of credit total R$ 439,613 thousand at March 31, 2007 (R$ 872,421 thousand at March 31, 2006).

27.c.5) The Bank is the operator of the Fund for Sectorial Investments (FISET), with net assets, at March 31, 2007 is R$ 2,253 thousand (R$ 2,276 thousand at March 31, 2006), and is the manager of the Public Service Employee Savings Program (PASEP), with net assets of R$ 1,439,800 thousand at March 31, 2007 (R$ 1,477,600 thousand at March 31, 2006). The Bank guarantees the latter a minimum remuneration equivalent to the Long-Term Interest Rate (TJLP).

27.c.6) Despite the reduced level of risk to which its assets are subject, the Bank contracts insurance cover for its assets in amounts considered sufficient to cover any losses.

NOTE 28 – Financial Instruments

The market value of a financial instrument, according to Instruction CVM no. 235 dated of 03/23/1995, is the value for which the instrument could be exchanged in an ordinary operation in an active market among interested parties, and not corresponding to a compulsory transaction or derived from a liquidation proceeding.

Market value

The financial instruments, which are subject to market value calculation are processed via Banco do Brasil systems. In the case an active market value exists, the market value of a financial instrument will be calculated based on the market prices. In the absence of an active market for a certain instrument, the market value is ascertained by quotation of similar financial instruments, or also by the net current value of future cash flows adjusted based on interest rate effective in the market on the balance sheet date.

The table below presents financial instruments recorded in equity accounts, compared to market value:

	BB-Consolidated							
	03.31.2007		03.31.2006		Unrealized gain/loss, net of tax effects			
	Book value	Market Value	Book value	Market Value	On Income		On Stockholders' Equity	
					03.31.2007	03.31.2006	03.31.2007	03.31.2006
ASSETS								
Short-term interbank investments	41.184.642	41.393.962	35.744.135	35.800.928	209.320	56.794	209.320	56.794
Securities and derivative financial instruments	72.334.446	72.308.578	68.210.543	67.976.738	514.136	(5.892)	(25.868)	(233.805)
Adjustment of securities available for sale (Note 5.a)	--	--	--	--	540.004	227.913	--	--
Adjustment of securities held to maturity (Note 5.a)	--	--	--	--	(25.868)	(233.805)	(25.838)	(233.805)
Derivative financial instruments	1.015.505	1.015.505	420.729	420.729	--	--	--	--
Loan operations	120.019.691	120.227.854	88.306.162	88.415.708	208.163	109.546	208.163	109.546
LIABILITIES								
Interbank deposits	5.025.723	5.018.847	5.261.900	5.253.057	6.876	8.842	6.876	8.842
Time deposits	61.685.183	61.639.828	55.563.216	55.512.699	45.355	40.517	45.355	40.517
Obligations related to Committed Operations	67.638.993	67.634.425	42.757.581	42.757.343	4.567	238	4.567	238
Borrowing and onlendings	18.524.311	18.525.194	17.083.954	17.079.479	(883)	4.475	(883)	4.475
Derivative financial instruments	1.969.472	1.969.472	1.446.247	1.446.247	--	--	--	--
Other liabilities	45.300.706	45.048.578	39.274.154	39.174.915	252.128	99.239	252.128	99.239
Unrealized gain/loss, net of tax effects					1.239.663	313.759	699.659	85.846

Criteria utilized for market value determination of financial instruments are detailed below:

- For liquidity inter-financial 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 and derivative financial instruments are accounted for by the market value, as provided for in BACEN Circular no. 3.068 of 11/08/2001 and no. 3.082 of 01/30/2002, excluding from such criterion, securities maintained until maturity. Determination of securities' market value, including those maintained until maturity, is obtained according to rates collected at the market, and determination of derivatives according to the internal pricing model, being observed the rates disclosed for term operations and similar indexes in the last trading day of the fiscal year.

- Credit operations remunerated at pre-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 post-fixed rates, it was considered as market value the book value itself due to equivalence among them.

- The market values of inter-financial deposits and term deposits have been calculated through discount of the difference between future cash flows and rates currently applicable in the pre-fixed operations market. In case of post-fixed operations which maturities did not exceed 30 days, the book value was deemed to be approximately equivalent to the market value.

For obligations related to committed operations at pre-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 post-fixed operations, book values have been deemed approximately equivalent to market value.

- Obligations related to loans and repasses represent operations 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.

- Market values for other obligations 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.

- For other financial instruments, included or not in the balance sheet, and not highlighted in the above table, book values are approximately equivalent to their correspondent market value.

NOTE 29 – Other Information

29.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, the Controlling Shareholder, 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.

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

During a meeting held on 3.19.2007, the Board of Directors approved the setting, for the year 2007, 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 art. 43 of the Bank's By-Laws.

29.c) Split of BB Shares

During a meeting held on 1.18.2007, the Board of Directors approved the forwarding for decision by the General Stockholders' Meeting of a Split of 200% of the shares of Banco do Brasil (BBAS3), thus assigning two new shares to each share held. The same conversion factor will be applied to "C" series stock purchase warrants (BBAS13). The split will be consummated after approval by the General Stockholders' Meeting and ratification by the Central Bank of Brazil.

29.d) Shareholding positions

As prescribed in paragraphs IV, V, VI and VII of Article 40 of Banco do Brasil S.A by-laws, the shareholding positions are as follows:

Paragraph IV: Shareholdings at March 31, 2007 of all those who hold, directly or indirectly, more than 5% of capital:

Stockholders	**Total shares**	**% Total**
Federal Treasury	566,778,036	68.7
Banco do Brasil Employees Retirement Fund (PREVI)	94,415,335	11.4
BNDES Participações S.A.- BNDESPar *	41,604,052	5.0
Other shareholders	122,519,000	14.9
Total	825,316,423	100.0

(*) Linked to the Controller

Paragraph V: number and characteristics of the securities issued by the Bank and directly or indirectly held by the controlling stockholder, management and members of the Fiscal Council; and

Paragraph VI: changes in ownership of the parties referred to in the previous paragraph of these securities during the preceding twelve months:

Controlling Group	**03.31.2007**	**03.31.2006**
Federal Treasury	566,778,036	584,778,036
Previ	94,415,335	112,415,335
BNDESPar	41,604,052	46,604,052
Total	702,797,423	743,797,423

	Common Shares		**C Bonds**	
	03.31.07	**03.31.06**	**03.31.07**	**03.31.06**
Board of Directors	10	09	–	–
Fiscal Council	–	–	–	–
Executive Board of Directors	1,805	71	34	34
Board	3,050	289	32	32
Internal Audit	459	–	–	–
Audit Committee	114	–	–	–

Paragraph VII - number of shares in the market and percentage in relation to the total issued:

BB shares	**Number**	**%**
Market*	122,514,135	14.85
Total issued	825,316,423	100.00

(*) Pursuant to the regulation of the New Market of Bovespa.

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Statement of Added Value

	BB-Domestic and Foreign Branches				BB-Consolidated			
	1st quarter/2007		1st quarter/2006		1st quarter/2007		1st quarter/2006	
	Balance	%	Balance	%	Balance	%	Balance	%
Added value calculation								
Net income from financial intermediation	3,261,295		2,801,704		3,289,730		2,837,830	
Banking service fees	2,185,282		1,934,485		2,377,120		2,102,901	
Other Operating Income (Expenses)	(1,072,446)		(1,332,365)		(1,079,829)		(1,323,110)	
Non-operating income, net	26,492		25,019		30,501		26,303	
Added value	4,400,623		3,428,843		4,617,522		3,643,924	
Equity in the earnings (loss) of subsidiary and associated companies	153,282		(37,594)		38,682		(154,290)	
Gross added value	4,553,905		3,391,249		4,656,204		3,489,634	
Depreciation and amortization	(180,307)		(169,351)		(180,632)		(169,673)	
Added Value to be Distributed	4,373,598	100.00	3,221,898	100.00	4,475,572	100.00	3,319,961	100.00
Distribution of added value								
Employees	1,801,118	41.18	1,836,067	56.99	1,818,154	40.62	1,854,398	55.86
Salaries and fees	1,168,628		1,154,497		1,181,420		1,168,154	
Benefits, social charges and training	452,788		492,587		456,522		496,533	
Profit Sharing	179,702		188,983		180,212		189,711	
Governments	1,163,690	26.61	(956,838)	(29.70)	1,248,628	27.90	(877,106)	(26.42)
Domestic	1,155,473	26.42	(967,389)	(30.03)	1,239,855	27.70	(888,352)	(26.76)
Social security contributions (INSS) on salaries	218,640		208,858		220,684		210,870	
Tax expenses (except income tax and social contribution on net income)	466,176		432,803		487,244		452,361	
Income tax/social contribution	470,657		(1,609,050)		531,927		(1,551,583)	
Abroad	8,217	0.19	10,551	0.33	8,773	0.20	11,246	0.34
Tax expenses (except income tax and social contribution on net income)	1,300		1,159		1,425		1,213	
Income tax/social contribution	6,917		9,392		7,348		10,033	
Stockholders	1,408,790	32.21	2,342,669	72.71	1,408,790	31.48	2,342,669	70.56
Interest on Own Capital of the Union	220,575		--		220,575		–	
Interest on Own Capital of Other Stockholders	100,495		–		100,495		–	
Retained earnings	1,087,720		2,342,669		1,087,720		2,342,669	
Added value distributed	4,373,598	100.00	3,221,898	100.00	4,475,572	100.00	3,319,961	100.00

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Cash Flow Statement

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Cash Flows form Operating Activities				
Net Income	1,408,790	2,342,669	1,408,790	2,342,669
Depreciation and amortization	182,414	169,351	180,632	169,467
Depreciation of leased assets	7,428	7,215	99,139	70,519
Amortization of losses	-	-	-	2,945
(Profit)/(loss) investments on subsidiary and associated companies	(153,282)	37,594	(38,682)	154,290
Provision for loss on investments	-	-	-	(1,248)
(Profit)/loss on the sale of assets	-	-	(4,480)	-
(Profit)/loss on the disposal of property and equipment in use	(12,536)	-	(12,536)	-
(Gains)/losses from changes in percentage ownership of investment	-	-	(4,205)	-
Excess depreciation	-	-	(20,718)	(15,209)
Changes in the currency exchange rate	(127,821)	(155,443)	(157,267)	(263,498)
Provision/(reversal) for devaluation of other assets	(7,632)	-	(7,780)	-
Provision/(reversal) for devaluation on investments	-	-	-	(1,248)
Fixed assets written off	-	(4,491)	-	(4,491)
Other adjustments	41,859	(5,861)	53,313	(1,512)
Short-term interbank investments	(11,408,837)	(8,084,476)	(12,096,942)	(6,748,212)
Securities and derivative financial instruments	(243,480)	(2,139,338)	(242,120)	(2,161,156)
Interbank and interdepartmental accounts	(1,184,419)	(609,287)	(1,173,283)	(602,337)
Loan operations	(6,118,816)	(2,422,170)	(6,162,023)	(2,364,531)
Lease operations	(7,727)	(6,342)	(33,504)	(10,265)
Other receivables	(3,922,116)	(1,277,188)	(4,539,306)	(1,703,245)
Other receivables	(113,637)	(98,135)	(97,240)	(99,876)
Other liabilities	5,155,108	(3,975,881)	5,406,165	(3,624,805)
Changes in deferred income	(15,721)	6,310	(15,721)	6,310
Revaluation reserve recognized by the equity method of accounting	(118)	41	(118)	41
Adjustment to market value - securities & derivative financial instruments	35,015	15,873	35,015	15,873
Cash Provided/(Used In) Operations	**(16,485,528)**	**(16,199,559)**	**(17,422,871)**	**(14,838,271)**
Cash Flows from Financing Activities				
Deposits	955,119	999,478	1,822,475	1,536,304
Deposits received under security repurchase agreements	18,047,059	12,051,845	18,355,602	12,249,321
Funds from acceptance and issue securities	(1,717)	(17,217)	(204,903)	(377,037)
Borrowings and onlendings	455,266	609,235	451,870	(1,144,791)
Derivative financial instruments	(1,540,924)	876,909	(1,541,933)	875,426
Dividends and bonuses proposed	(242,446)	-	(242,446)	-
Resources repatriated	(7,960)	-	(7,960)	-
Interest on own capital proposed	(321,070)	-	(321,070)	-
Total Admission of Funds	**17,343,327**	**14,520,250**	**18,311,635**	**13,139,223**

Cash Flow Statement (Cont.)

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Cash Flows from Investing Activities				
Dividends received from subsidiary/associated companies	-	645	110,048	153,319
Interest on own capital receivable	-	-	2,297	5,680
Disposal of non-operating assets	14,409	-	14,438	62
Disposal of property and equipment in use	678	23,067	678	23,067
Disposal of leased assets	-	-	20,821	14,605
Adjustments to market value of subsidiaries	(10,236)	-	-	-
Applications in assets not for own use	(7,452)	-	(7,483)	(292)
Applications in fixed assets for use	(54,681)	(51,914)	(54,685)	(51,914)
Applications in fixed assets for leasing	(9,678)	(7,487)	(180,452)	(155,681)
Applications in investments	-	-	(2,974)	-
Expenditures in deferred charges	(29,662)	(61,696)	(29,651)	(61,665)
Total Funds Obtained/Invested	**(96,622)**	**(97,385)**	**(126,783)**	**(72,819)**
Net Cash Variation	**761,177**	**(1,776,694)**	**761,981**	**(1,771,867)**
At the beginning of the period	4,742,521	5,827,939	4,748,810	5,827,663
At the end of the period	5,503,698	4,051,245	5,510,791	4,055,796
Increase in cash and cash equivalents	**761,177**	**(1,776,694)**	**761,981**	**(1,771,867)**

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Cash Flow Statement

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Cash Flows form Operating Activities				
Net Income	1,408,790	2,342,669	1,408,790	2,342,669
Depreciation and amortization	182,414	169,351	180,632	169,467
Depreciation of leased assets	7,428	7,215	99,139	70,519
Amortization of losses	-	-	-	2,945
(Profit)/(loss) investments on subsidiary and associated companies	(153,282)	37,594	(38,682)	154,290
(Profit)/loss on the sale of assets	-	-	(4,480)	-
(Profit)/loss on the disposal of property and equipment in use	(12,536)	-	(12,536)	-
Excess depreciation	-	-	(20,718)	(15,209)
Changes in the currency exchange rate	(127,821)	(155,443)	(157,267)	(263,498)
(Gains)/losses on capital	-	-	(4,205)	-
Provision/(reversal) for devaluation of other assets	(7,632)	-	(7,780)	-
Provision/(reversal) for loss on investments	-	-	-	(1,248)
Fixed assets written off	-	(4,491)	-	(4,491)
Other adjustments	41,859	(5,861)	53,313	(1,512)
Short-term interbank investments	(11,408,837)	(8,084,476)	(12,096,942)	(6,748,212)
Securities and derivative financial instruments	(243,480)	(2,139,338)	(242,120)	(2,161,156)
Interbank and interdepartmental accounts	(1,184,419)	(609,287)	(1,173,283)	(602,337)
Loan operations	(6,118,816)	(2,422,170)	(6,162,023)	(2,364,531)
Lease operations	(7,727)	(6,342)	(33,504)	(10,265)
Other receivables	(3,922,116)	(1,277,188)	(4,539,306)	(1,703,245)
Other receivables	(113,637)	(98,135)	(97,240)	(99,876)
Other liabilities	5,155,108	(3,975,881)	5,406,165	(3,624,805)
Changes in deferred income	(15,721)	6,310	(15,721)	6,310
Revaluation reserve recognized by the equity method of accounting	(118)	41	(118)	41
Adjustment to market value - securities & derivative financial instruments	35,015	15,873	35,015	15,873
Cash Provided/(Used In) Operations	**(16,485,528)**	**(16,199,559)**	**(17,422,871)**	**(14,838,271)**
Cash Flows from Financing Activities				
Deposits	955,119	999,478	1,822,475	1,536,304
Deposits received under security repurchase agreements	18,047,059	12,051,845	18,355,602	12,249,321
Funds from acceptance and issue securities	(1,717)	(17,217)	(204,903)	(377,037)
Borrowings and onlendings	455,266	609,235	451,870	(1,144,791)
Derivative financial instruments	(1,540,924)	876,909	(1,541,933)	875,426
Dividends and bonuses proposed	(242,446)	-	(242,446)	-
Resources repatriated	(7,960)	-	(7,960)	-
Interest on own capital proposed	(321,070)	-	(321,070)	-
Total Admission of Funds	**17,343,327**	**14,520,250**	**18,311,635**	**13,139,223**

Cash Flow Statement (Cont.)

	BB-Domestic and Foreign Branches		BB-Consolidated	
	1st quarter/2007	1st quarter/2006	1st quarter/2007	1st quarter/2006
Cash Flows from Investing Activities				
Dividends receivable from subsidiary/associated companies	-	645	110,048	153,319
Interest on own capital receivable	-	-	2,297	5,680
Disposal of non-operating assets not for own use	14,409	-	14,438	62
Disposal of property and equipment in use	678	23,067	678	23,067
Disposal of leased assets	-	-	20,821	14,605
Adjustments to market value of subsidiaries	(10,236)	-	-	-
Applications in assets not for own use	(7,452)	-	(7,483)	(292)
Applications in fixed assets for use	(54,681)	(51,914)	(54,685)	(51,914)
Applications in leased assets	(9,678)	(7,487)	(180,452)	(155,681)
Applications in investments	-	-	(2,974)	-
Expenditures in deferred charges	(29,662)	(61,696)	(29,651)	(61,665)
Total Funds Obtained/Invested	**(96,622)**	**(97,385)**	**(126,783)**	**(72,819)**
Net Cash Variation	**761,177**	**(1,776,694)**	**761,981**	**(1,771,867)**
At the beginning of the period	4,742,521	5,827,939	4,748,810	5,827,663
At the end of the period	5,503,698	4,051,245	5,510,791	4,055,796
Increase in cash and cash equivalents	**761,177**	**(1,776,694)**	**761,981**	**(1,771,867)**

EXECUTIVE BOARD

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Antonio Francisco de Lima Neto

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Aldo Luiz Mendes
Derci Alcantara (Interim)
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Luiz Gustavo Braz Lage
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Milton Luciano dos Santos
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Eduardo Grande Bittencourt
Eustáquio Wagner Guimarães Gomes
Marcos Machado Guimarães (Substitute)

ACCOUNTING

Pedro Carlos de Mello
General Accountant
Accountant CRC-DF 5.773/O-7
CPF 325.203.807-20

(D9) Company Profile (Financial Statements, Income Statements, Credit Portfolio by Risk Level - June 2007, Ratios, Highlights, Credit Portfolio, Capital Markets, Shares and Warrants and Products and Services)

Financial Statements

Financial Statements			
(R$ million)	**Jun/06**	**Jun/07**	**Chg%**
Shareholders' Equity	19,178	22,302	16.3
Total Assets	273,836	332,968	21.6
Liquidity Assets	29,758	41,185	38.4
Credit Operations*	94,893	125,502	32.3
Deposits	139,939	164,545	17.6
- Demand	31,363	36,841	17.5
- Time	69,377	81,427	17.4
- Savings	33,215	40,831	22.9
- Interbank	5,855	5,146	(12.1)
- for investiment	129	300	132.6
Money Market Borrowing	51,496	74,719	45.1
* Net of Provisions and Includes Leasing			

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Income Statement

Income Statement			
(R$ million)	**Jun/06**	**Jun/07**	**Chg%**
Gross Income from Financial Intermediation	2,148	4,020	87.2
Other Operating Income/Expenses	(44)	(2,297)	5120.5
Service Fees	2,246	2,437	8.5
Personnel Expenses	(2,001)	(2,513)	25.6
Other Administrative Expenses	(1,450)	(1,647)	13.6
Tax Expenses	(437)	(525)	20.1
Equity Income from Assoc. and Subsidiary Co.	172	(63)	(136,6)
Other Operating Income	1,719	1,575	(8.4)
Other Operating Expenses	(292)	(1,561)	434.6
Operating Income	2,104	1,724	(18.1)
Non Operating Income	25	12	(52.0)
Income before Tax and Social Contribution	2,129	1,736	(18.5)
Income Tax and Social Contribution	(277)	(530)	91,3
Profit Sharing	(307)	(137)	(55.4)
Net Income	1,546	1,068	(30.9)

Credit Portfolio Risk Level - Jun/07

Credit Portfolio Risk Level - Jun/07				
(R$ million)				
Rating	**Amount**	**Required Provision**	**% BB**	**% Banking Industry***
AA	39,371	-	27.1	24.4
A	29,432	147	20.3	39.9
B	46,513	465	32.0	17.6
C	16,546	196	11.4	9.3
D	5,113	511	3.5	2.6
E	1,993	598	1.4	1.3
F	803	401	0.6	0.9
G	987	691	0.7	0.7
H	4,476	4,476	3.1	3.3
Total	**145,233**	**7,786**	**100.0**	**100,0**
AA-C	131,861	1,108	90.8	92.2
D-H	13,372	6,677	9.2	8.8
* Source: Brazilian Central Bank				

Ratios

	Jun/06	Jun/07	Chg. %
Profitability			
Net Income per Share (R$)	0.62	0.43	(30.6)
ROE (%)	47.8	24.3	(49.2)
ROA (%)	3.0	1.3	(56.7)
Gross Financial Margin/(Assets - Permanent) (%)	6.7	6.6	(1.5)
Gross Financial Margin/Profitable Assets (%)	8.1	7.9	(2.8)
Productivity			
Efficiency Ratio (%)	43.3	54.0	24.7%
Service Fees/Personnel Expenses (%)	112.1	97.0	(13.5)
Service Fees/Administrative Expenses (%)	65.1	58.6	(10.0)
Personnel Expenses per Employee/Intern (R$)	19,708	28,204	43.1%
Employees/Interns per (Branches + PAA + PAB)	17	17	0%
Credit Portfolio Quality			
Credit Risk Provision/Credit Portfolio (%)	7.4	6.5	(12.1)
Credit Risk Provision/Ratings E, F, G and H (%)	107.8	114.3	6.0%
Capital Structure	14.3		
Leverage (x)	17.3	14.9	4.2%
BIS Ratio (%)	17.3	15.9	(8.1)
Capital Market			
Price/Earnings 12 months	6.34	14.9	135.2%
Price/Book Value	2.01	2.01	0%
Market Capitalization (R$ million)	41,249	69,054	67.4%
Book Value per Share (R$)	7,75	9.01	16.3%

Highlights

	Jun/06	Jun/07	Chg. %
Work Force	**93,333**	**89,108**	**(4.5)**
Employees	82,879	79,310	(4.3)
Interns	10,454	9,798	(6.3)
Distribution Network - Brazil	**14,956**	**15,161**	**1.4%**
Branches	3,948	3,977	0.7%
Others	11,008	11,184	1.6%
Distribution Network - Abroad	**40**	**41**	**2.5%**
Branches	17	16	(5.9)
Others	23	25	8.7%
ATM	**41,712**	**40**	**(4.2)**
Accounts (in thousands)	**23,259**	**24,575**	**5.7%**
Individuals	21,812	22,993	5.4%
Companies	1,447	1,581	9.3%
Credit Cards (amount in millions)	**9.9**	**14,4**	**58.6%**
Asset Management (R$ billion)	**171.2**	**193,1**	**22.0%**

Credit Portfolio

Credit Portfolio - Customer			
R$ million	**Jun/06**	**Jun/07**	**Chg. %**
Brazil	**103,209**	**133,019**	**28.9%**
Individuals	21,637	27,904	29.0%
Companies	41,658	56,345	35.3%
Agribusiness	39,914	48,769	22.2%
Foreign	**9,894**	**12,214**	23.4%
Total	**113,103**	**145,233**	**28.4%**

Capital Markets

Performance Change %		
Assets	**Jun/06**	**Jun/07**
BB Common Shares	(8.4)	26.5
Subs. Warrant C	(9.5)	43.5
Bradesco Preferred	(12.5)	11.8
Itaubanco Preferred	(1.3)	19.7
Unibanco Preferred	(12.1)	20.7
Ibovespa	(3.5)	20.6
Savings	1.0	1.9
US$ PTAX	(0.4)	(6.1)
IGP-DI Index	1.1	0.6
IGPM Fgv Index	0.7	0.3
IPCA Ibge Index	0.3	0.8
Source: Economática, closing date price		

Shares and Warrants

Shareholders	**% ON**		
National Treasury	68,7		
Previ	11,4		
BNDESPar	5,0		
Shares in Treasury	-		
Foreign Capital	6,9		
Individuals	4,0		
Companies	3,9		
Total shareholders - 300,076			
Quantity of shares - 2,475,949,269			
Subscription Warrants			
Type	**Amount**	**%**	**Period**
C	27,028,746	100,0	31.03 a 30.06.2011
Total	27,028,746		

Products and Services

Private Pension Funds, Insurance and Capitalization Plans			
R$ thousand	**Jun/06**	**Jun/07**	**Chg %**
Insurance **(Earned Premiums)**			
- Vehicles	417,155	431,721	3.5
- Life/others	595,402	627,999	5.5
- Health	68,962	63,384	(8.1)
Private Pension Funds	**1,175,644**	**1,475,332**	25.5
Capitalization Plans	**458,472**	**921,146**	100.9
Cards	**Credit**	**Debt**	**Total**
- Turnover (R$ billion) - 2Q07	6.4	5.1	**11.5**
- Amount (in millions) - Jun/07	15.7	44.0	**59.7**

PRESENTATION TO THE MARKET

(E1) 3rd Quarter 2007 Institutional Presentation

(E2) 2nd Quarter 2007 Institutional Presentation

(E3) 4th Quarter 2007 Conference Call Transcript

(E4) 3rd Quarter 2007 Conference Call Transcript

(E5) 2nd Quarter 2007 Conference Call Transcript

(E6) 1st Quarter 2007 Conference Call Transcript

EXHIBIT A

INFORMATION FURNISHED PURSUANT TO PARAGRAPH (b)(1)(i) OF THE RULE

SHAREHOLDERS MEETINGS

(A1) Summary of Minutes of the meeting of the Company's shareholders held on January 24, 2008 (translated summary)

(A2) Minutes of the meeting of the Company's shareholders held on October 23, 2007 (translation)

(A3) Minutes of the meeting of the Company's shareholders held on July 12, 2007 (translation)

(A4) Minutes of the meeting of the Company's shareholders held on April 25, 2007 (translation)

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(A1) Summary of Minutes of the meeting of the Company's shareholders held on January 24, 2008 (translated summary)

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01.24.2008 - Summary of ESM

We hereby inform that the Extraordinary General Shareholders Meeting held on 10.23.2007 approved:

a) To approve the followings changes in the article 33 of Banco do Brasil's Bylaws, considering the new rules of impediment to the Board of Auditors Audit Committee.

TODAY	PROPOSAL
Article 33 (...)	Article 33 (...) **[no changes]**
Paragraph 1 (...)	Paragraph 1 (...) **[no changes]**
Paragraph 2 In addition to the impediments provided for in article 13 of these bylaws, the office at the Audit Committee shall be taken provided that basic conditions and other requirements of the effective legislation are met.	Paragraph 2 In addition to the impediments provided for in article 13 of these bylaws, the office at the Audit Committee shall be taken provided that basic conditions and other requirements of the effective legislation are met, **and its members are prohibited, in their term, the practice of the activities related in paragraphs 6 of the article 23 of this Bylaws.**
Paragraph 3 to 6 (...)	Paragraph 3 to 6 (...) **[no changes]**
	Paragraph 7 After the end of their term, the Board of Auditors' ex-counselors, member or deputy, shall follow the impediments provided by the paragraph 6 of the article 23 of this Bylaws, observed in the paragraphs 7 to 12 of this article.

b) To approve the raise of the Banco do Brasil's Capital Stock in R$ 500,951,519.87 and the raise of the numbers of shares in 66,232,261, due to the anticipation of the exercise of series C Subscription Warrants and the change of the article 7 of Banco do Brasil's Bylaws, as follows:

Article 7 The Capital Stock is R$ 13,211,644,135.82 (thirteen billion, two hundred and eleven millions, six hundred and forty-four thousand, one hundred and thirty-five reais and eighty-two cents), divided into 2,542,181,530 (two billion, five hundred and forty-two millions, one hundred and eighty-one thousand, five hundred and thirty) ordinary dematerialized shares without a nominal value.

Brasília (DF), January 24th, 2008.

Marco Geovanne Tobias da Silva
Investor Relations Manager

(A2) Minutes of the meeting of the Company's shareholders held on October 23, 2007 (translation)

10.23.2007 - Summary of ESM

We hereby inform that the Extraordinary General Shareholders Meeting held on 10.23.2007 approved:
a) an elective anticipation of the Subscription Warrants "Series C" exercise to November, 2007; observing the following:

1) the anticipation must be elective, decided by the warrants holders;
2) the non-exercise of the right in the anticipation period does not extinguish the right to exercise; and
3) the maintenance of the right of exercise in the initially settled period – 03.31.2011 and 06.31.2011.

b) inclusion of the article 33-B in the Bylaws concerning Banco do Brasil's ombudsman, pursuant to regulation CMN 3,477, dated June 26th, 2007, as follows:

Art. 33-B The Bank will make use of an Ombudsman that will have the purpose to act as communication channel between the Institution, customers and users, allowing them to search the solution in their relationship with Banco do Brasil, by means of register claims, denunciations and suggestions.

Paragraph 1 Besides the legal ones, the Ombudsman attributions are:

I- to receive, register, instruct, analyze and give formal and adequate treatment to the customers and users claims;
II- to give the necessary explanations concerning the course of its demands and the steps;
III- to inform the deadline for reply, which cannot take more than thirty days and must be sent in this period;
IV- to propose to the Board of Directors corrective measures or improvement to procedures and institution routines;
V- to build and send to the Internal Audit, Audit committee and Board of Directors, half yearly reports on its performance with the proposals mentioned in the previous items.

Paragraph 2 The Ombudsman performance will be issued by the transparency, independence, fairness, having conditions adjusted for its effective functioning.

Paragraph 3 The Ombudsman will have assured access to the necessary information for its performance, being able, in such way, to request information and documents for the exercise of its activities, observed the relative legislation to the secrecy banking.

Paragraph 4 The Ombudsman function will be played by an effective employee, with compatible commission of the Ombudsman attributions, which will have 1 (one) year term, renewable for equal periods, being assigned and resigned, any time, by the Bank's President.

Paragraph 5 The employee assigned for the position of ombudsman will not receive other remuneration but the one that the position originally requires.

Brasília (DF), October 23rd, 2007
Marco Geovanne Tobias da Silva
Investor Relations Manager

(A3) Minutes of the meeting of the Company's shareholders held on July 12, 2007 (translation)

07.12.2007 - Summary of ESM

We hereby inform that the Extraordinary Shareholders' Meeting approved the following alterations in Banco do Brasil's Bylaws, and also the raise of the annual remuneration amount of the management bodies members for the 2007/2008 period from R$18,839,000 to R$22,326,000,00, due to the alterations on article 23 of the Bylaws.

Alterations in the Bylaws:

Art. 23. The Bank's management shall be in charge of the Executive Board, and will comprise from 10 to 36 members, as follows:
I – (...);
II - up to nine Vice-Presidents elected as provided for in item VI of article 21 of these bylaws; and
III - up to twenty-six Executive Officers elected as provided for in item VI of article 21 of these bylaws.

Art. 25 (...)

Paragraph 1 – The President of the Bank functions shall be exercised, during absences, annual paid leaves and other leaves as follows:
I – (...)
II – over 30 consecutive days, by whoever, as provided for by law, is temporarily appointed by the President of the Republic;

Paragraph 2 – (...)

Paragraph 3 – During the Vice-Presidents and the Executive Officers absences, the functions shall be exercised by other Vice-President or other Executive Officer, respectively, as follows:

a) (...)
b) over 30 consecutive days, or in case of vacancy, up to the elected substitute takes office, upon assignment by the President and approval, within the period of exercising the position functions, by the Board of Directors.

Paragraph 4 – For the events mentioned in the paragraphs 1 to 3 of this article, the Vice-President or the Executive Officer shall accumulate his functions with the President, Vice-President or Executive Officer ones, upon assignment and without additional earnings.

Art. 27. The out-of-court representation and appointment of the Bank's attorneys in fact shall be made by the President or any of the Vice-Presidents and, within the limits of their duties and powers, by the Executive Board members. The representation in court shall be made by the President, Vice-Presidents or the legal officer, and all of them are responsible for conferring power of attorney.

Art. 29. The duties of the Board of Officers are as follows:
I – submit to the Board of Directors, through the President of the Bank, or through the coordinator assigned by him, proposals for their resolution, especially on the matters listed in items I III, IV, head, VIII, XII, XIII and XIV of article 21 of these bylaws;

Art. 30.

I – The President shall:
a) to e) (...)
f) nominate, among the Vice-Presidents, Coordinator with the specific purpose of call and chair, during his absences or impediments, the Board of Officers and Executive Board meetings.

II – each Vice-President:
a) each Vice-President shall manage, oversee and coordinate the areas assigned to them and the work of Executive

Officers and units under its direct oversight;
b) coordinate the Board of Officers and Executive Board meetings, when assigned by the President.

III – (...)

Paragraph 1 The Coordinator assigned by the President to call and chair the Board of Officers and Executive Board meetings will not cast a qualifying vote or receive additional earnings for acting the function.

Paragraph 2 The Executive Officers duties could be exercised, during they absences or impediments, by the Office Management Committee of their own directorates, observed the Executive Board Rules and the competences attributed by the Board of Officers.

Art. 31. (...)

Paragraph 1 The Executive Board shall meet on a regular basis once every three months and on extraordinary basis whenever convened by the Bank's President or by the Coordinator assigned by him.

Paragraph 2 The Board of Officers:
I – is a body that takes joint resolutions and meet on a regular basis at least once a week and on extraordinary basis whenever convened by its President or by the Coordinator assigned by him, taking into account that it requires the attendance of, at least, the majority of its members;
II – resolutions are approved upon the favorable vote of, at least, the majority of the attending members; in case of draw, the President's vote will prevail; and

(...)

Paragraph 3 The Board of Officers shall be assisted by an executive secretariat, the President of the Bank being responsible for assigning the effective member.

Art. 33-A (...)

Sole paragraph. The chief of the Internal Audit shall be appointed among effective employees of the Bank and shall nominate or removed by the Board of Directors, pursuant to the provisions of article 22, paragraph 3, item I of these bylaws.

Art. 13. – (...)
I, II e III – (...)

Sole Paragraph. Nominees to a public elective mandate are not admitted in the Bank's management bodies and they shall resign, under penalty of losing their position, since the moment that their candidature becomes public. During this period, earnings will be not paid to the member of the management bodies, who will lose the position since the date of the candidature enrollment.

Art. 41 The financial statements for quarters, six-month periods and years shall also be prepared in English and at least the yearly financial statements will be prepared in accordance with international accounting standards.

Art. 33. (...).

Paragraphs 1 and 2 (...)

Paragraph 3 (...):
I - an effective member may be chosen among the Board of Directors elected by minority shareholders;
II - an effective member may be chosen among the Board of Directors members appointed by the Ministry of Finance;

III - (...).

Paragraphs 4 to 6 (...)

Brasília (DF), July 12, 2007

Marco Geovanne Tobias da Silva

Investor Relations Manager

(A4) Minutes of the meeting of the Company's shareholders held on April 25, 2007 (translation)

04.25.2007 - Summary of OSM/ESM

Banco do Brasil informs that the Extraordinary Shareholders Meeting held on 04.25.2007 decided:

1 – To approve:

a) the Capital Budget for 2007, amounting R$ 2,023 million;

b) the management report, accounts, financial statements, opinions of the Audit Board and of the independent auditors and the report of the Audit Committee relating to fiscal year 2006;

c) to set the net income of R$ 6,043,776,622.01;

d) 200% split of BB's Shares, entitling two new shares for each one existing share;

e) the capitalization of part of retained earnings to expansion and capital reserves, without issuing new shares;

f) the alteration in the BB's Bylaw article 7th, due to items "d" e "e" above.

2 – To set:

a) the remuneration of the Board of Auditors members;

b) the overall annual amount of the management bodies members remuneration for the period of May 2007 to April 2008.

3 – To elect

a) the following Board of Auditors members to 2007/2008 term:

- Agostinho do Nascimento Netto / José Luiz Gomes Rôlo

- Marcos Machado Guimarães / Carla Goes Coelho de Souza

- Otávio Ladeira de Medeiros / Daniel Sigelmann

- Eduardo Grande Bittencourt / Egon Handel

- Eustáquio Wagner Guimarães Gomes / Alfredo Luiz Buso

b) the following Board of Directors members to 2007/2009 term:

- Bernard Appy - President

- Antonio Francisco de Lima Neto - Vice-president

- Tarcísio José Massote de Godoy

- José Carlos Rocha Miranda

- Francisco Augusto da Costa e Silva

- Carlos Augusto Vidotto

- João Carlos Ferraz

Brasília (DF), April 25th, 2007.

Marco Geovanne Tobias da Silva
Investor Relations Manager

EXHIBIT A

INFORMATION FURNISHED PURSUANT TO PARAGRAPH (b)(1)(i) OF THE RULE

BOARD OF DIRECTORS MEETINGS

(B1) Minutes of the meeting of the Company's board of directors held on March 14, 2008 (translation)

(B2) Minutes of the meeting of the Company's board of directors held on February 22, 2008 (translation)

(B3) Minutes of the meeting of the Company's board of directors held on January 25, 2008 (translation)

(B4) Minutes of the meeting of the Company's board of directors held on December 14, 2007 (translation)

(B5) Minutes of the meeting of the Company's board of directors held on November 26, 2007 (translation)

(B6) Minutes of the meeting of the Company's board of directors held on October 15, 2007 (translation)

(B7) Minutes of the meeting of the Company's board of directors held on September 17, 2007 (translation)

(B8) Minutes of the meeting of the Company's board of directors held on August 10, 2007 (translation)

(B9) Minutes of the meeting of the Company's board of directors held on July 13, 2007 (translation)

(B10) Minutes of the meeting of the Company's board of directors held on June 15, 2007 (translation)

(B11) Minutes of the meeting of the Company's board of directors held on May 11, 2007 (translation)

(B12) Minutes of the meeting of the Company's board of directors held on March 19, 2007 (translation)

(B13) Minutes of the meeting of the Company's board of directors held on February 26, 2007 (translation)

(B14) Minutes of the meeting of the Company's board of directors held on January 18, 2007 (translation)

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(B1) Minutes of the meeting of the Company's board of directors held on March 14, 2008 (translation)

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03.14.2008 - Summary of the Board of Directors' Meeting

Banco do Brasil informs that the Board of Directors, in a meeting held on 03.14.2008, approved the call notice for the Ordinary and Extraordinary Shareholders Meeting that will be held on April 17th, 2008, in order to deal with the following subjects:Ordinary Shareholders MeetingI- to be informed about the management report and to examine, for deliberation, accounts, financial statements, opinions of the Audit Board and of the independent auditors and the report of the Audit Committee relating to fiscal year 2007;II- to deliberate on dividends and 2007 earnings retention;III- to elect the Board of Auditors members;IV- to set the remuneration of the Board of Auditors members;V- to set the overall annual amount of the remuneration of the management bodies members.Extraordinary Shareholders Meeting- to deliberate on a proposal for changes in the BB's Bylaw article 23, due to the numbers of Banco do Brasil's Executive Board members.
Best regards,
Marco Geovanne Tobias da Silva
IR Manager

(B2) Minutes of the meeting of the Company's board of directors held on February 22, 2008 (translation)

02.22.2008 - Minutes of the Board of Directors' Meeting

On February 22nd of two thousand and eight, at ten a.m., in Brasilia (DF), with Mr. Antonio Francisco de Lima Neto as Chairman, Banco of Brasil Board of Directors' Ordinary Meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Bernardo Gouthier Macedo, Cleber Ubiratan de Oliveira, Francisco Augusto da Costa e Silva, Henrique Jager and Tarcísio José Massote de Godoy; absentees, for justified reason, Mr. Bernard Appy and Mr. Hayton Jurema da Rocha to act as the Secretary.

It was also present, Mr. (...) Antonio Rugero Guibo, Legal Executive Manager and Mr. Glauco Cavalcante Lima, Strategy and Organization Director.
(...)
At the beginning of the meeting, the Board of Directors decided:

1. To declare awareness of:
a) to k)
(...)
2. To homologate:

a) and b) (...)
c) the dispatch of the Board of Directors' chairman, of February 11th, 2008, ad referendum, approving the election of Mr. Henrique Jager, as follows, to act as a Board of Director member, to fulfill the 2007/2009 term:

HENRIQUE JAGER, Brazilian, married, economist, resident and domiciled at Rua Sorocaba, 736, ap. 401, Botafogo - Rio de janeiro (RJ), bearer of CPF nº 831.180.477-04 and Identify Card nº 17295-2 issued on 06.24.1988, by the Regional Economy Board of Rio de Janeiro.

d) and e) (...)
3. Approve:
a) to k) (...)
And there being nothing else to be deal with, Mr. Chairman concluded the meeting, of which I (signed) Luiz Cláudio Ligabue, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Antonio Francisco de Lima Neto, Bernardo Gouthier Macedo, Cleber Ubiratan de Oliveira, Henrique Jager and Tarcísio José Massote de Godoy.

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(B2) Minutes of the meeting of the Company's board of directors held on January 25, 2008 (translation)

01.25.2008 - Minutes of the Board of Directors' Meeting

On January 25th of two thousand and eight, at ten a.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco of Brasil Board of Directors' Ordinary Meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto, Cleber Ubiratan de Oliveira and Tarcísio José Massote de Godoy, absentees, for justified reasons, Mrs. Francico Augusto da Costa e Silva and Bernardo Gouthier Macedo and Mr. Luiz Cláudio Ligabue to act as the Secretary.

It was also present, Mr. Glauco Cavalcante Lima, Strategy and Organization Director, Mr. Antonio Rugero Guibo, Legal Executive Manager and Ms. Regina Maria Santos Rodrigues, Banco of Brasil's CEO's special assistant.

At the beginning of the meeting, the Board of Directors decided:

1. To declare awareness of:

a) to j) (...)

2. To homologate:

a) the dispatch of the Board of Directors' chairman, of January 7th, 2008, ad referendum, approving the election of Mr. Allan Simões Toledo, as follows, for the Commercial Directorship, to fulfill the 2007/2010 term and the relocation of the Director Sandro Kohler Marcondes for the International Directorship.

Commercial Director: ALLAN SIMÕES TOLEDO, Brazilian, married, resident and domiciled at Francisca Júlia Street, 300, 3º floor, ap. 03, Santana - São Paulo (SP), bearer of CPF nº 050.080.458-30 and of Identify Card nº 13191996-9, issued on 01.14.1991, by the Secretariat for Public Security of São Paulo.

3. Approve:

a) to c) (...)

And there being nothing else to be deal with, Mr. Chairman concluded the meeting, of which I (signed) Luiz Cláudio Ligabue, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, Cleber Ubiratan de Oliveira and Tarcísio José Massote de Godoy.

THIS DOCUMENT IS A TRUE COPY TRANSCRIBED FROM THE APPROPIATE BOOK

(B3) Minutes of the meeting of the Company's board of directors held on December 14, 2007 (translation)

12.14.2007 - Minutes of the Board of Directors' Meeting

On December 14th of two thousand and seven, at ten a.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco of Brasil Board of Directors' Ordinary Meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto, Bernardo Gouthier Macedo, Cleber Ubiratan de Oliveira, Francisco Augusto da Costa e Silva and Tarcísio José Massote de Godoy, absentees, and, Mr. Hayton Jurema da Rocha to act as the Secretary.

It was also present, Mr. Glauco Cavalcante Lima, Strategy and Organization Director, Mr. Joaquim Portes de Cerqueira Cesar, Legal Director and Ms. Regina Maria Santos Rodrigues, Banco of Brasil's CEO's special assistant.

At the beginning of the meeting, the Board of Directors pronounced knowledge of the resignation of the Director Carlos Augusto Vidotto, on this date.

In the opportunity Mr. Bernard Appy, in the name of the Board, whined the resign of the Director and honored to his great collaboration for the good course of the work, desiring success in his new challenges.

Continuing, the Board of Directors decided:

1. To declare awareness of:
(...)
2. To Homologate:
(...)
3. To approve:

a) to g) (...)
h) In relation to the anticipation of the Subscription Warrants "Series C" exercise: (i) The sell in the stock exchange, by bid process, of the shares generated from the reverse split of fractions from the subscription holders; (ii) the adoption of on average of the five last BBAS3 quotations as definition criterion of the minimum price of the share; (iii) scheduling of new auctions, in the hypothesis of remaining balance and (iv) call notice for extraordinary shareholders meeting to approve change in the article 7 of Banco do Brasil Bylaws, due to the capital increase and shareholders base growth, as Note DIFIN/GEAFI 2007/700, of 12.10.2007, approved by the Board of Officers on 12.11.2007;

i) to l) (...)

And there being nothing else to be deal with, Mr. Chairman concluded the meeting, of which I (signed) Hayton Jurema da Rocha, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, Bernardo Gouthier Macedo, Cleber Ubiratan de Oliveira, Francisco Augusto da Costa e Silva and Tarcísio José Massote de Godoy.

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(B4) Minutes of the meeting of the Company's board of directors held on November 26, 2007 (translation)

11.26.2007 - Minutes of the Board of Directors' Meeting

On November 26th of two thousand and seven, at ten a.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco of Brasil Board of Directors' Ordinary Meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto, Bernardo Gouthier Macedo, Cleber Ubiratan de Oliveira, Francisco Augusto da Costa e Silva and Tarcísio José Massote de Godoy, absentees, for justified reasons Mr. Carlos Augusto Vidotto; and, Mr. Hayton Jurema da Rocha to act as the Secretary.

It was also present, Mr. Glauco Cavalcante Lima, Strategy and Organization Director, Mr. Joaquim Portes de Cerqueira

Cesar, Legal Director and Ms. Regina Maria Santos Rodrigues, Banco of Brasil's CEO's special assistant.

At the beginning of the meeting, the Board of Directors decided:

1. To declare awareness of:
(...)

2. To ratify:

a) the dispatch of the BB's CEO, of 11.13.2007, ad referendum, to approve the election of Mr. José Gilberto Jaloretto, qualified as follows, as member of the Audit Commmitee, to fulfill the mandate that ends in 06.30.2008.

JOSÉ GILBERTO JALORETTO, Brazilian, married, accountant, domiciled at SHIN, QI 14, Conjunto 09, casa 7, Lago Norte - Brasília (DF), bearer of CPF number 177.049.879-68 and ID number 574767, issued on 08.25.1978 by Secretariat for Public Security of Federal District;

b) the dispatch of the BB's CEO, of 11.13.2007, ad referendum, to approve the nomination of Mr. Cleber Ubiratan de Oliveira, qualified as follows, as member of the Board of Directors, representing the National Treasury, to fulfill the 2007/2009 term.

CLEBER UBIRATAN DE OLIVEIRA, Brazilian, married, economist, domiciled at SQS 204, bloco B, ap. 405, Asa Sul - Brasília (DF), bearer of CPF number 501.953.366-15 and ID number M 3.024.880, issued on 02.02.1993 by Secretariat for Public Security of Minas Gerais.

3. To approve:
(...)

And there being nothing else to be deal with, Mr. Chairman concluded the meeting, of which I (signed) Hayton Jurema da Rocha, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, Bernardo Gouthier de Macedo, Cleber Ubiratan de Oliveira, Francisco Augusto da Costa e Silva e Tarcísio José Massote de Godoy.

THIS DOCUMENT IS A TRUE COPY TRANSCRIBED FROM THE APPROPIATE BOOK

(B5) Minutes of the meeting of the Company's board of directors held on October 15, 2007 (translation)

09.17.2007 - Minutes of the Board of Directors' Meeting

On September 17th of two thousand and seven, at ten a.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco of Brasil Board of Directors' Ordinary Meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto, Bernardo Gouthier Macedo, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva and Tarcísio José Massote de Godoy; and, Mr. Hayton Jurema da Rocha to act as the Secretary.

It was also present, Mrs. Glauco Cavalcante Lima, Strategy and Organization Director, Joaquim Portes de Cerqueira Cesar, Legal Director and Regina Maria Santos Rodrigues, Banco of Brasil's CEO's special assistant. At the beginning of the meeting, the Board of Directors decided:

1. To declare awareness of:

a) to m) (...).

2. To ratify:

a) (...);

b) the dispatch of the Board of Directors' chairman, of 08.24.2007, ad referendum, to approve the election of the following members of the Executive Board to fulfill the 2007/2010 term, with the abstention of Directors Carlos Augusto Vidotto and Francisco Augusto da Costa e Silva regarding the election of Mr. Luiz Alberto Maguito Vilela:

Vice-President of Credit, Controlling and Risk Management ADÉZIO DE ALMEIDA LIMA, Brazilian, married, economist, domiciled at SQN 315, bloco G, ap. 207, Asa Norte - Brasília (DF), bearer of CPF number 342.530.507-78 and ID number 245.123, issued on 11.21.1977, by the Secretariat for Public Security of Espírito Santo;

Vice-President of Cards and New Retail Services ALDEMIR BENDINE, Brazilian, married, company manager, domiciled at SQN 315, bloco C, ap. 603, Asa Norte - Brasília (DF), bearer of CPF number 043.980.408-62 and ID number 10.126.451, issued on 04.28.1976 by the Secretariat for Public Security of São Paulo;

Vice-President of Finance, Capital Markets and Investor Relations ALDO LUIZ MENDES, Brazilian, divorced, economist, domiciled at SQS 114, bloco I, ap. 502, Asa Sul - Brasília (DF), bearer of CPF number 210.530.301-34 and ID number 468.756, issued on 09.28.1976 by the Secretariat for Public Security of Distrito Federal;

Vice-President of Technology and Logistics JOSÉ LUIS PROLA SALINAS, Brazilian, married, company manager, domiciled at SQN 115, bloco F, ap. 302, Asa Norte - Brasília (DF), bearer of CPF number 334.827.800-72 and ID number 6011315246, issued on 12.21.1987 by the Secretariat for Public Security of Rio Grande of Sul;

Vice-President of International Business and Wholesale JOSÉ MARIA RABELO, Brazilian, married, lawyer, domiciled at SQN 310, bloco K, ap. 301, Asa Norte - Brasília (DF), bearer of CPF number 232.814.566-34 and ID number MG-851.287, issued on 17.04.2000 by the Secretariat for Public Security of Minas Gerais;

Vice-President of Agribusiness LUÍS CARLOS GUEDES PINTO, Brazilian, married, agronomic engineer, domiciled at Rua José Inocêncio de Campos, 121, ap. 11, Cambuí - Campinas (SP), bearer of CPF number 021.056.918-20 and ID number 2.630.328, issued on 07.07.1959 by the Secretariat for Public Security of São Paulo;

Vice-President of Government Affairs LUIZ ALBERTO MAGUITO VILELA, Brazilian, married, lawyer, domiciled at SQS 403, bloco F, ap. 301, Asa Sul - Brasília (DF), bearer of CPF number 070.745.571-53 and ID number 150.730, issued on 03.21.1983 by the Secretariat for Public Security of Goiás;

Vice-President of Human Resources and Social-Environmental Responsibility LUIZ OSWALDO SANT'IAGO MOREIRA DE SOUZA, Brazilian, divorced, pedagogue, domiciled at SQS 114, bloco I, ap. 601, Asa Sul - Brasília (DF), bearer of CPF number 014.831.963-72 and ID number 522.899, issued on 08.02.1972 by the Secretariat for Public Security of Ceará;

Vice-President of Retail Service and Distribution MILTON LUCIANO DOS SANTOS, Brazilian, married, lawyer domiciled at SQN 111, bloco I, ap. 103, Asa Norte - Brasília (DF), bearer of CPF number 070.032.261-20 and ID number 269.925, issued on 09.05.1983 by the Secretariat for Public Security of Mato Grosso do Sul;

Debt and Credit Cards Director ALEXANDRE CORREA ABREU, Brazilian, divorced, company manager, domiciled no Condomínio Villages Alvorada, quadra 07, casa 58-A, Lago Sul - Brasília (DF), bearer of CPF number 837.946.627-68 and ID number 621.241, issued on 02.04.1985 by the Secretariat for Public Security of Espírito Santo;

International Director AUGUSTO BRAÚNA PINHEIRO, Brazilian, married, civil engineer, domiciled at SHIN QI 09, conjunto 19, casa 05, Lago Sul - Brasília (DF), bearer of CPF number 331.671.335-20 and ID number 1.594.044, issued on 04.07.1993 by the Secretariat for Public Security of Distrito Federal;

Logistics Director CLARA DA CUNHA LOPES, Brazilian, married, bank clerk, domiciled at SQN 316, bloco F, ap. 307, Asa Norte - Brasília (DF), bearer of CPF number 317.380.281-00 and ID number 1028772, issued on 07.15.1975 by the Secretariat for Public Security of Pará;

Security Management Director EDSON DE ARAÚJO LOBO, Brazilian, married, theologian, domiciled at SQN 315, bloco F, ap. 203, Asa Norte - Brasília (DF), bearer of CPF number 108.240.731-34 and ID number 406276, issued on 06.30.1987 by the Secretariat for Public Security of Distrito Federal;

Capital Markets and Investments Director FRANCISCO CLAUDIO DUDA, Brazilian, married, economist, domiciled at SQS 213, bloco G, ap. 304, Asa Sul - Brasília (DF), bearer of CPF number 261.899.331-49 and ID number 597.997, issued on 01.23.1979 by the Secretariat for Public Security of Distrito Federal;

Distribution and Retail Channels Director GERALDO AFONSO DEZENA DA SILVA, Brazilian, married, company manager, domiciled at SQN 111, bloco D, ap. 203, Asa Norte - Brasília (DF), bearer of CPF number 775.575.068-04 and ID number 8583190, issued on 07.31.1994 by the Secretariat for Public Security of São Paulo;

Strategy and Organization Director GLAUCO CAVALCANTE LIMA, Brazilian, married, accountant, domiciled at SQSW 305, bloco M, ap. 605, Sudoeste - Brasília (DF), bearer of CPF number 239.508.201-59 and ID n.° 572.641, issued on 07.23.1985 by the Secretariat for Public Security of Distrito Federal;

Employee Relation and Social-Environment Responsibility IZABELA CAMPOS ALCÂNTARA LEMOS, Brazilian, married, company manager, domiciled at SQSW 303, bloco C, ap. 502, Sudoeste - Brasília (DF), bearer of CPF number 340.698.281-68 and ID number 777.449, issued on 03.02.1995 by the Secretariat for Public Security of Distrito Federal;

Legal Director JOAQUIM PORTES DE CERQUEIRA CÉSAR, Brazilian, married, lawyer, domiciled at Rua São Carlos do Pinhal, 345, ap. 1805, Bela Vista - São Paulo (SP), bearer of CPF number 766.827.068-04 and ID number 5.724.550-2, issued on 11.18.1996 by the Secretariat for Public Security of São Paulo;

Micro and Small Business Director JOSÉ CARLOS SOARES, Brazilian, divorced, accountant, domiciled at SQN 115, bloco I, ap. 304, Asa Norte - Brasília (DF), bearer of CPF number 833.898.738-72 and ID number 10.146.462, issued on 02.09.1976 by the Secretariat for Public Security of São Paulo;

Agribusiness Director JOSÉ CARLOS VAZ, Brazilian, married, lawyer, domiciled at SHIN QI 05, conjunto 06, casa 12, Lago Norte - Brasília - DF, bearer of CPF number 329.726.281-87 and ID number 1356648, issued on 10.20.1989 by the Secretariat for Public Security of Distrito Federal;

Human Resources Director JURACI MASIERO, Brazilian, married, lawyer, domiciled at SQS 304, bloco A, ap. 206, Asa Sul - Brasília (DF), bearer of CPF number 196.287.900-30 and ID number 2.001.506.605, issued on 01.29.1975 by the Secretariat for Public Security of Rio Grande do Sul;

Marketing and Communication Director JUSSARA SILVEIRA DE ANDRADE GUEDES, Brazilian, married, bank clerk, domiciled at SQS 116, bloco E, ap. 602, Asa Sul - Brasília (DF), bearer of CPF number 116.701.931-87 and Driver's License number 00145320304, issued on 09.18.1986 by the Traffic Departament of Distrito Federal;

Restructuring of Operating Assets Director LUIZ CARLOS SILVA DE AZEVEDO, Brazilian, married, economist,

domiciled at SQN 309, bloco L, ap. 503, Asa Norte - Brasília (DF), bearer of CPF number 528.768.537-87 and ID number 001.360.405, issued on 11.14.1998 by the Secretariat for Public Security of Rio Grande do Norte;

Credit Director LUIZ GUSTAVO BRAZ LAGE, Brazilian, married, company manager, domiciled at SMPW, quadra 12, conjunto 3, lote 5, casa F, Park Way - Brasília (DF), bearer of CPF number 466.132.426-91 and ID M-2549413, issued on 01.29.1981 by the Secretariat for Public Security of Minas Gerais;

Technology Director MARIA DA GLÓRIA GUIMARÃES DOS SANTOS, Brazilian, married, data processing bachelor, domiciled at SQSW 504, bloco J, ap. 111, Suofeste - Brasília (DF), bearer of CPF number 214.103.561-91 and ID number 571.667, issued on 05.18.1982 by the Secretariat for Public Security of Distrito Federal;

Foreign Trade Director NILO JOSÉ PANAZZOLO, Brazilian, married, civil engineer, domiciled at SHIS QL 10, conjunto 8, casa 15, Lago Sul - Brasília (DF), bearer of CPF number 166.417.280-72 and ID number 12055891-1, issued on 08.06.1996 by the Secretariat for Public Security of Rio de Janeiro;

Controlling Director NILSON MARTINIANO MOREIRA, Brazilian, single, bank clerk, domiciled at SQN 315, bloco E, ap. 608, Asa Norte - Brasília (DF), bearer of CPF number 583.491.386-53 and ID number M3616965, issued on 03.20.1991 by the Secretariat for Public Security of Minas Gerais;

Retail Director PAULO EUCLIDES BONZANINI, Brazilian, married, accountant and company manager, domiciled at SQS 303, bloco B, ap. 201, Asa Sul - Brasília (DF), bearer of CPF number 709.589.718-20 and ID number 8.902.128-9, issued on 12.16.1998 by the Secretariat for Public Security of São Paulo;

Internal Controls PAULO ROBERTO EVANGELISTA DE LIMA, Brazilian, married, company manager, domiciled at SQSW 305, bloco M, ap. 503, Sudoeste - Brasília (DF), bearer of CPF number 117.512.661-68 and ID number 580976, issued on 06.01.1995 by the Secretariat for Public Security of Goiás;

New Retail Services Director PAULO ROGÉRIO CAFFARELLI, Brazilian, married, lawyer, domiciled at SHIN QI 10, conjunto 10, casa 30, Lago Norte - Brasília (DF), bearer of CPF number 442.887.279-87 and ID number 3.381.390-2, issued on 02.03.1981 by the Secretariat for Public Security of Paraná;

Risk Management Director RENÊ SANDA, Brazilian, married, statistic, domiciled at SHIN QI 02, conjunto 10, casa 14, Lago Norte - Brasília (DF), bearer of CPF number 050.142.628-05 and ID number 11.583.184, issued on 07.18.1978 by the Secretariat for Public Security of São Paulo;

Insurance, Pension Plan and Capitalization Director RICARDO JOSÉ DA COSTA FLORES, Brazilian, single, economist, domiciled at SHIN QI 07, conjunto 7, casa 3, Lago Norte - Brasília (DF), bearer of CPF number 285.080.334-00 and ID number 2.334.977, issued on 05.08.2001 by the Secretariat for Public Security of Distrito Federal;

Commercial Director SANDRO KOHLER MARCONDES, Brazilian, married, company manager, domiciled at SHIN QI 10, conjunto 04, casa 05, Lago Norte - Brasília (DF), bearer of CPF number 485.322.749-00 and ID number 3.481.959-9, issued on 08.01.1981 by the Secretariat for Public Security of Paraná;

Government Director SÉRGIO RICARDO MIRANDA NAZARÉ, Brazilian, married, economist, domiciled at SHIS QI 03, conjunto 01, casa 12, Lago Sul - Brasília (DF), bearer of CPF number 245.212.211-49 and ID number 3145, issued on 07.29.1991 by the Regional Counsel of Economics of Distrito Federal;

Finance Director WILLIAM BEZERRA CAVALCANTI FILHO, Brazilian, married, economist, domiciled at Rua das Acácias, 101, ap. 103, Gávea - Rio de Janeiro (RJ), bearer of CPF number 530.627.607-53 and ID number 3.643.978-4, issued on 07.24.2000 by the Secretariat for Public Security of Rio de Janeiro.

3. To approve:

a) (...);

b) the anticipation, under holders choice, of the Subscription Warrants "Series C" exercise to the month of November, 2007, with the maintenance of the final date of the exercise to 06.30.2011, observed the conditions approved in the Shareholders' Meeting of 06.17.1996, as note DIFIN/GEAFI-2007/472, from 08.29.2007, approved by the Executive Board on 09.04.2007;

c) a i)...
And there being nothing else to be deal with, Mr. Chairman concluded the meeting, of which I (signed) Hayton Jurema da Rocha, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, Bernardo Gouthier de Macedo, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva and Tarcísio José Massote de Godoy.

THIS DOCUMENT IS A TRUE COPY TRANSCRIBED FROM THE APPROPIATE BOOK

(B6) Minutes of the meeting of the Company's board of directors held on September 17, 2007 (translation)

09.17.2007 - Minutes of the Board of Directors' Meeting

On September 17th of two thousand and seven, at ten a.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco of Brasil Board of Directors' Ordinary Meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto, Bernardo Gouthier Macedo, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva and Tarcísio José Massote de Godoy; and, Mr. Hayton Jurema da Rocha to act as the Secretary.

It was also present, Mrs. Glauco Cavalcante Lima, Strategy and Organization Director, Joaquim Portes de Cerqueira Cesar, Legal Director and Regina Maria Santos Rodrigues, Banco of Brasil's CEO's special assistant. At the beginning of the meeting, the Board of Directors decided:

1. To declare awareness of:

a) to m) (...).

2. To ratify:

a) (...);

b) the dispatch of the Board of Directors' chairman, of 08.24.2007, ad referendum, to approve the election of the following members of the Executive Board to fulfill the 2007/2010 term, with the abstention of Directors Carlos Augusto Vidotto and Francisco Augusto da Costa e Silva regarding the election of Mr. Luiz Alberto Maguito Vilela:

Vice-President of Credit, Controlling and Risk Management ADÉZIO DE ALMEIDA LIMA, Brazilian, married, economist, domiciled at SQN 315, bloco G, ap. 207, Asa Norte - Brasília (DF), bearer of CPF number 342.530.507-78 and ID number 245.123, issued on 11.21.1977, by the Secretariat for Public Security of Espírito Santo;

Vice-President of Cards and New Retail Services ALDEMIR BENDINE, Brazilian, married, company manager, domiciled at SQN 315, bloco C, ap. 603, Asa Norte - Brasília (DF), bearer of CPF number 043.980.408-62 and ID number 10.126.451, issued on 04.28.1976 by the Secretariat for Public Security of São Paulo;

Vice-President of Finance, Capital Markets and Investor Relations ALDO LUIZ MENDES, Brazilian, divorced, economist, domiciled at SQS 114, bloco I, ap. 502, Asa Sul - Brasília (DF), bearer of CPF number 210.530.301-34 and ID number 468.756, issued on 09.28.1976 by the Secretariat for Public Security of Distrito Federal;

Vice-President of Technology and Logistics JOSÉ LUIS PROLA SALINAS, Brazilian, married, company manager, domiciled at SQN 115, bloco F, ap. 302, Asa Norte - Brasília (DF), bearer of CPF number 334.827.800-72 and ID number 6011315246, issued on 12.21.1987 by the Secretariat for Public Security of Rio Grande of Sul;

Vice-President of International Business and Wholesale JOSÉ MARIA RABELO, Brazilian, married, lawyer, domiciled at SQN 310, bloco K, ap. 301, Asa Norte - Brasília (DF), bearer of CPF number 232.814.566-34 and ID number MG-851.287, issued on 17.04.2000 by the Secretariat for Public Security of Minas Gerais;

Vice-President of Agribusiness LUÍS CARLOS GUEDES PINTO, Brazilian, married, agronomic engineer, domiciled at Rua José Inocêncio de Campos, 121, ap. 11, Cambuí - Campinas (SP), bearer of CPF number 021.056.918-20 and ID number 2.630.328, issued on 07.07.1959 by the Secretariat for Public Security of São Paulo;

Vice-President of Government Affairs LUIZ ALBERTO MAGUITO VILELA, Brazilian, married, lawyer, domiciled at SQS 403, bloco F, ap. 301, Asa Sul - Brasília (DF), bearer of CPF number 070.745.571-53 and ID number 150.730, issued on 03.21.1983 by the Secretariat for Public Security of Goiás;

Vice-President of Human Resources and Social-Environmental Responsibility LUIZ OSWALDO SANT'IAGO MOREIRA DE SOUZA, Brazilian, divorced, pedagogue, domiciled at SQS 114, bloco I, ap. 601, Asa Sul - Brasília (DF), bearer of CPF number 014.831.963-72 and ID number 522.899, issued on 08.02.1972 by the Secretariat for Public Security of Ceará;

Vice-President of Retail Service and Distribution MILTON LUCIANO DOS SANTOS, Brazilian, married, lawyer domiciled at SQN 111, bloco I, ap. 103, Asa Norte - Brasília (DF), bearer of CPF number 070.032.261-20 and ID number 269.925, issued on 09.05.1983 by the Secretariat for Public Security of Mato Grosso do Sul;

Debt and Credit Cards Director ALEXANDRE CORREA ABREU, Brazilian, divorced, company manager, domiciled no Condomínio Villages Alvorada, quadra 07, casa 58-A, Lago Sul - Brasília (DF), bearer of CPF number 837.946.627-68 and ID number 621.241, issued on 02.04.1985 by the Secretariat for Public Security of Espírito Santo;

International Director AUGUSTO BRAÚNA PINHEIRO, Brazilian, married, civil engineer, domiciled at SHIN QI 09, conjunto 19, casa 05, Lago Sul - Brasília (DF), bearer of CPF number 331.671.335-20 and ID number 1.594.044, issued on 04.07.1993 by the Secretariat for Public Security of Distrito Federal;

Logistics Director CLARA DA CUNHA LOPES, Brazilian, married, bank clerk, domiciled at SQN 316, bloco F, ap. 307, Asa Norte - Brasília (DF), bearer of CPF number 317.380.281-00 and ID number 1028772, issued on 07.15.1975 by the Secretariat for Public Security of Pará;

Security Management Director EDSON DE ARAÚJO LOBO, Brazilian, married, theologian, domiciled at SQN 315, bloco F, ap. 203, Asa Norte - Brasília (DF), bearer of CPF number 108.240.731-34 and ID number 406276, issued on 06.30.1987 by the Secretariat for Public Security of Distrito Federal;

Capital Markets and Investments Director FRANCISCO CLAUDIO DUDA, Brazilian, married, economist, domiciled at SQS 213, bloco G, ap. 304, Asa Sul - Brasília (DF), bearer of CPF number 261.899.331-49 and ID number 597.997, issued on 01.23.1979 by the Secretariat for Public Security of Distrito Federal;

Distribution and Retail Channels Director GERALDO AFONSO DEZENA DA SILVA, Brazilian, married, company manager, domiciled at SQN 111, bloco D, ap. 203, Asa Norte - Brasília (DF), bearer of CPF number 775.575.068-04 and ID number 8583190, issued on 07.31.1994 by the Secretariat for Public Security of São Paulo;

Strategy and Organization Director GLAUCO CAVALCANTE LIMA, Brazilian, married, accountant, domiciled at SQSW 305, bloco M, ap. 605, Sudoeste - Brasília (DF), bearer of CPF number 239.508.201-59 and ID n.° 572.641, issued on 07.23.1985 by the Secretariat for Public Security of Distrito Federal;

Employee Relation and Social-Environment Responsibility IZABELA CAMPOS ALCÂNTARA LEMOS, Brazilian, married, company manager, domiciled at SQSW 303, bloco C, ap. 502, Sudoeste - Brasília (DF), bearer of CPF number 340.698.281-68 and ID number 777.449, issued on 03.02.1995 by the Secretariat for Public Security of Distrito Federal;

Legal Director JOAQUIM PORTES DE CERQUEIRA CÉSAR, Brazilian, married, lawyer, domiciled at Rua São Carlos do Pinhal, 345, ap. 1805, Bela Vista - São Paulo (SP), bearer of CPF number 766.827.068-04 and ID number 5.724.550-2, issued on 11.18.1996 by the Secretariat for Public Security of São Paulo;

Micro and Small Business Director JOSÉ CARLOS SOARES, Brazilian, divorced, accountant, domiciled at SQN 115, bloco I, ap. 304, Asa Norte - Brasília (DF), bearer of CPF number 833.898.738-72 and ID number 10.146.462, issued on 02.09.1976 by the Secretariat for Public Security of São Paulo;

Agribusiness Director JOSÉ CARLOS VAZ, Brazilian, married, lawyer, domiciled at SHIN QI 05, conjunto 06, casa 12, Lago Norte - Brasília - DF, bearer of CPF number 329.726.281-87 and ID number 1356648, issued on 10.20.1989 by the Secretariat for Public Security of Distrito Federal;

Human Resources Director JURACI MASIERO, Brazilian, married, lawyer, domiciled at SQS 304, bloco A, ap. 206, Asa Sul - Brasília (DF), bearer of CPF number 196.287.900-30 and ID number 2.001.506.605, issued on 01.29.1975 by the Secretariat for Public Security of Rio Grande do Sul;

Marketing and Communication Director JUSSARA SILVEIRA DE ANDRADE GUEDES, Brazilian, married, bank clerk, domiciled at SQS 116, bloco E, ap. 602, Asa Sul - Brasília (DF), bearer of CPF number 116.701.931-87 and Driver's License number 00145320304, issued on 09.18.1986 by the Traffic Departament of Distrito Federal;

Restructuring of Operating Assets Director LUIZ CARLOS SILVA DE AZEVEDO, Brazilian, married, economist,

domiciled at SQN 309, bloco L, ap. 503, Asa Norte - Brasília (DF), bearer of CPF number 528.768.537-87 and ID number 001.360.405, issued on 11.14.1998 by the Secretariat for Public Security of Rio Grande do Norte;

Credit Director LUIZ GUSTAVO BRAZ LAGE, Brazilian, married, company manager, domiciled at SMPW, quadra 12, conjunto 3, lote 5, casa F, Park Way - Brasília (DF), bearer of CPF number 466.132.426-91 and ID M-2549413, issued on 01.29.1981 by the Secretariat for Public Security of Minas Gerais;

Technology Director MARIA DA GLÓRIA GUIMARÃES DOS SANTOS, Brazilian, married, data processing bachelor, domiciled at SQSW 504, bloco J, ap. 111, Suofeste - Brasília (DF), bearer of CPF number 214.103.561-91 and ID number 571.667, issued on 05.18.1982 by the Secretariat for Public Security of Distrito Federal;

Foreign Trade Director NILO JOSÉ PANAZZOLO, Brazilian, married, civil engineer, domiciled at SHIS QL 10, conjunto 8, casa 15, Lago Sul - Brasília (DF), bearer of CPF number 166.417.280-72 and ID number 12055891-1, issued on 08.06.1996 by the Secretariat for Public Security of Rio de Janeiro;

Controlling Director NILSON MARTINIANO MOREIRA, Brazilian, single, bank clerk, domiciled at SQN 315, bloco E, ap. 608, Asa Norte - Brasília (DF), bearer of CPF number 583.491.386-53 and ID number M3616965, issued on 03.20.1991 by the Secretariat for Public Security of Minas Gerais;

Retail Director PAULO EUCLIDES BONZANINI, Brazilian, married, accountant and company manager, domiciled at SQS 303, bloco B, ap. 201, Asa Sul - Brasília (DF), bearer of CPF number 709.589.718-20 and ID number 8.902.128-9, issued on 12.16.1998 by the Secretariat for Public Security of São Paulo;

Internal Controls PAULO ROBERTO EVANGELISTA DE LIMA, Brazilian, married, company manager, domiciled at SQSW 305, bloco M, ap. 503, Sudoeste - Brasília (DF), bearer of CPF number 117.512.661-68 and ID number 580976, issued on 06.01.1995 by the Secretariat for Public Security of Goiás;

New Retail Services Director PAULO ROGÉRIO CAFFARELLI, Brazilian, married, lawyer, domiciled at SHIN QI 10, conjunto 10, casa 30, Lago Norte - Brasília (DF), bearer of CPF number 442.887.279-87 and ID number 3.381.390-2, issued on 02.03.1981 by the Secretariat for Public Security of Paraná;

Risk Management Director RENÊ SANDA, Brazilian, married, statistic, domiciled at SHIN QI 02, conjunto 10, casa 14, Lago Norte - Brasília (DF), bearer of CPF number 050.142.628-05 and ID number 11.583.184, issued on 07.18.1978 by the Secretariat for Public Security of São Paulo;

Insurance, Pension Plan and Capitalization Director RICARDO JOSÉ DA COSTA FLORES, Brazilian, single, economist, domiciled at SHIN QI 07, conjunto 7, casa 3, Lago Norte - Brasília (DF), bearer of CPF number 285.080.334-00 and ID number 2.334.977, issued on 05.08.2001 by the Secretariat for Public Security of Distrito Federal;

Commercial Director SANDRO KOHLER MARCONDES, Brazilian, married, company manager, domiciled at SHIN QI 10, conjunto 04, casa 05, Lago Norte - Brasília (DF), bearer of CPF number 485.322.749-00 and ID number 3.481.959-9, issued on 08.01.1981 by the Secretariat for Public Security of Paraná;

Government Director SÉRGIO RICARDO MIRANDA NAZARÉ, Brazilian, married, economist, domiciled at SHIS QI 03, conjunto 01, casa 12, Lago Sul - Brasília (DF), bearer of CPF number 245.212.211-49 and ID number 3145, issued on 07.29.1991 by the Regional Counsel of Economics of Distrito Federal;

Finance Director WILLIAM BEZERRA CAVALCANTI FILHO, Brazilian, married, economist, domiciled at Rua das Acácias, 101, ap. 103, Gávea - Rio de Janeiro (RJ), bearer of CPF number 530.627.607-53 and ID number 3.643.978-4, issued on 07.24.2000 by the Secretariat for Public Security of Rio de Janeiro.

3. To approve:

a) (...);

b) the anticipation, under holders choice, of the Subscription Warrants "Series C" exercise to the month of November, 2007, with the maintenance of the final date of the exercise to 06.30.2011, observed the conditions approved in the Shareholders' Meeting of 06.17.1996, as note DIFIN/GEAFI-2007/472, from 08.29.2007, approved by the Executive Board on 09.04.2007;

c) a i)...

And there being nothing else to be deal with, Mr. Chairman concluded the meeting, of which I (signed) Hayton Jurema da Rocha, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, Bernardo Gouthier de Macedo, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva and Tarcísio José Massote de Godoy.

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(B7) Minutes of the meeting of the Company's board of directors held on August 10, 2007 (translation)

08.10.2007 - Minutes of the Board of Directors' Meeting

On August tenth of two thousand and seven, at ten a.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco do Brasil Board of Directors' Ordinary Meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto, Bernardo Gouthier Macedo, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva and Tarcísio José Massote de Godoy; and, Mr. Luiz Cláudio Ligabue to act as the Secretary.

It was also present, Mrs. Otavio Ladeira de Medeiros, Eduardo Grande Bittencourt, Eustáquio Wagner Guimarães Gomes, José Luiz Gomes Rolo and Bruno Walter Coelho Saraiva, Board of Auditors members; Mrs. José Danúbio Rozo, José Antônio Guarnieri and Flávio Fernando da Fontoura, Audit Committee members; Mrs. Francesco Luigi Celso, Alexandre Dias Fernandes and José Claudio Costa, KPMG Auditores Independentes representatives; Pedro Carlos de Melo, Accounting Unit Manager; Mauricio Doff Sotta, acting Legal Director, Glauco Cavalcante Lima, Strategy and Organization Director and Regina Maria Santos Rodrigues, Banco do Brasil's CEO's special assistant.

At the beginning of the meeting, the Board of Directors decided to approve, the texts of Management Report, the Balance Sheet and the Financial Statements regarding the 1st Half 2007.

After the approval of the referring accounts to 1st half of 2007, the Board of Auditors, Audit Committee, KPMG Auditores Independentes and Accounting Unit representatives had left the meeting.

The Board of Directors decided to:

1. to declare awareness of:

a) (...).

2. to approve:

a) to d) (...)

e) the election of Mr. Edson de Araújo Lobo, as follow, to act, interimly, as Security Management Director until the substitute be elected;

EDSON DE ARAÚJO LOBO, Brazilian, married, bank clerk, domiciled at SQN 315, Bloco F, ap. 203, Asa Norte - Brasília (DF), bearer of CPF number 108.240.731-34 and Identify Card number 406276 issued on 06.30.1987 by the Secretariat for Public Security of Distrito Federal.

3. to homologate:

a) the dispatch of the Board of Directors' chairman, of 07.26.2007, ad referendum, to approve tne appointment of Mr. Egidio Otmar Ames to act as Internal Audit Manager;

b) to d) (...)

e) the dispatch of the Board of Directors' chairman, of 08.03.2007, ad referendum, to approve the election of Mr. Adézio de Almeida Lima, as follow, to act as Vice-president of Credit, Controlling and Risk Mangement, to fulfill the 2007/2010 term:

ADÉZIO DE ALMEIDA LIMA, Brazilian, married, economist, domiciled at SQN 315, bloco G, ap. 207, Asa Norte - Brasília (DF), bearer of CPF number 342.530.507-78 and Identify Card number 245.123, issued on 11.21.1977, by the Secretariat for Public Security of Espírito Santo.

And there being nothing else to be deal with, Mr. Chairman concluded the meeting, of which I (signed) Luiz Cláudio Ligabue, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, Bernardo Gouthier de Macedo, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva and Tarcísio José Massote de Godoy.

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(B8) Minutes of the meeting of the Company's board of directors held on July 13, 2007 (translation)

07.13.2007 - Minutes of the Board of Directors' Meeting

On July thirteenth of two thousand and seven, at three p.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco do Brasil Board of Directors' Ordinary Meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva and Tarcísio José Massote de Godoy; and, Mr. Luiz Cláudio Ligabue to act as the Secretary.

At the beginning of the meeting, the Board of Directors decided to approve:

a) the election of the employees below, to act, interimly, as:

Technology Director
Maria da Glória Guimarães dos Santos, Brazilian, married, data processing bachelor, domiciled at SQSW 504, bloco J, ap. 111, Sudoeste - Brasília (DF), bearer of CPF number 214.103.561-91 and Identify Card number 571.667, issued on 05.18.1982 by the Secretariat for Public Security of Distrito Federal;

Internal Controls Director
Paulo Roberto Evangelista de Lima, Brazilian, married, company manager, domiciled at SQSW 305, bloco M, ap. 503, Sudoeste - Brasília (DF), bearer of CPF number 117.512.661-68 and Identify Card number 580976, issued on 06.01.1995 by the Secretariat for Public Security of Goiás;

Legal Director
Maurício Doff Sotta, Brazilian, single, lawyer, domiciled at SQN 213, bloco I, ap. 613, Asa Norte - Brasília (DF), bearer of CPF number 451.362.469-87 and Identify Card number 13.489, issued on 10.20.1986 by the Brazilian Bar Association - Paraná;

b) the split of VIPAG - Agribusiness and Government Affairs into: VIPAG - Vice-presidency of Agribusiness and VIGOV - Vice-presidency of Government Affairs, as decision of the Board of Officers of 12.07.2007, with the contrary votes of the members Carlos Augusto Vidotto and Francisco Augusto da Costa e Silva;

c) the following changes in Banco do Brasil's Organizational Structure, as DIREO-2007/317, note of 07.09.2007, approved by Board of Officers in 07.12.2007:

a) the creation of VINEG - Vice-presidency of Credit and Debt Cards and New Business on Retail Services;
b) the creation of DICAR - Credit and Debt Cards Directorship, DINEV - New Business on Retail Services Directorship and DISEG – Insurance, Pension Plan and Capitalization Directorship; and
c) the alteration of UGS - Security Management Unit into DIGES - Security Management Directorship.

The member Francisco Augusto da Costa e Silva voted against the creation of VINEG.

d) the election of the Vice-presidents, as follow qualified, to fulfill 2007/2010 term, clarified that they take of the legal and statutory requirements and they had been presented, in fulfilment to the Instruction CVM number 367, of 05.29.2002:

Vice-President of Agribusinesses
Luís Carlos Guedes Pinto, Brazilian, married, agronomist, domiciled at Rua José Inocêncio de Campos, 121, ap. 11, Cambuí - Campinas (SP), bearer of CPF 021.056.918-20 and Identify Card number 2.630.328, issued on 07.07.1959 by the Secretariat for Public Security of São Paulo;

Vice-President of Credit and Debt Cards and New Business on Retail Services
Aldemir Bendine, Brazilian, married, company manager, domiciled at SQN 315, bloco C, ap.603, Asa Norte - Brasília (DF), bearer of CPF 043.980.408-62 and Identify Card number 10.126.451, issued on 04.28.1976 by the Secretariat for Public Security of São Paulo;

Vice-President of Government Affairs
Luiz Alberto Maguito Vilela, Brazilian, married, lawyer, domiciled at SQS 403, bloco F, ap. 301, Asa Sul - Brasília (DF), bearer of CPF 070.745.571-53 and Identify Card number 150.730, issued on 03.21.1983 by the Secretariat for Public Security of Goiás;

The members Carlos Augusto Vidotto and Francisco Augusto da Costa e Silva voted against the election of Mr. Luiz Alberto Maguito Vilela.

Vice-President of Technology and Logistic
José Luis Prola Salinas, Brazilian, married, company manager, domiciled at SQN 115, bloco F, ap. 302, Asa Norte - Brasília (DF), bearer of CPF 334.827.800-72 and Identify Card number 6011315246, issued on 12.21.1987 by the Secretariat for Public Security of Rio Grande do Sul;

Vice-President of Retail Service and Distribution
Milton Luciano dos Santos, Brazilian, married, lawyer, domiciled at SQN 111, bloco I, ap. 103, Asa Norte - Brasília (DF), bearer of CPF 070.032.261-20 and Identify Card number 269.925, issued on 09.05.1983 by the Secretariat for Public Security of Mato Grosso do Sul;

e) due to the election of Mr. Milton Luciano dos Santos to the vice-presidency of Retail Service and Distribution, the election of the employee Ricardo Magalhães de Almeida, as follow, to act, interimly, as the Distribution and Retail Channels Director, until a substitute come to be elect, it may occur in the same date of the Vice-president election:

Ricardo Magalhães de Almeida, Brazilian, married, company manager, domiciled at SQSW 101, bloco K, ap. 301, Sudoeste - Brasília (DF), bearer of CPF 515.036.116-04 and Identify Card number MG-3.441.978, issued on 09.22.2006 by the Secretariat for Public Security of Minas Gerais.

f) the appointment, due to the resignation of Mr. João Carlos Ferraz, on 06.29.2007, of Mr. Bernardo Gouthier Macedo, as follow, as member of the Banco do Brasil's Board of Directors, to fulfill 2007/2009 term:

Bernardo Gouthier Macedo, Brazilian, divorced, economist, domiciled at Av. Padre Pereira de Andrade, 545, bloco E, ap. 102, São Paulo (SP), bearer of CPF 508.238.506-25 and Identify Card number M-2.103.388, issued on 07.28.1993, by the Secretariat for Public Security of Minas Gerais.

g) the extension of the terms of the Audit Committee's members up to 06.30.2008.

At the end of the meeting, the Chairman, Mr. Bernard Appy, thanked, on behalf of the Board of Directors, the great contribution given by Mr. João Carlos Ferraz during his permanence as a member of this Board.

And there being nothing else to be deal with, Mr. Chairman concluded the meeting, of which I (signed) Luiz Cláudio Ligabue, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva and Tarcísio José Massote de Godoy.

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(B9) Minutes of the meeting of the Company's board of directors held on June 15, 2007 (translation)

06.15.2007 - Minutes of the Board of Directors' Meeting

On June fifteenth of two thousand and seven, at ten a.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco do Brasil Board of Directors' Ordinary Meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva, João Carlos Ferraz, José Carlos Rocha Miranda and Tarcísio José Massote de Godoy; and, Mr. Luiz Cláudio Ligabue to act as Secretary.

It was also present, Mr. Mauricio Doff Sotta, acting Legal Director, Glauco Cavalcante Lima, Strategy and Organization Director and Regina Maria Santos Rodrigues, Banco do Brasil's CEO's special assistant.

At the beginning of the meeting, the Board of Directors decided to:

1. declare awareness of:

(...)

2. ratify:

(...)

3. approve:

a) the call notice of Banco do Brasil's extraordinary shareholders meeting for deciding on the following issues:

I the alteration in the article 23 of the Bylaws, seeking to increase the Board of Officers members quantity;

II the alterations on the articles 21, 25, 27, 29, 30, 31 and 33-A of the Bylaws, changing Banco do Brasil's management dynamic;

III the alterations in the article 13 of the Bylaws, which discipline on restrictions and prohibitions;

IV the change of the annual remuneration amount of the management bodies members due to the modifications mentioned in the item "I" above.

(...)

And there being nothing else to be deal with, Mr. Chairman concluded the meeting, of which I (signed) Luiz Cláudio Ligabue, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva, João Carlos Ferraz, José Carlos Rocha Miranda and Tarcísio José Massote de Godoy.

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(B10) Minutes of the meeting of the Company's board of directors held on May 11, 2007 (translation)

05.11.2007 - Minutes of the Board of Directors' Meeting

On May eleven of two thousand and seven, at ten a.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco do Brasil Board of Directors' Ordinary Meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto, Francisco Augusto da Costa e Silva, João Carlos Ferraz, José Carlos Rocha Miranda and Tarcísio José Massote de Godoy; absentees, for justified reasons Mr. Carlos Augusto Vidotto and, Mr. Luiz Cláudio Ligabue to act as Secretary.

It was also present, Mr. Mauricio Doff Sotta, acting Legal Director, Glauco Cavalcante Lima, Strategy and Organization Director and Regina Maria Santos Rodrigues, Banco do Brasil's president.

At the beginning of the meeting, the Board of Directors decided:

1. To Approve:

a) The election of the Executive Board members to fulfill 2007/2010 term, as follow;

Micro and Small Businesses Director: JOSÉ CARLOS SOARES, Brazilian, divorced, accounting, domiciled at SQN 115, Bloco I, ap. 304, Asa Norte - Brasília (DF), bearer of CPF number 833.898.738-72 and Identify Card number 10.146.462, issued on 02.09.1976, by the Secretariat for Public Security of São Paulo;

Foreign Trade Director: NILO JOSÉ PANAZOLLO, Brazilian, married, civil engineer, domiciled at SHIS QL 10, conjunto 8, casa 15, Lago Sul - Brasília (DF), bearer of CPF number 166.417.280-72 and Identify Card number 12055891-1, issued on 08.06.1996, by the Secretariat for Public Security of Rio de Janeiro.

Restructuring of Operational Assets Director: RICARDO JOSÉ DA COSTA FLORES, Brazilian, single, economist, domiciled at SHIN QI 07, conjunto 7, casa 3, Lago Norte - Brasília (DF), bearer of CPF number 285.080.334-00 and Identify Card number 2.334.977, issued on 05.08.2001, by the Secretariat for Public Security of Distrito Federal;

Employee Relation and Social-Environmental Responsibility Director: IZABELA CAMPOS ALCÂNTARA LEMOS, Brazilian, married, administrator, domiciled at SQSW 303, Bloco C, ap. 502, Setor Sudoeste - Brasília (DF), bearer of CPF number 340.698.281-68 and Identify Card number 777.449, issued on 03.02.1995, by the Secretariat for Public Security of Distrito Federal.

The resign of the director MARIA DA GRAÇA FRANÇA in the current month, exposed to Executive Board members in meeting held on 05.10.2007, her election for the next term was not accomplished, extending the current term until her resignation.

And there being nothing else to be deal with, Mr. President concluded the meeting, which I (signed) Luiz Cláudio Ligabue, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, Francisco Augusto da Costa e Silva, João Carlos Ferraz, José Carlos Rocha Miranda and Tarcísio José Massote de Godoy.

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(B11) Minutes of the meeting of the Company's board of directors held on March 19, 2007 (translation)

03.19.2007 - Minutes of the Board of Directors' Meeting

On March nineteen of two thousand and seven, at ten a.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco do Brasil Board of Directors' ordinary meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto, João Carlos Ferraz and Carlos Augusto Vidotto; and absentees, for justified reason, Mrs. Tarcisio José Massote de Godoy, José Carlos Rocha Miranda and Francisco Augusto da Costa e Silva; and, Mr. Luiz Cláudio Ligabue to act as Secretary.

It was present, as well, Mrs. Mauricio Doff Sotta, Legal Director (substitute), and Glauco Cavalcante Lima, Strategy and Organization Director.

At the beginning of the meeting, the Board of Directors has decided:

1. To pronounce knowledge of:

a) the monthly executive summary of the Internal Audit Unit (February 2007);

b) the analysis of performance and management information related to January 2007.

2. To approve:

a) call notice of Banco do Brasil's extraordinary and General shareholders meeting for 04.25.2007;

b) the setting, for 2007, of the pay out ratio equivalent to the minimum percentage of 40% of the net income;

c) return of the temporary members of the Banco do Brasil's foundation trustee board:

Representation	Member	Substitute	Term
Public Sector	Luiz Oswaldo Sant'iago Moreira de Souza	Carlos Eduardo Leal Néri	04.01.2007 to 03.31.2009
	Heliana Kátia Tavares Campos	Maria de Fátima Abreu	

And there being nothing else to be deal with, Mr. President concluded the meeting, which I signed: Luiz Cláudio Ligabue, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, João Carlos Ferraz and Carlos Augusto Vidotto.

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(B12) Minutes of the meeting of the Company's board of directors held on February 26, 2007 (translation)

02.26.2007 - Minutes of the Board of Directors' Meeting

On February twenty six of two thousand and seven, at nine thirty a.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco do Brasil Board of Directors' Ordinary Meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto (Vice-Chairman), João Carlos Ferraz, José Carlos Rocha Miranda e Tarcísio José Massote de Godoy; absentees, for justified reasons Carlos Augusto Vidotto e Francisco Augusto da Costa e Silva and, Mr. Vicente Ferreira da Costa Neto to act as Secretary.

It was also present, Mr. Otavio Ladeira de Medeiros, Mr. Eustáquio Wagner Guimarães Gomes, Mr. Agostinho do Nascimento Netto and Mr. Marcos Machado Guimarães, Board of Auditors' members; Mr. José Danúbio Rozo, Mr. José Antônio Guarnieri and Mr. Flávio Fernando da Fontoura, Audit Committee's members; Mr. Francesco Luigi Celso and Mr. José Claudio Costa, KPMG Independent Auditors' members; and Mr. Adézio de Almeida Lima, Vice-President of Credit; Controlling and Risk Management; Gil Aurélio Garcia, Accounting Unit Superintendent; Mr. Mauricio Doff Sotta, acting Legal Director, and Glauco Cavalcante Lima, Strategy and Organization Director.

At the beginning of the meeting, the Board of Directors decided to approve, whith changes, the texts of Management Report and Sustainable Report, enclosed in this minute; the Balance Sheet and the Financial Statements due to the last half, finished in 12.31.2006, highlighting the proposal of results' destination, as follows:

(R$)	
Net Income	6.043.776.622,01
Retained Earning	20.772.377,01
Total	**6.064.548.999,02**
By Purpose	
Legal Reserve	302.188.831,10
Statutory Reserves	1.322.158.957,09
Statutory Reserve up to ESM of 12.28.2006	116.645.659,20
Statutory Reserve to Operating Margin	602.756.648,94
Statutory Reserve to Dividends Equalization	602.756.648,95
Shareholders Remuneration	**2.417.510.648,80**
Interest on Own Capital	1.374.414.417,71
Dividends	1.043.096.231,09
Expansion Reserve	**2.022.690.562,03**

In the opportunity, Mr. Bernard Appy recorded, in name of the Board of Director's, the fulfillments to the administration and to the members of staff of the Banco do Brasil by the result achieved in the exercise.

In the sequence, without the presence of the members of the Independent Audit, the Board of Directors decided to approve the proposal of capitalization of the installment of R$ 442,159,945.41, recorded in Expansion Reserves, relative to the value of the capital budget already carried out; and of the value of R$ 355,637,532.37, recorded in Capital Reserves, without the emission of new actions, in agreement to the Note Contadoria - GECOC/DEVIC 2007/920, of 02.06.2007, approved by the Board of Directors in 02.13.2007. The Board approved, also, to direct the matter to the General Shareholders Meeting.

After deliberation, the members of the Board of Auditors, Mr. Adézio and Mr. Gil departed and, giving continuity to the meeting, the Board approved the Work Plan of the Audit Committee for the Exercise of 2007, being this the last treated matter with the presence of the members of the Coaud, that also withdrew of the meeting.

Therefore, the Board of Director's decided:

1. To pronounce knowledge of:

a) the budget changes related to the last quarter of 2006;

b) the movable and immovable goods report related to the last quarter of 2006;

c) the accompaniment of the Investments' Plan;

d) the monthly executive summary of the Internal Audit Unit (January 2007).

2. To aprove:

a) the quarterly executive summary of the Internal Audit Unit related to the last quarter of 2006;

b) the Annual Activities' Plan of the Internal Audit Unit for 2007 and the changes in the Pluri-annual Activities' Plan of the internal Audit Unit 2006-2008, according to the Note AUDIT 2006/3801, of 12.29.2006, determining that the next Plans must be submitted to the Advice to the last working day of the month of November of each year; determining that the next plans must be directed for appreciation of the Board to the last work day of the month of November of each year;

c) the indication of members of the Board to participate in advices of the following companies with participation of PREVI as follows:

Name	Department	Participating Company	Boards
José Maria Rabelo	VIPIN	Randon S.A.	Directors
Juraci Masiero	DIPES	RGE Energia S.A.	Auditors
Milton Luciano dos Santos	DIRED	CPFL Energia S.A.	Directors
Renê Sanda	DIRIS	Petroflex S.A.	Directors
Ricardo José da Costa Flores	DIRAO	Cosern Energia S.A.	Auditors
Sandro Kohler Marcondes	DICOM	Cia. Vale do Rio Doce S.A.	Directors
Sérgio Ricardo Miranda Nazaré	DIGOV	Randon S.A.	Auditors

And there being nothing else to be deal with, Mr. President concluded the meeting, which I (signed) Vicente Ferreira da Costa Neto, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, João Carlos Ferraz, José Carlos Rocha Miranda and Tarcísio José Massote de Godoy.

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(B13) Minutes of the meeting of the Company's board of directors held on January 18, 2007 (translation)

01.18.2007 - Minutes of the Board of Directors' Meeting

On January eighteen of two thousand seven, at nine thirty a.m., in Brasilia (DF), with Mr. Bernard Appy as Chairman, Banco do Brasil Board of Directors' ordinary meeting (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) was held in the presence of the Directors Antonio Francisco de Lima Neto, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva, João Carlos Ferraz, José Carlos Rocha Miranda e Tarcísio José Massote de Godoy; and, Mr. Vicente Ferreira da Costa Neto to act as Secretary.

It was present, as well, the acting Legal Director, Mr. Maurício Doff Sotta and the Estrategy and Organization Director, Mr. Glauco Cavalcante Lima.

At the beginning of the meeting, the Board of Directors decided to ratify the decision of the Chairman, ad referendum of the Board, of 12,15,2006, approving the nomination of Mr. Antonio Francisco de Lima Neto, qualified as follows, to the position of Board of Directors' Vice-Chairman, due to the renunciation of Mr. Rossano Maranhão Pinto, in 12,15,2006, complementing the 2006/2007 mandate:

ANTONIO FRANCISCO DE LIMA NETO, brazilian, married, economist, resident and domiciled at SQS 303, bloco G, ap. 606, Asa Sul - Brasília (DF), bearer of CPF n.º 231.877.943-00 and of Identify Card n.º 96.002.754.791, issued on 12,26,1996, by the Secretariat for Public Security of Ceará;

Mr. President, in name of Board, welcomed Mr. Antonio Francisco de Lima Neto, new Vice- Chairman of the Boar of Directors', at the same time that thanked Mr. Rossano Maranhão Pinto by the work performed during his permanence as the President of the Institution.

After that, the Board of Directors decided:

1. To ratify:

a) the decision of the Chairman (of 12,15,2006), ad referendum of the Board, approving the election of Mr. Aldemir Bendine, qualified as follows, to act interimly as Vice-President of Retail Service and Distribution, until the election of a new one.

ALDEMIR BENDINE, brazilian, married, graduated in administration, resident and domiciled at SQN 315, bloco C, ap. 603, Asa Norte, Brasília - DF, bearer of CPF nº 043.980.408-62 and of Identify Card nº 10.126.451, issued on 04,28,1976 by the Secretariat for Public Security of São Paulo;

b) the decision of the Chairman (of 12,15,2006), ad referendum of the Board, approving the election of Mr. Derci Alcântara and Mr. José Carlos Vaz, qualified as follows, to act interimly, from 01,02,2007, as Vice-President of Agro-Industrial Businesses and Government Affairs na as Agro-Industrial Businesses Director, respectively, due to the renunciation of Mr. Ricardo Alves da Conceição of the position of Vice-president, in 12,11,2006, It cleared that his mandate extended itself up to possession of his substitute:

DERCI ALCÂNTARA, brazilian, married, graduated in administration, resident and domiciled at SQN 115, bloco I, ap. 303, Asa Norte - Brasília - DF, bearer of CPF nº 179.207.520-00 and of Identify Card nº 5010107919, issued on 08,19,1977 by the Secretariat for Public Security of Rio Grande do Sul;

JOSÉ CARLOS VAZ, brazilian, married, graduated in Law, resident and domiciled at SHIN QI 05, conjunto 06, casa 12, Lago Norte - Brasília - DF, portador do CPF nº 329.726.281-87 e da carteira de identidade nº 1356648, issued on 10,20,1989 by the Secretariat for Public Security of Distrito Federal;

c) the decision of the Chairman (of 12,21,2006), ad referendum of the Board, approving that the Banco Múltiplo pay the stockholders through payment of interest on own capital, until fiscal limit, complemented for dividends, in 40% percentage (pay out), according to the Note Contadoria/GETRI/PLANO 2006/8238, of 12,15,2006, approved by the Board of Officers, 12,19,2006, recommending that, regarding the term for analysis of the matter, the trials are directed in advance.

2. To pronounce knowledge of:

a) the monthly executive summary of the Internal Audit Unit (December 2006);

b) the analysis of performance and management information related to December 2006;

c) the schedule of activities regarding 2nd half 2006 financial statements;

d) the answer to the consultation directed to Bovespa about the participation of independent member of the Board of Directors in the Internal Audit, according to the Legal Note DIJUR-COJUR/CONSU Nº 8580, de 29.11.2006;

e) the presentation about Regional Sustainable Development;

f) the presentation about Cobra Tecnologia including the main negative impacts from 2003 to 2005, the results achieved until 2006 and the planning for 2007.

3. To aprove:

a) the technical study of evaluation of the term of consumption of tax credit, according to the Note DIRCO/GERAO 1798/2006, of 12,29,2006, approved by the Board of Directors in 01,03,2007, directing him to the appreciation of the Audit Committee;

b) the transfer of resources to the Banco do Brasil's Foundation, according to the Note DIRES 2006/391, of 12,12,2006, approved by the Board of Directors in 12,19,2006;

c) the extension of the contract with the Company KPMG Independent Auditors for the exercise 2007, relative to the service of accountancy audit of the financial statements of Banco do Brasil's Conglomerate (BR GAAP and US GAAP), according to the Note Audit/GA Information and relationship with Foreign Agencies 2006/2835, of 12,29,2006;

d) submit to the Shareholders' Meeting the following matters:

d.1) 200% split of BB's Shares and change in the caput of BB's Bylaw article 7th, which would have the following writing, as DIFIN/URI/DIMEC 2006/678 note, of 11.27.2006, approved by the Board of Officers in 12.19.2006:

The capital stock is R$ 11,912,895,138.17 (eleven billion nine hundred and twelve million eight hundred and ninety five thousand one hundred and thirty eight reais and seventeen cents), represented by 2,475,949,269 (two billion four hundred and seventy five million nine hundred and forty nine thousand and two hundred and sixty nine) book-entry common shares without par value.

d.2) capital budget for 2007 and 2008 and profit destination of 2006, as DIRCO/DIFIN 2007/24 Note, of 01.04.2007 and Board of Officers decision, of 01.09.2007:

I - Capital Budget - 2007/2008	R$ million
Investments Fixed Plan - 2007	1.557
Investments Fixed Plan - 2008	* 466
TOTAL OF APPLICATIONS	2.023
Reserve of Expansion Constitution in 1H06	2.023
TOTAL OF SOURCES	2.023

* the value of R$ 466 million is part of the necessity of fixed investments for 2008

II - Destination of 2H06 result, after the Legal Reserve Constitution and the distribution of 40% dividends:

- 50% for Operating Income Reserve;
- 50% for Dividends Equalization Reserve.

And there being nothing else to be deal with, Mr. President concluded the meeting, which I (signed) Vicente Ferreira da Costa Neto, Secretary, had these minutes drawn up in summary form, which have read and found in accordance, are signed for the present Directors.

Signed) Bernard Appy, Antonio Francisco de Lima Neto, Carlos Augusto Vidotto, Francisco Augusto da Costa e Silva, João Carlos Ferraz and Tarcísio José Massote de Godoy.

THIS DOCUMENT IS A TRUE COPY TRANSCRIBED FROM THE APPROPIATE BOOK

EXHIBIT A

INFORMATION FURNISHED PURSUANT TO PARAGRAPH (b)(1)(i) OF THE RULE

CORPORATE GOVERNANCE

(C1) Governance Code

(C2)By-laws of the Company (Annex A)

(C3)Bovespa's Novo Mercado

(C4)Company's Structure (Board of Directors, Board of Auditors, Audit Committee and Executive Board)

(C5)Code of Professional Ethics

(C6)Policies (IR Policy, Disclosure Policy, Trading Policy, Combating Money Laundering Policy and Letter of Principles)

(C7)Social-Environmental Responsibility

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CORPORATE FINANCE

(C1) Governance Code

Governance Code

Corporate governance is an organization management concept that addresses matters relating to the power of control and management of a company, as well as the forms and spheres of its practice, and to the sundry interests of an entrepreneurial nature, involving relationships between and among stockholders and unitholders, the Board of Directors, Senior Management, Independent Auditors and Fiscal Council.

In adopting good corporate governance practices, Banco do Brasil demonstrates that its management is committed to transparency, approval of accounts, equity and socioenvironmental responsibility, supported by the use of monitoring tools that align the behavior of executives with the interest of stockholders and of the Company.

Based on this option, Banco do Brasil has been a member of the highest segment of corporate governance of the São Paulo Paulo Stock Exchange - Bovespa since 5.31.2006, when it signed the contract of adhesion to the New Market.

The Corporate Governance Code presents a panoramic view allowing simplified queries of the principles and practices of Banco do Brasil, contributing to strengthen the transparency of its management, increase its institutional value and facilitate access to its capital by investors, besides contributing to its permanence.

The provisions contained in this Code were taken from documents and from resolutions regulating the Company's behavior. Queries to obtain further details can be performed through the use of hyperlinks associated with the underlined words in the text.

This Corporate Governance Code will be updated as a result of legal or statutory alterations, and any provision that proves incompatible with future amendments of the By-laws of the Bank or of a legal norm will be considered revoked.

1. OWNERSHIP

1.1. Banco do Brasil, a private law, mixed capital open joint stock company, has the Federal Government as its controlling stockholder and Caixa de Previdência dos Funcionários do Banco do Brasil (Previ – Pension Fund of Employees) as its principal minority stockholder. The Bank's updated ownership structure, containing the interest of stockholders holding more than 5% of the capital stock, is available on the Internet on its Investor Relations page.

1.2. The capital stock of Banco do Brasil is formed exclusively by ordinary shares, whereas each share entitles its holder to one vote in the resolutions of the General Meeting.

1.3. Stockholders

1.3.1. The corporate governance structure of Banco do Brasil guarantees the rights and the interests of majority or minority stockholders, and their alignment with the rights of clients, employees, suppliers, the government and the community in general.

1.3.2. In addition to the right to vote in the resolutions of the General Meeting, Banco do Brasil also guarantees minority stockholders the following: in case of divestiture of control, the right to participate in a public offering for the acquisition of shares, organized by the acquirer of control, with treatment that is equal to that dispensed to the divesting controlling stockholder; in case of going private or withdrawal from the New Market of Bovespa, the right to sell their shares to the controlling stockholder for the minimum price determined by specialized institution or company, chosen, in a General Meeting, by the stockholders representing the shares in circulation.

1.4. General Meeting

1.4.1. Maximum deliberative body of the Organization, convened by the Board of Directors or, in compliance with the legal conditions, by the Board of Trustees, by the Fiscal Council, by a group of stockholders or by one stockholder individually.

1.4.2. In addition to the duties provided by law, the General Meeting is responsible for deciding on the total or partial divestiture of shares of the capital stock of the Bank, going public and capital increase through subscription of new shares, as well as the spin-off, merger or takeover of the company.

1.4.3. The Ordinary General Meeting will occur annually by the month of April for the purposes established by law. The subjects contained in the notices of meeting will be exclusively addressed at the Extraordinary General Meetings, not permitting the inclusion of general topics. The notice of the General Meeting will be published at least fifteen days in advance.

1.4.4. Banco do Brasil divulges information relating to the subject matters of the agenda of the General Meeting (proxy statement) on the Internet on its Investor Relations page on the date of the first call, and sends a copy of these documents to the Stock Exchange, leaving the documentation referring to the subject matters of the agenda at the disposal of the stockholders at its main office.

2. TRANSPARENCY

2.1. Banco do Brasil:

a) bases its actions on the creation of value, the building of long-lasting relationships and on respect for the needs and expectations of its different relationship audiences;

b) enhances its credibility by the attitude of transparency, in ensuring that information is objective, clear, reliable and timely; and

c) considers all information subject to disclosure, excepting that of a restricted nature, which poses a risk to the activity and the institutional image, or that is protected by law.

2.2. Banco do Brasil divulges its net income to the market every quarter, informing the factors that contributed in the most relevant manner to its formation, and holds teleconferences, in Portuguese and English, with investors and market analysts.

2.3. At least once a year, Banco do Brasil holds a public meeting with market analysts, investors and other stakeholders, to divulge information concerning its economic/financial situation, projects and prospects.

2.4. The Investor Relations page on the Internet contains the Management Report, the Financial Statements and the Performance Analysis Report with comments about factors that influenced the net income for the quarter. Upon yearly closing it provides the Annual and Sustainability Report, as well as the Annual Calendar of Events.

2.5. In this manner, the Bank practices the far-reaching and timely disclosure of financial and non-financial information about its performance, allowing interested parties to keep track of and to clearly understand the economic grounds and the results of the company.

3. MANAGEMENT

3.1. Compliance with laws and with rules, whether external or internal, is the responsibility of Senior Management, of the managers and of all the employees at all the levels of jurisdiction of the Organization.

3.2. Decisions at any level of the Company are made collectively (excepting situations in which a minimum organizational structure does not permit it). With the purpose of involving all the executives in the definition of strategies and approval of proposals for the different businesses of Banco do Brasil, Management utilizes committees, subcommittees and commissions of strategic level, which guarantee agility, quality and assurance to decision-making.

3.3. The Board of Directors and the Board of Executive Officers are Management Bodies.

3.4. Board of Directors

3.4.1. This board performs strategic, elective and supervisory duties, and does not cover operational or executive roles. It is comprised of seven members, elected among the stockholders by the General Meeting.

3.4.2. The Board members to be elected are appointed according to the share representation profile of the Bank, whereas minority stockholders are guaranteed the right to elect at least two of its seven members, if they are not entitled to elect a higher number by the multiple vote process.

3.4.3. It is incumbent upon the Federal Government to appoint up to five members in the Board of Directors, including one representative chosen among those appointed by one or more investment clubs comprised of employees of Banco do Brasil, providing that, added up, the interests total at least 3% of the capital stock of the Company. If the minimum interest is not attained, or if the multiple vote process is adopted, it will be incumbent upon the minority stockholders to elect a representative for this vacancy on the Board of Directors.

3.4.4. Of the seven vacancies on the Board, at least two will be filled by Independent Board Members (meaning those defined as such in the Listing Regulation of the New Market of Bovespa and the members elected by the minority stockholders).

3.4.5. Two of the Members of the Board of Directors – one chosen among those elected by the minority stockholders, and the other, among those appointed by the Finance Minster – can become members of the Audit Committee.

3.4.6. Requirements and impediments are established with respect to participation in the Board of Directors and prohibitions concerning the activity of its members, in order to protect the interests of the Company, which prevail over any personal interests.

3.4.7. The members of the Board of Directors have a term of office of two years, with reelection permitted. The management period will extend until the new members have been installed in office.

3.4.8. The Board meets ordinarily at least once a month with the presence of a quorum of the majority of its members, and extraordinarily, whenever it is convened by its Chairman or at the request of at least two board members.

3.4.9. The Board of Directors decides by majority of votes, excepting for matters that, as established in the By-laws dof the Company, call for the favorable vote of at least five (5) Board Members, with the participation of minority stockholders guaranteed for their approval.

3.5. Board of Executive Officers

3.5.1. This board is responsible for administration of business, and is formed by the Chairman, by the Vice-Chairmen and by the Officers.

3.5.2. It is responsible for complying with and enforcing compliance with the By-laws, the decisions of the General Meeting of Stockholders and of the Board of Directors and the collegial decisions of the Board of Trustees and of the Board of Executive Officers itself. Each one of its members is responsible for performing the duties defined in the By-laws and by the Board of Directors, always observing the principles of good banking technique and the procedures of corporate governance.

3.5.3. It contains from ten to thirty-six members (a Chairman, up to nine Vice-Chairmen and up to twenty-six Officers), with a term of office of three years, with reelection permitted. The management period extends up to when the new members are installed in office.

3.5.4. The President of Banco do Brasil is appointed and can be removed from office by the President of the Republic.

3.5.5. The Vice-Presidents and Officers are elected by the Board of Directors, against appointment of the President of Banco do Brasil.

3.5.6. The position of Officer is occupied exclusively by active employees.

3.5.7. The same requirements set for members of the Management Bodies and other conditions provided in the By-laws shall be observed for the occupancy of positions on the Board of Executive Officers.

3.6. Board of Trustees

3.6.1. Located in the sphere of the Board of Executive Officers, it is a collegial body formed by the Chairman and by the Vice-Chairman, whose decisions are binding upon the entire Board of Executive Officers.

3.6.2. Its duties include that of proposing and enforcing the execution of policies, corporate strategies, general business

plan, master plan and global budget of the Bank; approving and enforcing the execution of plans by market, budgets by senior management and the guidelines of the Bank; deciding about the internal organization of the Bank and its administrative structure; distributing and investing the income determined, in the manner resolved by the General Meeting or by the Board of Directors, in compliance with the current legislation.

4. SUPERVISION AND CONTROL

4.1. To guarantee the supervision of acts of administrative management, the Bank maintains the Fiscal Council, and to help the Board of Directors perform its supervisory duties, the Audit Committee and the Internal Audit Unit, statutory bodies with fundamental characteristics, in this order, detailed below.

4.2. Fiscal Council

4.2.1. This council is the supervisory body of administrative management acts and it functions permanently.

4.2.2. It is formed by five members and respective substitutes, elected in a General Meeting, with a term of office of one year. The minority stockholders are entitled to choose two of its members.

4.2.3. It meets ordinarily once a month and takes part in the meetings of the Board of Directors where matters on which it is supposed to voice an opinion are resolved.

4.3. Audit Committee

4.3.1. A statutory body formed in accordance with the regulations of the National Monetary Council (CMN), which has the duty, among other roles provided in the legislation, of advising the Board of Directors in the performance of its audit and inspection roles.

4.3.2. It is comprised of three effective members and one substitute, elected by the Board of Directors, with an annual term of office renewable up to the maximum of five years, one of whom can be chosen among the Members of the Board of Directors elected by the minority stockholders and the other, among the Members of the Board of Directors appointed by the Finance Minister.

4.3.3. The same impediments provided in the By-laws for participation in the Management bodies will be observed for the performance of a job on the Audit Committee, in addition to the requirements established in the specific legislation.

4.3.4. The activities of the Audit Committee are regulated by its Internal Regulations, approved by the Board of Directors.

4.3.5. The Audit Committee meets ordinarily twice a month, prior to the ordinary meeting of the Board of Directors, and every quarter, with the Board of Directors, with the Board of Trustees, with the Internal Audit Unit and with the Independent Auditors. Furthermore, it meets with the Board of Directors and with the Fiscal Council, upon request herefrom, and extraordinarily when convened by its coordinator, or whenever considered necessary, by any one of its members or upon request from Management.

4.3.6. At least one of the members of the Audit Committee shall have proven knowledge in the areas of accounting and auditing.

4.4. Internal Audit

4.4.1. The Internal Audit Unit is subordinated to the Board of Directors and its incumbent is chosen among the active employees, and is appointed or removed from office by the Board of Directors.

4.4.2. It is incumbent upon the Board of Directors to define the duties of the Internal Audit Unit and to regulate its activities, among which we emphasize the performance of audits with a focus on risks and the rendering of advice to the Board of Directors, Fiscal Council, Board of Executive Officers and subsidiaries.

4.5. Independent Auditors

4.5.1. It is incumbent upon the Board of Directors to choose and remove from office the independent auditors whose

activities are supervised and evaluated by the Audit Committee.

5. ETHICS AND SOCIO-ENVIRONMENTAL RESPONSIBILITY

5.1. Banco do Brasil has ethics as a commitment and respect as an attitude in relations with suppliers, collaborators, employees, partners, clients, creditors, stockholders, competitors, community, Government and environment.

5.2. The Letter of Socio-environmental Responsibility Principles of Banco do Brasil was prepared with the objective of internalizing the culture of economic, social and environmental sustainability in administrative and business practices of the Financial Group.

5.3. The Letter of Socio-environmental Responsibility Principles evokes respect for universal values related to human rights, principles and fundamental rights of work and principles concerning the environment and development.

5.4. Banco do Brasil also bases its actions on the following public commitments:

a) Agenda 21 – statement of commitment between Banco do Brasil and the Ministry of the Environment, in which the Bank agrees to create and to implement an action plan in favor of the sustainability of its businesses;

b) United Nations Global Pact – an initiative developed by the United Nations (UN), with the objective of mobilizing the international business community for the promotion of essential values in the areas of human rights, work, environment and anti-corruption activities;

c) Anti-Slave Labor Pact – proposed by Instituto Ethos, it is a commitment to the development of efforts aimed at dignifying and modernizing labor relations in productive chains;

d) Equator Principles – voluntary commitment of financial institutions in adopting the set of socio-environmental policies and guidelines (safeguards) of the World Bank and of the International Finance Corporation in the analysis of investment projects, in the project finance category, in an amount of US$ 10 million or higher; and

e) Green Protocol – principles assumed voluntarily by Brazilian official banks, which propose to undertake policies and practices that are in harmony with sustainable development.

5.5. Other relevant information can be accessed on the Internet, through the page about the Socio-environmental Responsibility posture of Banco do Brasil.

6. CONDUCT AND CONFLICT OF INTERESTS

6.1. In the orientation of the behavior of the employees of Banco do Brasil, they use as referentials the principles contained in the General Policies and Specific Policies documents, approved by the Board of Directors, as well as the Code of Ethics. In addition to these referentials, the members of the Board of Executive Officers and of the Board of Directors also submit to the contents of the Code of Conduct of Federal Senior Management.

6.2. To prevent the use of privileged information by the officers, the By-laws establish self-regulation procedures, which are ruled by Specific Policies of Disclosure of Material Fact or Event of Banco do Brasil and of Trading with Securities Issued by Banco do Brasil.

6.3. There are mechanisms earmarked for the receipt of claims, accusations, suggestions and complements from clients and from citizens (Ombudsman Banco do Brasil) and from employees (Internal Ombudsman Dept.), which help in the monitoring of compliance with the rules related to ethics and to conduct.

6.4. Upon the occurrence of conflicts and controversies between or among the Bank, its stockholders, officers and members of the Fiscal Council, related to the corporate governance practices, the arbitration resource is utilized, according to the rules of the Arbitration Panel of the Market of Bovespa.

6.5. In addition to the requirements, demands and prohibitions established on participation in the Board of Directors and Fiscal Council, in the Board of Executive Officers and in the Audit Committee, with a view to mitigating possible conflicts of interest, the By-laws of the Bank also provide the following rules of segregation of duties for structuring of the Management bodies:

a) the senior managements or units responsible for duties of accounting, controlling and internal controls cannot be

under the direct supervision of a Vice-Chairman to which an Officer responsible for any other administrative activity is associated, excepting Officers or units responsible for risk management or for recovery of receivables;

b) senior managements or units responsible for the credit risk analysis activities cannot be under the direct supervision of a Vice-Chairman to which an Officer responsible for the credit or guarantee concession activities is associated, excepting in cases of recovery of receivables; and

c) the Vice-Chairmen, Officers or any persons in charge of the management of own funds of the Bank cannot manage third party funds, or have under their supervision a subsidiary or associated company of the Bank responsible for this activity.

6.6. Transactions with related parties are on the Investor Relations site, through a summary of the contracts with Related Parties and of the Financial Statements Notes.

(C2)By-laws of the Company (Annex A)

[Please see attached document "Banco do Brasil By-Laws"]

BANCO DO BRASIL

BYLAWS OF BANCO DO BRASIL

Approved at the Extraordinary General Meeting held on **March 10, 1942**, filed with the Board of Trade under number 17.298 on April 7, 1942; and amended at the following General Meetings with the respective filling numbers: **6.24.1952** (23.896 on 7.15.52), **4.19.1956** (43.281 on 5.29.56), **8.3.1959** (68.010 on 10.9.1959), **5.15.1961** (122 on 7.14.61), **11.6.1961** (205 on 12.15.61), **4.25.1962** (291 on 27.06.62), **26.4.1963** (439 on 29.05.63), **8.3.1964** (675 on 9.10.64), **2.1.1965** (836 on 3.18.65) **2.4.1966** (1.162 on 3.29.66), **7.8.1966** (1.305 on 8.18.66), **4.20.1967** (1.513 on 9.6.67), **8.15.1967** (1544 on 10.11.67) **2.25.1969** (2.028 on 5.22.69) **12.18.1969** (2.360 on 2.19.70), **7.31.1970** (2.638 on 10.6.70), **11.24.1971** (3.241 on 12.28.71), **4.17.1972** (3.466 on 7.11.72), **9.1.1972** (3.648 on 11.21.72), **9.18.1973** (4.320 on 10.18.73), **10.9.1974** (5.121 on 11.12.74), **4.15.1975** (5.429 on 4.22.75), **10.23.1975** (5.853 on 11.25.75), **4.2.1976** (6.279 on 6.15.76), **11.8.1976** (6.689 on 12.2.76), **4.18.1977** (7.078 on 5.19.77), **11.10.1977** (7.535 on 12.9.77), **3.12.1979** (8.591 on 5.8.79), **4.23.1980** (53.925.4 on 5.9.80), **4.28.1981** (53,1002,9 on 6.1.81), **3.31.1982** (53.1.2908 on 6.3.82), **4.27.1983** (53.1.3670 on 7.25.83), **3.29.1984** (53.1.4194 on 5.21.84), **7.31.1984** (53.1.4440 on 9.21.84), **3.5.1985** (53.1.4723 on 4.8.85), **12.23.1985** (15361 on 4.16.86), **4.7.1986** (15420 on 5.15.86), **4.27.1987** (16075 on 6.4.87), **8.5.1987** (16267 on 9.10.87), **4.20.1988** (16681 on 5.26.88), **2.15.1989** (531711.0 on 3.10.89), **4.19.1989** (531719.1 on 5.22.89), **3.8.1990** (531712.4 on 4.24.90), **5.14.1990** (531727.8 on 7.2.90), **6.29.1990** (531735.6 on 8.1.90), **4.24.1991** (531780.2 on 5.31.91), **11.12.1991** (539724.2 on 12.6.91), **4.29.1992** (5310645.4 on 5.22.92), **12.10.1992** (5312340,0 on 2.1.93), **12.30.1992** (5312485,0 on 3.1.93), **4.30.1993** (5313236,6 on 6.24.93), **10.5.1993** (5314578,8 on 12.7.93), **12.27.1993** (5314948,6 on 1.28.94), **1.27.1994** (5312357,1 on 3.10.94), **4.28.1994** (5315254.1 on 7.20.94), **4.25.1995** (5317742,5 on 9.14.95), **11.14.1995** (5318223,1 on 12.13.95), **3.29.1996** (5318902,9 on 5.9.96), **4.23.1996** (5319068,7 on 6.12.96), **6.17.1996** (5319241,0 on 7.5.96), **9.25.1996** (960476369 on 11.13.96), **4.23.1997** (970343256 on 6.20.97), **10.13.1997** (970662831 on 11.13.97), **4.24.1998** (980316812 on 7.2.98), **9.29.1998** (980531535 on 11.9.98), **4.30.1999** (990269655 on 6.15.99), **4.25.2000** (000288004 on 5.26.2000), **4.30.2001** (20010388893 on 7.13.2001), **8.27.2001** (20010578382 on 10.8.2001), **11.29.2001** (20020253346 on 5.10.2002), **6.7.2002** (20020425961 on 7.30.2002), **4.22.2003** (20030387515, on 7.18.2003), **11.12.2003** (20030709806 on 12.11.2003), **12.22.2004** (20050003739 on 1.4.2005), **4.26.2005** (20050420810 on 7.11.2005), **4.28.2006** (20060339098 on 8.7.2006), **5.22.2006** (20060339101 on 8.7.2006), **8.24.2006** (20060482842 on 10.5.2006), **12.28.2006** (20070117896 on 04.05.2007), **04.25.2007** (2007034397 on 06.14.2007), **07.12.2007** (20070517410 on 08.16.2007), and **10.23.2007** (to be filed).

BANCO DO BRASIL

BYLAWS OF BANCO DO BRASIL S.A.

CHAPTER I – DENOMINATION, CHARACTERISTICS AND NATURE OF THE BANK

Art. 1. Banco do Brasil S.A., a private and government-controlled listed company organized as a multiple bank, is governed by these bylaws and applicable legal provisions.

Paragraph 1 The duration of the Bank is indefinite.

Paragraph 2 The Bank's domicile and head office is in Brasília, and it may open or close branch offices, branches, agencies, facilities or other service outlets anywhere in Brazil and abroad.

CHAPTER II – CORPORATE OBJECTIVES

Section I – Corporate objectives and prohibitions

Corporate objectives

Art. 2. The objectives of the Bank are to perform all active, passive and accessory bank transactions, provide banking, intermediation and financial support services in their multiple forms, and to undertake any activities permitted for member institutions of the National Financial System's.

Paragraph 1 The Bank may also commercialize agricultural products and stimulate the circulation of produced goods.

Paragraph 2 As an instrument for carrying out the credit and financial policy of the Federal Government, the Bank shall perform the functions assigned to it by law, especially those provided for in article 19 of Law 4595 of December 31, 1964, pursuant to the provisions of articles 5 and 6 of these bylaws.

Art. 3. Asset management activities shall be performed through the engagement of a subsidiary or controlled company of the Bank.

Prohibitions

Art. 4. Further to the prohibitions provided for by law, the Bank is not allowed to:

I – carry out transactions backed only by the shares of other financial institutions;

II – grant credit, lend, buy or sell assets of any nature to members of the Board of Directors, Executive Board and Board of Auditors; and

III – hold interest in the capital stock of other companies, unless in a percentage equal or up to:

a) 15% of the net equity of the Bank itself, taking into account the aggregate of investments of that kind; and

b) 10% of the capital of the invested company; and

IV – issue preferred (fruition) shares, debentures and beneficiary shares.

Paragraph 1 The limitations provided for in item III of this article do not include the interests held in Brazil or abroad in:

I – companies in which the Bank has interests at the date these bylaws are approved;

II – financial institutions and other entities authorized to operate by the Brazilian Central Bank;

III – private pension plan, capitalization, insurance or brokerage companies;

IV – clearing and settlement houses and other companies or associations integrating the payments system;

V – companies or associations that provide collection and assets restructuring services, or administrative or operating support to the Bank;

VI – non-profit associations or companies;

VII – companies in which the interests held result from a legal provision or credit renegotiation transactions, such as payment in kind, purchase by auction or judicial decision and conversion of debentures into shares; and

VIII – other companies, upon approval of the Board of Directors.

Paragraph 2 The limitation provided for, mentioned in subitem (a), item III of this article does not include investments related to the use of fiscal incentives.

Paragraph 3 The holdings dealt with, mentioned in item VII, paragraph 1 of this article, resulting from credit renegotiation transactions, must be sold within the period determined by the Board of Directors.

Paragraph 4 The Bank and its subsidiaries, except for BB Banco de Investimentos S.A., may only sign shareholders agreements or renounce the rights provided therein upon prior authorization from the Minister of Finance.

Section 2 – Relationship with the Federal Government

Art. 5. Pursuant to the law, the Bank shall perform the following activities for the Federal Government or with its intervention:

I – carry out the duties and services pertinent to the function of a financial agent of the National Treasury and other functions assigned to it by law;

II – provide financing of government interest and carry out official programs by investing funds from the Federal Government or any nature; and

III – provide guarantee for the Federal Government.

Sole paragraph. The activities provided for by this article are conditioned, as the case may be, to the following:

I – the availability of corresponding funds to the Bank and the establishment of a corresponding interest payment;

II – the prior and formal definition of the proper interest payable in connection with the funds to be invested in case of equalization of financial charges; and

III – the prior and formal definition of the interest payable, which shall never be less than the costs of services to be provided.

Section III – Relationship with the Brazilian Central Bank

Art. 6. The Bank may engage the duties, services and transactions that are assigned to the Brazilian Central Bank, provided that the provisions of the sole paragraph of article 5 of these bylaws are followed.

CHAPTER III – CAPITAL AND SHARES

Capital and common shares

Art. 7. The Capital Stock is R$ 12.710.692.615,95 twelve billion, seven hundred and ten million, six hundred and ninety two thousand, six hundred and fifteen reais and ninety five cents), divided into 2.475.949.269 (two billion, four hundred and seventy five million, nine hundred and forty nine thousand and two hundred and sixty nine) ordinary dematerialized shares without a nominal value.

Paragraph 1 Each common share entitles its holder to one vote in decisions at the General Meeting, except when a cumulative vote is adopted for the election of members of the Board of Directors.

Paragraph 2 Book-entry shares shall remain deposited in this Bank on behalf of their holders without issuance of certificates, and a fee may be charged for this purpose from their holders, as provided for by law.

Paragraph 3 The Bank may buy back its shares upon authorization of the Board of Directors for canceling or keeping them in treasury for subsequent sale.

Authorized capital

Art. 8. The Bank may, regardless of any amendments to these bylaws, upon resolution at the General Meeting and pursuant to the conditions that it may set out, increase the capital stock up to R$ 30,000,000,000.00 (thirty billion reais) by issuing common shares, and the shareholders will have preemptive rights in subscribing to the capital increase, proportionally to the number of shares they hold, with due regard to the rights of the holders of subscription bonuses issued by the Bank.

Sole paragraph. The issuance of shares up to the limit of authorized capital for sale at stock exchanges or public subscription or exchange of shares through tender offer may be carried out regardless of the preemptive right of existing shareholders or shortening of the period to exercise such right, pursuant to the provisions of item I, article 10 of these bylaws.

CHAPTER IV – GENERAL MEETING

Call notice and functions

Art. 9. General Meetings shall be convened by decision of the Board of Directors or, as provided for by law, by the Board of Officers, Board of Auditors, a group of shareholders, or a single shareholder.

Paragraph 1 General Meetings shall be chaired by the President of the Bank, his alternate or in the absence or impediment of both, by a shareholder or Executive Officer

of the Bank in attendance, chosen by the shareholders. The chairman shall call two shareholders or officers of the Bank to act as secretaries at the General Meeting.

Paragraph 2 The Annual General Meeting shall be held annually not later than April for the purposes provided for by law.

Paragraph 3 Extraordinary General Meetings shall exclusively address the matters stated in their respective call notices, and no general matter shall be included in the agenda.

Paragraph 4 The call notice for the General Meeting shall be published at least 15 days in advance, unless a legal rule or regulation increases such term.

Paragraph 5 From the date a call notice is published, the Bank shall make available in its head office proper documentation to its shareholders on the matters to be addressed at the General Meeting and send a copy of this documentation to the stock exchange where its shares are most traded.

Paragraph 6 The minutes of General Meetings shall contain a summary of the facts that occurr, including dissensions and protests, and transcriptions only of decisions taken, pursuant to legal provisions.

Authority

Art. 10. In addition to the powers provided for by law, the General Meeting shall have especial authority to resolve the following:

I – sale of all or any shares of the capital stock of the Bank or its subsidiary companies; going public; increase in capital stock upon subscription of new shares; renouncement of subscription rights of shares or debentures convertible into shares of controlled companies; sale of debentures convertible into shares held by the Bank in controlled companies; or, even the issuance of any other security in Brazil or abroad;

II – split-off, merger or acquisition;

III – exchange of shares or other securities;

IV – differentiated practices of corporate management and signing of an agreement for this purpose with stock exchanges.

Sole paragraph. The specialized company in charge of appraising the Bank's economic value, in the event provided for in article 52, shall be chosen by absolute majority of votes representing the free float, blank votes not being computed for such purpose, at the respective General Meeting, which shall be opened on first call with the presence of shareholders representing at least 20% (twenty percent) of the total free float, or in the second call with the presence of any number of shareholders representing the free float.

CHAPTER V – MANAGEMENT AND ORGANIZATION OF THE BANK

Section I – Rules common to Management Bodies

Requirements

Art. 11. Management bodies are made up of Brazilians with renowned knowledge of best corporate governance practices, experience, integrity, outstanding reputations, and the technical skills required for the position.

I – The Board of Directors; and

II – Executive Board composed of the Board of Officers and the other Directors, all resident in Brazil, as provided for by article 23 of these bylaws.

Paragraph 1 The Board of Directors has, pursuant to the law and these bylaws, strategic, guiding, and elective and oversight duties, not comprising operating or executive functions.

Paragraph 2 When a member of the Board of Directors' resident or domiciled abroad takes office, a proxy must be issued with validity of five years after the end of the counselor's term of office appointing a legal representative resident in Brazil who shall receive subpoenas in the event lawsuits are filed against such member, pursuant to the Brazilian corporate law.

Term of Office

Art. 12. The members of Management bodies will take office upon signing the related statements in the book of minutes of the Board of Directors or Executive Board, as the case may be.

Paragraph 1 Those elected for Management bodies shall take office whether they are sworn in or not.

Paragraph 2 The statement on term of office to which the head of this article refers shall contain at least one domicile in which the Management body member shall receive subpoenas, in the event of lawsuits or administrative procedures related to acts performed over its period of management; this domicile may only be changed upon prior written communication to the Bank.

Paragraph 3 When taking office, the elected managers shall also sign the Statement of Consent from Senior Managers for compliance with the Novo Mercado Listing Rules set out by the São Paulo Stock Exchange (BOVESPA).

Impediments and prohibitions

Art. 13. In addition to those impeded by law, the following persons cannot participate in Management bodies:

I – those who are delinquent in relation to the Bank or who have caused losses to it that have not yet been recovered;

II – those who hold control of significant interests in the capital stock of companies that are delinquent in relation to the Bank or that have caused losses not yet recovered, and this impediment is extended to those who have taken management offices in companies in this same situation during the year immediately prior to the election or appointment date;

III – those who have been found guilty of offences of bankruptcy, tax evasion, prevarication, active or passive corruption, concussion, peculation, offenses against welfare, public credit, property or the Brazilian Financial System, or those who have been condemned under penal law resulting in prohibition, even temporary, of taking public offices;

IV – those declared unfit for taking management offices in institutions authorized to operate by the Brazilian Central Bank or in other institutions requiring authorization, control and oversight from direct or indirect Public Administration bodies and entities, including private pension plan entities, insurance companies, capitalization companies

and listed companies;

V – those who are defending themselves, as individuals, controllers or managers of legal entities, in claims related to the protest of notes, judicial collection, issuance of checks returned for lack of funds, delinquency and other analogous events or circumstances;

VI – those declared bankrupt or insolvent;

VII – those who have held control over or participated in the management of a company in receivership, or a company that is bankrupt or insolvent, within five years prior to the election or appointment date, except as a trustee, commissioner or judicial administrator; or

VIII – a partner, ascendant, descendant or collateral kin or similar, up to the third degree of kinship of a member of the Board of Directors or Executive Board;

IX – those who take office in companies considered market competitors, especially in advisory and Board of Auditors or management boards, except in the case of a General Meeting waiver; and

X – those whose interests conflict with the Company's, except in the case of a General Meeting waiver.

Sole Paragraph. It is unsuitable the participation in Banco do Brasil's Administration bodies, the candidate who has an elective public term, making the interested party to require its removal, under penalty of position loss, from the moment where becomes public its intention to the candidacy. During the period of absence, any remuneration will not be given to the Administration bodies' member, which will lose the position from the candidacy register.

Art. 14. The members of Management bodies may not intervene in the study, granting, control or settlement of any transaction that may be interest of companies in which they hold control or interests over 10% in their capital stock. This impediment is also applicable to those who take or have taken management offices in such companies over the period immediately prior to that at the Bank.

Loss of office

Art. 15. The following events shall entail loss of office:

I – except for a major force or a fortuitous event, a member of the Board of Directors who fails to attend, with or without justification, three consecutive annual meetings or four alternate annual meetings during its term of office; and

II – a member of the Executive Board who is absent, without authorization, for more than 30 days.

Sole paragraph. Loss of office due to non-compliance with their obligations does not release the members of the Board of Directors and the Executive Board from civil and criminal liability to which are subject.

Compensation

Art. 16. The compensation of the members of Management bodies shall be fixed by the General Meeting, pursuant to legal requirements.

Sole paragraph. In years in which mandatory dividends and profit sharing are paid, the General Meeting may decide to pay profit sharing to Executive Board members,

provided that the total amount does not exceed 50% (fifty percent) of the total annual compensation of such members or one five-thousandth of the profits (Art. 190 of Lei 6404/76), whichever is lower.

Disclosure and other requirements

Art. 17. Without derogating from the currently adopted self-regulation procedures, the members of the Board of Directors and Executive Board must:

I – notify the Bank, the Brazilian Securities Commission (CVM) and the stock exchange of:

a) the number and characteristics of the securities or derivatives issued by the Bank, its controlled companies and related companies that they directly or indirectly hold, as well as their respective spouses, companions and dependents included in their annual income tax return, immediately after taking office,;

b) their plans for periodical trading of the securities and derivatives referred to in subitem (a) of this item, including their subsequent changes, at the moment they take office or occasional further changes; and

c) the securities and derivatives trading dealt with in subitem (a) of this item, including their prices, up to the tenth day of the month following that in which the trading occurred.

II – Abstain from trading the securities or derivatives dealt with in subitem (a) of item I of this article:

a) Within 15 (fifteen) days prior to the disclosure of quarterly (ITR) and annual reports (DFP and IAN); and

in other events foreseen in the applicable legislation.

Section II – Board of Directors

Composition and term of office

Art. 18. The Board of Directors will be composed of shareholders elected at the General Meeting, and will have 7 members who shall serve for an unified term of two (2) years, including a Chairman and a Vice-Chairman. Reelection is permitted. The term of office will end when new members take office.

Paragraph 1 Minority shareholders are entitled to elect at least two members of the Board of Directors, and they may elect more members through a cumulative voting process.

Paragraph 2 The Federal Government will submit for approval by the General Meeting the appointment of five members to the Board:

I – the President of the Bank who will be the Vice-Chairman of the Board;

II – two members appointed by the Ministry of Finance;

III – as established by the Board, one member appointed by one or more investment clubs holding at least a 3% interest in the capital stock of the Bank and formed by effective or retired employees of the Bank, except when the provision of paragraph 4 of

this article is applicable; and

IV – one representative appointed by the Ministry of Planning, Budget and Management.

Paragraph 3 The Chairman of the Board will be chosen among the members nominated by the Ministry of Finance.

Paragraph 4 In the case the minimum holding interest required in item III of paragraph 2 of this article is not reached or a cumulative voting process is not adopted, the minority shareholders shall elect the member that should have been appointed by employees' investment clubs .

Paragraph 5 With respect to the composition of the Board of Directors, the following rules shall also be complied with:

I – at least two members shall be independent;

II – a member is independent if he/she meets the definition of Novo Mercado Listing Rules of Bovespa, taking into account that those elected pursuant to the provisions of paragraph 1 shall also be considered independent;

III – the capacity of an Independent Member shall be expressly stated in the minutes of the General Meeting in which such member is elected.

Cumulative Vote

Art. 19. In compliance with the minimum percentage established by the CVM, shareholders shall submit a written request to the President of the Bank up to 48 hours before the General Meeting for the adoption of the cumulative voting process to elect members to the Board of Directors, as provided for by this article.

Paragraph 1 The panel conducting the meeting shall inform the shareholders in advance, considering the Attendance Book, of the number of votes required to elect each member to the Board of Directors.

Paragraph 2 In the event there are unfilled vacancies due to equal numbers of votes, this same voting process shall be conducted again.

Paragraph 3 The dismissal of one of the Board members elected by the cumulative voting process will imply the dismissal of the other members, giving rise to a new election; in the other events that result in open vacancies, the first subsequent General Meeting shall conduct a new election of the whole Board.

Paragraph 4 Should the cumulative voting process be adopted instead of the provisions of paragraph 1 of Article 18 of these bylaws, the shareholders representing at least 15% of the total shares with voting rights shall be entitled to elect and dismiss a Board member and his/her alternate, by a separate vote in the General Meeting, that does not include the controlling shareholder.

Paragraph 5 The rights provided by paragraph 4 above shall only be exercised by shareholders that present evidence that they hold the required amount of interest for an uninterrupted period of at least three months immediately before the General Meeting.

Paragraph 6 Whenever the election of the Board of Director is conducted by the cumulative voting process and minority shareholders exercise their right to elect a member, as provided by paragraph 4 above, the shareholder or group of shareholders participating in a voting agreement that hold over 50% of the common shares shall be

entitled to elect a number of members equal to that elected by other shareholders plus one, regardless of the number of Board members provided for in the head of article 18 of these bylaws.

Paragraph 7 Records shall be kept identifying the shareholders that exercise the right provided by paragraph 4 of this article.

Vacancies and substitutions

Art. 20. Except for the event provided by paragraph 3 of article 19, in the event of a vacancy for a Board member, the remaining members shall appoint a shareholder to act as a substitute for the remainder of the term. Should most of positions be vacant, whether they are filled by nominated members or not, a General Meeting shall be convened to conduct a new election.

Sole paragraph. The Chairman of the Board shall be substituted by the Vice-Chairman. In the event of a vacancy, the substitution shall be effective until a new Board Chairman is chosen, which shall occur at the subsequent Board of Directors meeting.

Duties

Art. 21. The general management of the businesses of the Bank, its subsidiaries and controlled companies shall be determined by the Board of Directors, which shall have the following special duties, in addition to those set out by law:

I – to approve the Bank's policies, corporate strategies, general business plan, master plan and overall budget;

II – in the events provided by law, to call the General Meeting, submitting proposals for a decision by the shareholders;

III – to decide on the following:

a) distribution of interim dividends, including distribution to the retained earnings or profit reserves recorded in the most recent balance sheet for the year or six-month period;

b) payment of interest on own capital; c) acquisition of its own shares on a temporary basis;

d) interests that the Bank hold in domestic or foreign companies;

IV – to establish the duties of the Internal Audit and regulate its operation, and also be responsible for appointing and removing its member;

V – to choose and remove the independent accountants, whose names may be vetoed, when properly justified, by the member elected pursuant to paragraph 4 of Article 19 of these bylaws, if any;

VI – to determine the number and elect the members of the Executive Board, pursuant to Article 23 of these bylaws and Article 21 of Law 4595/64;

VII – to set out the duties of the Executive Board and its members, in accordance with the provisions of these bylaws;

VIII – to regulate the granting of annual paid leave for Executive Board members, including its conversion into cash;

IX – to follow up and oversee the management of the Executive Board members;

X – to express an opinion on the Executive Board's management report and accounts;

XI – to approve the internal rules and decide on the creation, extinction and operation of committees within the Board of Directors;

XII – to approve the internal rules of the Executive Board and Audit Committee;

XIII – to decide on profit sharing;

XIV – to establish rules for the process through which investment clubs appoint members addressed in Article 18, item III, paragraph 2, of these bylaws;

XV – to submit to the General Meeting a list for the nomination of three specialized companies for the purpose foreseen in the sole paragraph of Article 10;

XVI – to set a target for the return on own capital; and

XVII – to elect and remove the members of the Audit Committee.

Paragraph 1 The general management of the Bank's business shall comprise a five-year period and shall be reviewed annually not later than September each year.

Paragraph 2 The matters related to items I, III, IV, the head, VIII, XII, XIII and XIV of this article shall be evaluated when submitted by the Board of Officers and those listed in items VI and VII when submitted by the Bank's President.

Paragraph 3 The oversight to which item IX refers may be carried out separately by any director, who will have access to the books and papers of the Bank and the information on contracts entered into or about to be entered into and any other acts that he/she deems necessary for the performance of his/her duties, and he/she will be able to ask for them directly from any Executive Board member. The resulting arrangements, including proposals for engaging external professionals, shall be submitted to the decision of the Board of Directors.

Paragraph 4 The target for return on own capital addressed in item XVI of this article shall be set at a level, which assures an adequate return on own capital.

Operation

Art. 22. The Board of Directors shall meet with the attendance of at least the majority of its members:

I – regularly, at least once a month; and

II – extraordinarily, whenever called by its Chairman, or at the request of at least two members.

Paragraph 1 The meetings of the Board of Directors shall be called by its Chairman.

Paragraph 2 Extraordinary meetings requested by directors, as provided for in item II of this article, shall be called by the Chairman during the seven days subsequent to the request; in the event the Chairman does not call it during this period, any director may do so.

Paragraph 3 The resolutions of the Board of Directors are taken by a majority of votes, and it is necessary to have:

I – the favorable vote of five directors in order to approve the matters dealt with in

items I, IV, V and XI of article 21; or

II – the favorable vote of the majority of the attending directors in order to approve other matters, and the Chairman or his/her alternate shall have the casting vote.

Section III – Executive Board

Composition and term of office

Art. 23. The Executive Board shall be responsible for the Bank's management and shall be comprised of ten to thirty-six members, as follows:

I – the President of the Bank, appointed and removed at the discretion of the President of the Republic;

II – up to nine Vice-Presidents elected as provided for in item VI of article 21 of these bylaws; and

III – up to twenty-six Executive Officers elected as provided for in item VI of article 21 of these bylaws.

Paragraph 1 Within the Executive Board, the President and Vice-Presidents shall form the Board of Officers.

Paragraph 2 The position of Executive Officer shall be filled by a member of the Bank's active employees.

Paragraph 3 Those elected to the Executive Board shall serve for three years, and reelection is permitted. The term of office shall end when the new members take office.

Paragraph 4 In addition to the requirements provided for in article 11 of these bylaws, the following conditions for excercising the positions of the Executive Board of the Bank shall be cumulatively met:

I – have an undergraduate degree; and

II – have exercised in the last five years:

a) management positions in institutions of the National Financial System for at least two years; or

b) management positions in the financial area of other institutions with net equity exceeding one fourth of the minimum realized capital and net equity required by the Bank's regulations for at least four years; or

c) relevant positions in public administration bodies or entities for at least two years.

Paragraph 5 The following exceptions are applicable to the conditions provided for in items I and II of paragraph 4 of this article:

I – Executive Officers and Executive Superintendents in office; and

II – former managers who have occupied Executive Officer or partner-manager positions in other institutions of the National Financial System, other than in credit cooperatives, for more than five years.

Paragraph 6 After ending their term of office, the former members of the Executive Board are prevented from doing the following for four months from the end of their term,

if a longer period is not set out in rules:

I – performing activities for or providing any service to corporations or entities that compete with the Banco do Brasil's Group companies;

II – taking a position as manager or director or establishing a professional relationship with individuals or legal entities with whom he/she maintained a direct, significant official relationship over the six months prior to the end of the term, if a longer period is not set out by rule provisions;

III – directly or indirectly sponsoring the affairs of individuals or legal entities before any Federal Agency or entity with which he/she has maintained a direct, significant official relationship during the six months prior to the end of the term, if a longer period is not set out by rule provisions.

Paragraph 7 The period of impediment to which the previous paragraph refers shall include any annual paid leave not taken, pursuant to article 26 of these bylaws.

Paragraph 8 During the period of impediment, former Executive Board members are entitled to receive indemnifying compensation equivalent to the position they occupied in the Bank, pursuant to paragraph 9 of this article.

Paragraph 9 The indemnifying compensation addressed in paragraph 8 of this article is not applicable to former members of the Executive Board who did not come from the Bank's staff and who, pursuant to paragraph 6 of this article, before the period of impediment choose to return to the position or occupation that they had or a higher position or occupation in government or private companies before they took office as Executive Officers.

Paragraph 10. At the end of their term of office, former Executive Officers and Board of Officers who came from the Bank's staff shall follow the internal rules applicable to all other employees, pursuant to paragraphs 7 and 8 of this article.

Paragraph 11. Except when discharged by the Board of Directors, as provided for in paragraph 12, the non-compliance with the requirement addressed in paragraph 6 implies, in addition to the indemnifying compensation provided for in paragraph 8, the repayment of the amount already received for this purpose and the payment of a fine of 20% on the total indemnifying compensation that should be payable over the period, without derogating from reimbursement of the losses and damages which it could cause.

Paragraph 12. The Board of Directors may, at the request of a former Executive Board member, discharge him or her from meeting the requirement provided for in paragraph 6, without derogating from the other legal obligations to which he or she is subjected. In this case, the payment of the indemnifying compensation addressed in paragraph 8 is not payable as from the date on which the requirement is received.

Prohibitions

Art. 24. The position of a member of the Executive Board requires full time dedication, and its members are prohibited, under penalty of losing their position, from exercising any activity in other companies with profit purposes, except:

I – in subsidiary or controlled companies of the Bank, or in companies in which the Bank holds a direct or indirect interest, pursuant to paragraph 1 of this article; or

II – in other companies, as assigned by the President of the Republic, or with prior

and express authorization from the Board of Directors.

Paragraph 1 Furthermore, no Executive Board member is allowed to exercise any activity in an institution or company related to the Bank whose objective is asset management, except in the capacity of a member of the Board of Directors or Board of Auditors.

Paragraph 2 For the purposes of the provisions in the previous paragraph, institutions or companies related to the Bank are those that meet such definition set out by the National Monetary Council.

Vacancies, substitutions and annual paid leaves

Art. 25. The following shall be granted:

I – annual paid leave and absences of not more than thirty days, except for leave granted to Vice-Presidents and Executive Officers by the President, and to the President by the board of directors; and

II – leave for the Bank's President s shall be granted by the Minister of Finance; leave for the other Executive Board members shall be granted by the Board of Directors.

Paragraph 1 Banco do Brasil's President attributes will be applied for a substitute during his annual paid leave and leaves of absence as follows:

I – up to 30 consecutive days by one of the Vice-Presidents that he/she assigns; and

II – over 30 consecutive days, by whoever, as provided for by law, is temporarily appointed by the President of the Republic.

Paragraph 2 In the event of a vacancy, the position of President will be taken, until a successor takes office, by the Vice-President who has been in office the longest period; in the event of equal periods in office, by the oldest Vice-President.

Paragraph 3 In the absences of the Vice-presidents and the Directors, the functions of their positions will be reassigned to the responsibility of another Vice-president or another Director, respectively, as follows:

a) up to thirty consecutive days upon assignment by the President;

b) over thirty consecutive days, or in case of a vacancy, until the elected substitute takes office, upon assignment by the President and approval, during the period of substitution where the substitute applied their functions, by the Board of Directors.

Paragraph 4 In the paragraphs 1 to 3 of this article, the Vice-president or Director will accumulate its functions with the ones of the President, the Vice-president or the Director, upon assignment, without addition remuneration.

Art. 26. The Bank's Executive Board members are entitled to annual paid leave, double compensation shall not be paid for annual paid leave not taken during the period permitted.

Representation and appointment of attorneys in fact

Art. 27. The out-of-court representation and appointment of the Bank's attorneys-in-fact shall be made by the President or any of the Vice-Presidents and, within the limits of their duties and powers, by the Executive Board members. Representation in court shall be made by the President, Vice-Presidents or the legal officer, anyone is responsible for conferring power of attorney.

Paragraph 1 The power of attorney shall state the acts or operations that shall be carried out as long as it is effective and may be separately conferred by any member of the Executive Board, pursuant to the provisions of paragraph 2 of article 29 of these bylaws. The power of attorney may be valid for an indefinite term.

Paragraph 2 Power of attorneys shall remain valid even though its signatory retires from the Bank's Executive Board, except if such document is expressly revoked.

Executive Board duties

Art. 28. The Executive Board shall comply with and enforce these bylaws and the resolutions taken during General Meetings and Board of Directors' meetings and exercise the duties established by this Board, always in line with good banking practices and corporate government procedures.

Board of Officers Duties

Art. 29. The duties of the Board of Officers are as follows:

I – to submit to the Board of Directors, through the President of the Bank, or through a coordinator assigned by the president, proposals for their resolution, especially on the matters listed in items I III, IV, the head, VIII, XII, XIII and XIV of article 21 of these bylaws;

II – to enforce the Bank's policies, corporate strategies, general business plan, master plan and overall budget;

III – to approve and enforce each market plan, executive office budget and directions of the Bank;

IV – to approve and enforce the allocation of funds for operating and investment activities;

V – to authorize the sale of fixed assets, recording of liens, pledging of guarantees for third-party liabilities, waiving of rights, business transaction and negotiated discounts, being able to delegate these powers with express limitations;

VI – to decide on career, salary, advantage and benefit plans and approve the human resources regulations of the Bank, pursuant to prevailing legislation;

VII – to distribute and invest recorded profits, as determined at the General Meeting or Board of Directors meeting, pursuant to prevailing legislation;

VIII – to decide on the creation, installation and closing of branch offices, branches or agencies, offices, facilities or other services units in Brazil or abroad, being able to delegate these powers with express limitations;

IX – to decide on the internal organization of the Bank, the administrative structure of executive offices and the creation, extinction and functioning of the Executive Board committees and administrative units;

X – to determine the jurisdiction of executive offices and the duties and jurisdictions of committees, administrative units, regional bodies, the distribution network and employees of the Bank, being able to delegate these powers with express limitations;

XI – to authorize, after verifying in advance the security and proper remuneration, the granting of funds to charitable entities and communication companies, as well as the funding of public utility works, being able to delegate these powers with express limitations;

XII – to decide on the contributions to foundations created by the Bank for them to attain their social objectives, limited to 5% of the operating result per year;

XIII – to approve criteria for selecting and nominating members for the boards of companies and institutions in which the Bank, its subsidiaries, and controlled or associated companies hold interests or are entitled to nominate a representative; and

XIV – to decide on situations not included in the duties of other management bodies and on extraordinary matters.

Paragraph 1 The decisions of the Board of Officers shall be followed by the entire Executive Board.

Paragraph 2 The powers referred to in items, V, VIII, X and XI of this article, when aimed at producing effects in third parties, shall be conferred by a power of attorney signed by the President and a Vice-President or by two Vice-Presidents.

Duties of each Executive Board member

Art. 30. Each Executive Board member shall comply with and enforce these bylaws, the resolutions of General Meetings and meetings of the Board of Directors, and joint decisions of the Board of Officers and Executive Board. They also have the following duties:

I – The President shall:

a) chair the General Meeting, convene and chair the Board of Officers and Executive Board meetings and oversee the performance of the last;

b) propose to the Board of Directors the number of members of the Executive Board, indicating for election the names of the Vice-Presidents and Executive Officers;

c) propose to the Board of Directors the duties of the Vice-Presidents and Executive Officers, as well as eventual reorganization;

d) oversee and coordinate the work of the Vice-Presidents, the legal officer and other officers or units under their direct oversight; and

e) appoint, remove, assign, promote, commission, punish and dismiss employees, being able to confer these powers with express limitations;

f) appoint, among the Vice-Presidents, the Coordinator with the specific purpose to call and to run, in their absences or impediments, the Executive Board and Board of Directors meetings.

II – each Vice-President shall: manage, oversee and coordinate the areas assigned to them and the work of Executive Officers and units under their direct oversight:

a) each Vice-President: manage, oversee and coordinate the activities of the executive board and units under their responsibility;

b) coordinate the Executive Board and Board of Directors meetings, upon assignment by the President;

Paragraph 1 The coordinator assigned by the President to call and to run the Executive Board and Board of Directors meetings will not pronounce quality vote and will not be remunerated by the exercise of this function.

Paragraph 2 The individual attributions of the Directors will be applied, in their absences or impediments, by the Management Committee of its respective Directorships, in agreement with the Executive Board Regiment and the legal restraint settled by the Board of Officers.

III – each Executive Officer shall:

a) manage, oversee and coordinate the activities of the executive board and units under their responsibility;

b) approve the Bank's internal guidelines within the sphere of their respective duties;

c) provide assistance to the work of the Board of Officers within the sphere of their respective duties; and

d) carry out other tasks assigned to them by the Executive Board member that they report to.

Operation

Art. 31. The operation of the Executive Board and Board of Officers shall be governed by its Internal Rules, pursuant to the provisions of this article.

Paragraph 1 The Executive Board shall meet on a regular basis once every three months and on extraordinary basis whenever convened by the Bank's President or by the Coordinator assigned by him.

Paragraph 2 The Board of Officers:

I – is a body for taking joint resolutions and should meet on a regular basis at least once a week and on extraordinary basis whenever convened by its President or by the Coordinator assigned by him, taking into account that it requires the attendance of the majority of its members, either effective or alternate, including its President;

II – resolutions are approved upon the favorable vote of the majority of the attending members, and the President shall have the casting vote; and

III – once a decision is made, the Board of Officers members shall take measures to implement it.

Paragraph 3 The Board of Officers shall be assisted by an executive secretariat, being the President responsible for assigning its member.

Section IV – Segregation of Duties

Art. 32. Management bodies must, within their respective duties, follow the following rules for segregation of duties:

I – the executive offices or units responsible for accounting, controllership and internal controls cannot be under the direct oversight of the Vice-President to whom the Executive Officer in charge of any other administrative activity reports, except for the Executive Officers or units responsible for risk management or credit loan recovery;

II – the executive offices or units responsible for risk assessment cannot be under the direct oversight of the Vice-President to whom the Executive Officer in charge of extending credit or pledging guarantees reports, except for cases of credit recovery; and

III – Vice-Presidents, Executive Officers or any person responsible for the management of the Bank's own assets cannot manage the assets of third parties nor oversee a subsidiary or controlled company of the Bank responsible for this activity.

Section V – Audit Committee

Art. 33. The Audit Committee, whose duties and responsibilities are provided for by the legislation, shall be composed of three effective members and one alternate, who will serve for an annual term of office, which can be extended for no longer than five years, pursuant to the applicable rules.

Paragraph 1 The Audit Committee's compensation shall be set by the Board of Directors and shall be compatible with the work plan approved by such Board, provided that:

I – The compensation of Committee members shall not exceed the average fees received by Executive Officers;

II – In the case of civil servants, their compensation for participating in the Audit Committee shall be subject to the provisions of the applicable legislation and rules;

III – The Audit Committee member who is also a member of the Board of Directors shall choose the compensation of only one of his or her positions;

IV – The alternate member shall assist the effective members in the work of the Committee, however they will not have the right to vote in this capacity.

Paragraph 2 In addition to the impediments provided for in article 13 of these bylaws, the office at the Audit Committee shall be taken provided that basic conditions and other requirements of the effective legislation are met.

Paragraph 3 Audit Committee members shall be elected by the Board of Directors, in accordance with the provisions of these bylaws and the following criteria:

I - an effective member shall be chosen from the members of the Board of Directors elected by minority shareholders;

II - an effective member shall be chosen from the members of the Board of Directors appointed by the Ministry of Finance;

III - at least one of the Audit Committee members shall have proven accounting and audit knowledge.

Paragraph 4 The Audit Committee member who fails to attend, with or without justification, three consecutive regular meetings or four alternate meetings over a twelve-month period, except when due to major force or fortuitous events, shall loose his or her term of office during its term of office, as well as by a decision of the Board

of Directors at any time.

Paragraph 5 The Audit Committee shall have the following duties, in addition to those provided for by its own legislation:

I – to assist the Board of Directors with respect to exercising its audit and oversight duties;

II – to oversee the activities and review the work of independent auditors;

III – to carry out its duties and take on its responsibilities before companies controlled by Banco do Brasil that opt for the system of a single Audit Committee.

Paragraph 6 The operation of the Audit Committee shall be governed by its internal rules, pursuant to the following:

I – the chief auditor shall attend Committee meetings without voting rights;

II – it shall meet at least quarterly with the institution's executive board, the independent auditors, and the internal audit unit to check the implementation of its recommendations;

III – the Audit Committee may invite the following to its meeting without voting rights:

a) members of the Board of Auditors; and

b) any member of the Executive Board or employee of the Bank.

Section VI – Internal Audit

Art. 33-A. The Bank shall have an Internal Audit subordinated to the Board of Directors whose duties and fees are provided for in its own rules.

Sole paragraph. The Internal Audit member shall be chosen among Banco do Brasil's effective employees and appointed or removed from office by the Board of Directors, pursuant to the provisions of article 22, paragraph 3, item I of these bylaws.

Art. 33-B The Bank will make use of an Ombudsman that will have the purpose to act as communication channel between the Institution, customers and users, allowing them to search the solution in their relationship with Banco do Brasil, by means of register claims, denunciations and suggestions.

§ 1º Besides the legal ones, the Ombudsman attributions are:

I- to receive, register, instruct, analyze and give formal and adequate treatment to the customers and users claims;

II- to give the necessary explanations concerning the course of its demands and the steps;

III- to inform the deadline for reply, which cannot take more than thirty days and must be sent in this period;

IV- to propose to the Board of Directors corrective measures or improvement to procedures and institution routines;

V- to build and send to the Internal Audit, Audit committee and Board of Directors, half yearly reports on its performance with the proposals mentioned in the previous items.

Paragraph 2 The Ombudsman performance will be issued by the transparency, independence, fairness, having conditions adjusted for its effective functioning.

Paragraph 3 The Ombudsman will have assured access to the necessary information for its performance, being able, in such way, to request information and documents for the exercise of its activities, observed the relative legislation to the secrecy banking.

Paragraph 4 The Ombudsman function will be played by an effective employee, with compatible commission of the Ombudsman attributions, which will have 1 (one) year term, renewable for equal periods, being assigned and resigned, any time, by the Bank's President.

Paragraph 5 The employee assigned for the position of ombudsman will not receive other remuneration but the one that the position originally requires.

CHAPTER VI – BOARD OF AUDITORS

Composition

Art. 34. The Board of Auditors shall operate on a permanent basis and be composed of five effective members and their respective alternates, who shall be elected annually at the Annual General Meeting, where minority shareholders will be able to elect two members.

Paragraph 1 The representatives of the Federal Government in the Board of Auditors shall be appointed by the Ministry of Finance, one of who shall be a representative of the National Treasury.

Paragraph 2 The compensation of the Board of Auditors members shall be set at the Meeting in which they were elected.

Paragraph 3 In addition to the individuals referred to in article 13 of these bylaws, members of management bodies and employees of the Bank or controlled companies, as well as the spouses and relatives up to the third degree of an administrator of the Bank are not eligible for the Board of Auditors.

Paragraph 4 The members of Board of Auditors will take office as of their respective election irrespective of whether they sign the related statements.

Paragraph 5 Before the first Board of Auditors meeting after the election, the new members of the Board of Auditors shall sign the Statement of Consent from Board of Auditors Members for Compliance with the *Novo Mercado* Listing Rules set out by the São Paulo Stock Exchange (BOVESPA).

Operation

Art. 35. Pursuant to the provisions of these bylaws, the Board of Auditors shall elect its President and approve its internal rules by favorable vote of at least four of its

members.

Paragraph 1 The Board of Auditors shall meet on a regular basis once a month and on an extraordinary basis whenever considered necessary by its members or the Bank's management.

Paragraph 2 A member of the Board of Auditors who fails to attend three consecutive monthly meetings or four alternate monthly meetings during his/her term of office without justification, except for force majeure or fortuitous event, shall be removed from office.

Paragraph 3 Except for the events provided for in the head of this article, the matters submitted to the Board of Auditors shall be approved upon the favorable vote of at least three of its members.

Art. 36. Upon request of any of its members, the Board of Auditors shall ask the management bodies for information or explanations related to its oversight duty and the preparation of financial or special accounting statements.

Art. 37. The members of the Board of Auditors shall attend the Board of Directors' meetings where matters that require their opinion are resolved.

Sole paragraph. The Board of Auditors shall be represented by at least one of its members at General Meetings and shall provide information requested by shareholders.

Disclosure and other requirements

Art. 38. The members of the Board of Auditors who hold shares of the Bank must also comply with the duties provided for in article 17 of these bylaws.

CHAPTER VII – FISCAL YEAR, PROFIT, RESERVES AND DIVIDENDS

Fiscal year

Art. 39. The fiscal year shall be the same of the calendar year, ending on December 31 of each year.

Financial statements

Art. 40. Financial statements shall be prepared at the end of each six-month period and interim balance sheets shall be prepared as of any date whenever considered necessary, including purposes of payment of dividends, pursuant to legal requirements.

Paragraph 1 In addition to meeting legal requirements and regulations the financial statements for the quarters, six-month periods and years shall contain the following:

I – consolidated balance sheet, consolidated statement of operations and statement of cash flows;

II – statement of added value;

III – comments on consolidated performance;

IV – ownership interest of any and all shareholders who directly or indirectly hold more than 5% of the Bank's capital stock;

V – number and characteristics of securities issued by the Bank directly or indirectly held by the controlling shareholder, senior managers and members of the Board of Auditors;

VI – change in the securities held by the individuals referred to in the previous item over the immediately prior twelve-month period; and

VII – number of shares outstanding and their percentage in relation to the total issued shares.

Paragraph 2 The financial statements for the year shall include the Bank's balance sheet.

Art. 41. The quarterly, half-yearly and yearly Financial Statements shall also be prepared in English, and, at least the yearly Financial Statements in accordance with international accounting standards.

Use of proceeds

Art. 42. After offsetting any accumulated losses and deducting the provision for income tax from the result for the six-month period, the proceeds shall be distributed as follows, pursuant to the limits and conditions provided for by the law:

I- legal reserve;

II- reserve for contingencies and unrealized profit reserves, if applicable;

III- payment of dividends, in accordance with the provisions of articles 43 and 44 of these bylaws;

IV- in relation to the balance remaining after the prior uses:

a) setting up of the following statutory reserves:

1- reserve for operating margin with the purpose of guaranteeing an operating margin compatible with the development of the company's operations, at an amount from up to 100% of net income to 80% of capital stock;

2- reserve for dividend equalization with the purpose of guaranteeing funds for paying dividends, at an amount from up to 50% of net income to 20% of capital stock;

b) other reserves and retained profits provided for in the legislation.

Sole paragraph. Upon setting up reserves, the following rules shall be followed:

I- reserves and profit retention to which item IV refers cannot be approved at the expense of the distribution of the minimum mandatory dividend;

II- the revenue reserve balance, except contingencies and unrealized profit, cannot exceed the capital stock;

III- the distribution of proceeds over the year shall be as proposed by the Board of Officers, approved by the Board of Directors and decided on by the Annual Shareholders Meeting as addressed in paragraph 2 of article 9 of these bylaws, when the percentages used for setting up statutory reserves provided for in subitem (a) of item IV of the head of this article shall be explained.

Mandatory dividend

Art. 43. Shareholders are entitled to a minimum mandatory dividend every six-month period equal to 25% of adjusted net income, as provided for by law and these bylaws.

Paragraph 1. The dividend for the six-month periods of each fiscal year shall be declared through an Board of Officers document approved by the Board of Directors.

Paragraph 2. The amount of dividends payable to shareholders shall incur financial charges, as provided for by the legislation, as of the end of the six-month period or fiscal year in which they were calculated until the effective collection or payment date, without prejudice to the levy of interest on arrears, in the event this payment is not made on the date established by the law, in a Shareholders' Meeting or an Board of Officers resolution.

Paragraph 3. Interim dividends may be distributed in periods shorter than that established in the head of this article, pursuant to the provisions of article 21, item 3, subitem (a), article 29, items I and VII, and article 43, paragraph 1 of these bylaws.

Interest on own capital

Art. 44. Pursuant to the applicable law and as provided for by the resolution of the Board of Directors, the Board of Officers may authorize the payment or credit to shareholders of interest on own capital, as well as the addition of such amount to the mandatory minimum dividend.

Paragraph 1 The Board of Officers shall be responsible for setting the amount and date of payment or credit of each portion of interest, authorized as provided for in the head of this article.

Paragraph 2 The amounts of interest on own capital payable to shareholders shall incur financial charges, as provided for by the legislation, as of the end of the six-month period or fiscal year in which they were calculated until the effective collection or payment date, without prejudice to the levy of interests in arrears, in the event this payment is not made on the date established by the law, in a General Meeting or an Board of Officers resolution.

Paragraph 3. Interim dividends may be distributed in periods shorter than that established in the head of this article, pursuant to the provisions of article 21, item 3, subitem (a), article 29, items I and VII, and article 43, paragraph 1 of these bylaws.

CHAPTER VIII – RELATIONSHIP WITH THE MARKET

Art. 45. The Bank shall:

I – hold a public meeting at least once a year with market analysts, investors and other stakeholders to disclose information on its economic and financial position, projects and prospects;

II – send to the stock exchange where its shares are most traded, in addition to other documents required by law:

a) the annual calendar of corporate events;

b) share and security option plans solely for Bank employees and senior managers, if any; and

c) documents made available to shareholders based on a resolution of a General Meeting.

III – disclose on its internet page, among other matters, the information:

a) mentioned in articles 40 and 41 of these bylaws;

b) disclosed at the public meeting referred to in item I of this article; and

c) provided to the stock exchange as provided for in item II of this article.

IV – adopt measures in order to dilute ownership when distributing new shares, such as:

a) guaranteeing access to all interested investors; or

b) distributing at least 10% of issued shares to individuals or non-institutional investors.

CHAPTER IX - MISCELANEOUS

Employment in the Bank

Art. 46. Only Brazilian citizens are eligible to work in the Bank in Brazil.

Sole paragraph. Portuguese citizens resident in Brazil may also be employed by the Bank, provided that they are entitled to equal rights and have equal civil obligations and enjoy legally recognized political rights.

Art. 47. Employees shall be admitted by means of a public examination.

Sole paragraph. Professionals that provide special assistance to the President may be temporarily admitted and terminated, respecting the maximum allocation of three positions as Special Advisor to the President and one as Private Secretary for the President.

Official publications

Art. 48. The Board of Officers shall publish in the Official Gazette of the Federal Executive, after approval by the Ministry of Finance:

I – Rules for public tenders;

II – Personnel Regulations, comprising the rights and obligations of employees, the disciplinary system and rules on determining responsibility;

III – the staff, with the description, in three columns, of the total number of employees and the number of positions filled and vacant, classified by career or category, on June 30 and December 31 of each year; and

IV – the salary, benefits, advantages and any other items that make up an employee's compensation.

Credit and market risk assessment

Art. 49. The Bank shall periodically engage an external audit firm to evaluate the process for assessing credit and market risk and approving transactions adopted by the Bank, and submit the results of this work for the review by the Board of Directors, the Board of Officers and the Board of Auditors.

Arbitration

Art. 50. The Bank, its shareholders, senior managers and the members of the Board of Auditors agree to resolve through arbitration any and all disputes or controversies that may arise among them, especially those related to or arising from the application, validity, effectiveness, construction, violation and related effects of the provisions of the Corporate Law, the Bank's bylaws, the rules issued by the National Monetary Council, the Brazilian Central Bank and the Securities and Exchange Commission, as well as other rules applicable to the overall operation of capital market, those provided for by the *Novo Mercado* Listing Rules of Bovespa, the Arbitration Rules of the Arbitration Chamber and the Novo *Mercado* Membership Agreement.

Paragraph 1. The provisions included in the head of this article are not applicable to disputes or controversies related to the Bank's own activities, as an institution that takes part in the National Financial System, and those activities provided for in article 19 of Law 4595/64 and other laws that assign to it the duties of financial agent, administrator or manager of government funds.

Paragraph 2. The head of this article does not include disputes or controversies that involve rights that it is not entitled to.

Art. 50-A. As provided for by the Board of Directors, the Bank shall guarantee to the current and former members of the Board of Directors, Board of Auditors, Executive Board, as well as the Audit Committee and other technical or advisory bodies created in accordance with these bylaws, defense in lawsuits and administrative proceedings against them filed due to acts occurring during the term of their office, provided that no fact is found that may result in a civil liability lawsuit or that may conflict with the interests of the Bank, its subsidiaries or its controlled or affiliate companies.

Sole paragraph. The Board of Directors may also, pursuant to its own provisions, as the case may be, with respect the head of this article, authorize the taking out of an insurance policy on behalf of the current and former members of statutory bodies listed in the head of this article to protect them from liability arising from acts or facts which they may occasionally defend in court or administratively, covering the term of their respective offices.

CHAPTER X – CONTROLLING SHAREHOLDER'S OBLIGATIONS

Disposal of control

Art. 51. The direct or indirect disposal of the Bank's shareholding control, whether through one transaction or successive transactions, may only be made on the suspensive or resolutory condition that the acquirer undertakes to make a public offering to other shareholders, thus assuring them tag-along rights, in accordance with the conditions and terms provided for by the effective legislation and the *Novo Mercado* Listing Rules.

Paragraph 1 The public offering, provided for in the head of this article, shall also be made when there is a paid assignment of subscription rights of shares and other securities or rights related to securities convertible into shares that may result in the disposal of the Bank's control.

Paragraph 2 The shareholder of the Bank that acquires its control, in addition to making the public offering addressed in the head of this article, shall undertake to reimburse the shareholders who have purchased shares on the stock exchange over the six-month period prior to the date of the disposal of control, paying the difference between the price paid to the controlling shareholder and the price for purchase on the stock exchange, duly restated.

Paragraph 3 The selling controlling shareholder shall only transfer ownership of its shares if the purchaser signs the Statement of Consent from Controlling Shareholders. The Bank shall only record the transfer of shares to the purchaser or those that take the Control if they sign the Statement of Consent from Controlling Shareholders provided for by the *Novo Mercado* Listing Rules.

Paragraph 4 The Bank shall only register the shareholders agreement that provides for the exercise of Control if its signatories sign the Statement of Consent from Controlling Shareholders.

Going Private

Art. 52. In the event the Bank goes private and cancels its registration as public company, a minimum price shall be offered for the shares, corresponding the company's economic value, as appraised by a specialized company that is independent and has proven experience chosen in the General Meeting, as provided for by Law 6404/76.

Paragraph 1 The requirement addressed in the head of this article is also applicable in the event the Bank is delisted from Bovespa's *Novo Mercado*, in the event the Bank's shares are listed outside the *Novo Mercado* or in the event of corporate restructuring where the resulting company is not listed on *Novo Mercado*, pursuant to the conditions and terms provided in the prevailing legislation and the *Novo Mercado* Listing Rules.

Paragraph 2 The costs arising from the engagement of the specialized company addressed in the head of this article shall be borne by the controlling shareholder.

Free Float

Art. 53. The controlling shareholder shall take measures to keep a free float of at least

25% of the shares issued by the Bank.

CHAPTER XI – TEMPORARY PROVISIONS

Art. 54. The measures provided for in article 41 of these bylaws shall be implemented after the Board of Directors define a schedule.

Brasília (DF), October 23th, 2007.

(C3)Bovespa's Novo Mercado

Novo Mercado is a listing segment designed for shares issued by companies that voluntarily undertake to abide by corporate governance practices and transparency requirements in additional to those already requested by the Brazilian Law and CVM (Brazilian Securities and Exchange Commission).

It is based on the premise that stock valuation and liquidity are positively impacted and assured by shareholder's rights and by the quality of companies' information.

The admission to Novo Mercado implies the compliance with corporate rules, known as "good practices of corporate governance", which are more rigid than those required by the current legislation in Brazil.

These rules, consolidated in the Listing Regulation, increase shareholder's rights and enhance the quality of information commonly disclosed by companies. Additionally, the Market Arbitration Panel for conflict resolution between investors and companies offers a safer, faster and specialized alternative to investors.

Regulation

The Regulation set out the requirements that must be followed for the trading in securities, issued by publicly-held companies, on a special stock market segment of the São Paulo Stock Exchange, know as *Novo Mercado*, also laying down differentiated listing rules to be followed by these companies, their Senior Managers and Controlling Shareholder.

Requirements

The main innovation of Novo Mercado concerns the capital stock, which must be solely represented by common shares (voting shares). In brief, publicly-held companies listed on Novo Mercado have the following additional obligations:

- Public share offerings have to use mechanisms to favor capital dispersion and broader retail access.
- Maintenance of a minimum free float, equivalent to 25% of the capital.
- Same conditions provided to majority shareholders in the disposal of the Company's Control will have to be extended to all shareholders (Tag Along).
- Establishment of a two-year unified mandate for the entire Board of Directors, which must have five members at least, of which at least 20% (twenty percent) shall be Independent Members.
- Disclosure of annual balance sheet, according to standards of the US GAAP or IFRS.
- Improvements in quarterly reports, such as the requirement of consolidated financial statements and special audit revision.
- Obligation to hold a tender offer by the economic value criteria, in case of delisting or cancellation of registration as publicly-held company.
- Compliance with disclosure rules in trades involving securities issued by the company in the name of controlling shareholders.
- Some of these obligations must be approved at the General Shareholders Meetings and included in the corporate bylaws.

(C4)Company's Structure (Board of Directors, Board of Auditors, Audit Committee and Executive Board)

Board of Directors

The Board of Directors performs strategic, elective and supervisory duties and is comprised of seven members, elected from among the shareholders by the General Meeting.

It is incumbent upon the Republic to appoint up to five members in the Audit Committee. Among them, one representative shall be chosen among those appointed by one or more investment clubs formed by employees of BB, provided that, when added up, the holdings amount to at least 3% of the capital stock of the Company. Of the seven vacant positions on the Board, at least two will be filled by Independent Board Members, appointed by the minority shareholders, as defined in the Listing Regulations of the New Market of the São Paulo Stock exchange (Bovespa - Novo Mercado).

The Board resolves by majority of votes, except for the following subjects, which require a favorable vote from at least five Board Members, thus ensuring the participation of the minority shareholders for their approval:

- approval of the policies, corporate strategies, general business plan, master plan and aggregate budget of the Bank;

- definition of the duties of the Internal Audit Unit and regulations of its operation. It is also responsible for appointing and discharging the General Auditor;

- choice and removal from office of the independent auditors;

- approval of its internal regulations and decision regarding the creation, the discontinuation and the functioning of committees in the sphere of the actual Board of Directors.

There follows below the full text of its Internal Regulations:

INTERNAL REGULATIONS

CHAPTER I - CONCEPTS AND STRUCTURE

Art. 1. The Board of Directors of Banco do Brasil S.A. is the administration body that determines the general guidelines for business of the Bank and of its subsidiaries and controlled companies.

Art. 2. The Board of Directors has, in the manner established in the law and in the bylaws, strategic, orienting, elective and supervisory duties, not encompassing operating or executive roles.

Art. 3. The structure and the management term of the Board are defined in the bylaws of the Bank.

Paragraph 1. A member of the Board of Directors that fails to appear, with or without justification, at three consecutive ordinary meetings or at four alternate ordinary meetings during his term of office will be removed from office, except in cases of force majeure or acts of God.

CHAPTER II - JURISDICTION

Art. 4. It is the responsibility of the Board of Directors, in addition to the duties defined by law or in the bylaws:

I - to grant paid or unpaid leave to deal with exceptional situations, to the members of the Board of Executive Officers, except for the President of the Bank; {art. 25-II of the bylaws}

II - to grant paid annual leave and to authorize suspensions from office of up to 30 days for the President of the Bank; {art. 25-I and II of the bylaws}

III - to ratify the nomination of a substitute for Vice-President and Officers, in periods of over thirty (30) days or in the event of a vacancy, and the ratification shall occur within the period of substitution; {art. 25, paragraph 3-b, of the bylaws}

IV - to authorize the performance of activities, by a member of the Board of Executive Officers, at for-profit institutions not related to the Bank, except when resulting from nomination by the President of the Republic; {art. 24-II of the Bylaws}

V - to establish a term for the disposal of interest resulting from renegotiations of loans; {art. 4, paragraph 3 of the bylaws}

VI - to submit to the General Shareholders' Meeting the formation of other reserves and retention of earnings, in conformity with Art. 42 of the bylaws;

VII - to examine the appraisal report of the credit and market risk analysis process and of the operation deferral process; {art. 49 of the bylaws}

VIII - to authorize the Bank to acquire its own shares to cancel or hold in treasury for subsequent disposal; {art. 7, paragraph 3 of the bylaws}

IX - to choose the temporary and respective alternate members of the Trustee Council of Fundação Banco do Brasil; and

X - to approve, by proposal of the Trustee Council, the amendment of the bylaws of Fundação Banco do Brasil.

Art. 5. It is incumbent upon the Chairman:

I - to convene and preside over the meetings of the Board;

II - to decide, by referendum of the Board, on matters that require urgent resolution.

Art. 6. It is incumbent upon the Vice-Chairman:

I - to stand in for the Chairman in cases of absence or vacancy;

II - to convene, by resolution of the Board, the General Shareholders' Meeting;

III - to submit to the Board of Directors the resolutions of the Board of Executive Officers that depend on the pronunciation of that Committee;

Art. 7. The other board members are responsible for performing their duties defined in the law, in the bylaws and in these Regulations.

CHAPTER III - MEETINGS OF THE BOARD OF DIRECTORS

Art. 8. The Board of Directors will meet:

I - ordinarily, at least once a month; and

II - extraordinarily, whenever it is convened by its Chairman, or at the request of at least two board members.

Sole paragraph. Except in urgent cases, the meeting of the Board will be convened eight days in advance, against written notice with the indication of the subject matters.

Art. 9. The Board meetings are opened with the presence of the majority of the members.

Sole paragraph. The person substituting the Vice-Chairman in the Presidency of the Bank must attend the meetings of the Board when the Vice-Chairman is absent, but will not be entitled to vote.

Art. 10 The Board resolves by a majority of votes, requiring:

I - the favorable vote of five Board Members for the approval of the subject matters addressed in clauses I, IV, V and XI of art. 21 of the bylaws; or

II - the favorable vote of the majority of board members present, for the approval of other subject matters, with the vote of the Chairman of the Board, or of his or her substitute in the performance of roles, prevailing in the event of a tie.

Paragraph 1. In the event of abstentions, these will not be counted as votes for decision purposes.

Paragraph 2. Dissenting votes and abstentions will be entered in the minutes.

Paragraph 3. At the sole discretion of the Chairman of the Board, resolutions concerning any topic may be adjourned and even removed from the agenda.

CHAPTER IV - MINUTES OF THE MEETINGS

Art. 11 The resolutions of the Board will be documented in the minutes, written up in the specific book, in compliance with the legal prescriptions.

Paragraph 1. The minutes of meetings of the Board of Directors that contain a resolution intended to produce effects before third parties will be filed in the trade registry and published.

Paragraph 2. Every subject matter offered to the examination of the Committee in a reserved manner and the pertinent decisions will be confidential in nature and for disclosure restricted to the members of the Board of Directors and to the participants referred to in articles 12 and 13, provided that they do not produce effects before third parties, and also comply with the provisions of art. 157 of Law 6404, of December 15, 1976.

CHAPTER V - SECRETARY AND ADVISOR FOR THE BOARD

Art. 12 The Board will have as its Secretary the permanent or acting Executive Secretary of the Steering Committee, who shall:

I - communicate the convening of the meetings of the Board;

II - distribute the agenda of the meetings, arrange for the writing of the respective minutes and the collection of signatures;

III - take steps to respond to requests for information formulated by members of the Board of Directors; and

IV - go through with all the other acts necessary for the operation of the Board, with the ability to issue certificates, statements, copies of minutes and others.

Art. 13 The regular member or the respective substitute of the position of Chief Legal Officer will participate in the meetings in the capacity of advisor of the Board.

Art. 14 At the sole discretion of the Chairman of the Board or of a member of the Committee, Members of the Board of Executive Officers, employees or the General Auditor may be invited to attend the meetings.

CHAPTER VI - FINAL PROVISIONS

Art. 15 It will be incumbent upon the Board to explain any unclear aspect of these Regulations, if any, and to arrange for the amendments it considers necessary and pertinent.

Approved by the Board of Directors, in a meeting dated May 9, 1978 and amended on July 18, 1979, April 16, 1985, October 19, 1987, March 21, 1989, May 31, 1991, April 9, 1992, January 26, 1993, May 25, 1993, June 26, 1995, October 21, 2002 and December 2, 2002.

Board of Auditors

The Board of Auditors is the supervisory body of administrative management acts and functions permanently. It is elected in a General Meeting, with a term of office of one year and is formed by five members and respective alternate members, with the minority shareholders guaranteed the right to elect two representatives.

There follows below the full text of its Internal Regulations:

INTERNAL REGULATIONS

Chapter I - Jurisdictions and Duties

OF THE FISCAL COUNCIL

Art. 1 The purpose of these regulations is to establish rules for the operation of the Board of Auditors, defining its responsibilities and duties, in compliance with the bylaws, Corporation Law, and good corporate governance practices.

Art. 2 The Board of Auditors of Banco do Brasil S.A. is the supervisory body of administrative management acts, for protection of the interests of the Bank, satisfying the demands of public welfare and of the corporate function of the firm.

Art. 3 In addition to the jurisdictions provided by law and in the bylaws of the Bank, the Board of Auditors also has the following duties:

I. to examine the proposal for the Annual Plan of Internal Audit Activities (PAAAI) and monitor its execution;

II. to ask the internal audit body for the delivery of reports produced on the management events of the Bank, and the investigation of specific events;

III. to decide on the Internal Regulations of the Board;

IV. to supervise, through any of its members, the acts of the directors and verify the performance of their legal and statutory duties.

OF THE CHAIRMAN:

Art. 4 It is incumbent upon the Chairman of the Board of Auditors:

I. to convene and preside over the meetings, submitting the agenda to the board members, under the terms of these Regulations, and any amendments;

II. to provide the guidelines for work, to keep debates in order, and to resolve issues brought up at the meetings;

III. to count the votes and announce the result;

IV. to forward the resolutions of the Board to whomsoever they are intended;

V. to appoint a rapporteur for examination of processes;

VI. to authorize, after consulting the Council, the presence at meetings of people that, per se or through bodies that they represent, may throw light on the subject matters on the agenda, and they may remain at the meetings while the subject of their specialty that gave rise to the invitation or in relation to which they are supposed to voice an opinion, is under discussion;

VII. to comply and enforce compliance with the Internal Regulations and the other legal or regulatory provisions for the operation of the Council;

VIII. to sign the official correspondence of the Council;

IX. to supervise the secretarial work of the Board of Auditors.

OF THE OTHER COUNCIL MEMBERS

Art. 5 It is incumbent upon each member of the Council:

I. to attend the meetings of the Committee and, if unable to attend meetings, to inform the Chairman, within a minimum period of 5 days prior to the meeting, for his or her substitute to be summoned in time;

II. to issue opinions about the matters submitted thereto for examination;

III. to take part in the discussions and voting, requesting an examination of the subject matter, if he or she considers this necessary, during the discussion and prior to the voting;

IV. to present a written or verbal voting statement, or, if preferred, record his or her dissent or restriction, when applicable;

V. to ask the administrative bodies for explanations or information, as well as the preparation of special financial statements, provided that these are related to his or her supervisory role;

VI. to ask the independent auditors for explanations or information and the investigation of specific events;

VII. to perform the legal duties inherent to the role of Board of Auditors Member.

Sole Paragraph: Before the end of the voting and annunciation of the result, any Council Member that has already proffered his or her vote may apply to the Chairman to record the reconsideration of the vote, indicating this circumstance and the new vote proffered in the Minutes.

Chapter II - Meetings of the Council

Art. 6 The Board of Auditors will meet in an ordinary session once a month, and extraordinarily, whenever this is considered necessary.

Paragraph 1 The meetings will be convened by the Chairman of the Board of Auditors or, extraordinarily, by at least two Council Members together.

Paragraph 2 The meetings will preferentially be held at the head office of the Bank or, exceptionally, in a virtual manner, through a "teleconference" or "videoconference".

Paragraph 3 At its first ordinary meeting, the members of the Board of Auditors will elect their Chairman.

Paragraph 4 The approval of subject matters submitted to the resolution of the Board of Auditors requires a favorable vote from a minimum of three of its members, except for the election of its Chairman and for the amendment of these Regulations, which requires the favorable vote of a minimum of four members of the Council.

Art. 7 The summons of the council member to ordinary meetings will be performed in writing at least seven days prior to the performance thereof.

Paragraph 1 The following documents will be sent to the council members when a meeting is convened:

I. an agenda of the meeting and a copy of the minutes of the previous meeting;

II. copies of the processes contained in the agenda.

Paragraph 2 In urgent cases, acknowledged by the plenary sitting, documents not included in the agenda may be submitted to discussion and voting.

Art. 8 The Board of Auditors will meet with a minimum of three council members and its decisions will be made as established in paragraph 4 of art. 6 of this Regulation.

Art. 9 If the Chairman is absent, the Council Members present will choose the person that will coordinate the meeting.

Art. 10 The resolutions and annunciations of the Board of Auditors will be entered in the book of Minutes and Opinions of the Board of Auditors.

Sole Paragraph: The minutes will be written in a summarized manner, with an indication of the number of order, date and place, Council Members present and reports of the topics addressed and decisions made.

Art. 11 The order the meetings will follow the sequence below:

I. verification of the existence of quorum;

II. drafting of minutes to indicate possible non-existence of a quorum;

III. reading, voting and signing of the minutes of the previous meeting;

IV. communications from the Chairman and from the Council Members;

V. examination of the notebook of pending issues;

VI. discussion and voting of topics on the agenda; and

VII. other subjects of general interest.

Art. 12 In the discussion of reports and opinions, the Chairman will grant the floor to the Council Members that request it, and these may, during the discussion, formulate verbal or written applications, requesting arrangements for instruction on the subject under discussion.

Art. 13 A Council Member that does not consider that he or she is sufficiently informed about the subject matter may request the viewing of the document or adjournment of the discussion, providing this occurs prior to the start of the voting.

Paragraph 1 The viewing period will be granted for a period not to go beyond the next meeting.

Paragraph 2 In urgent cases, the Chairman may determine the convening of a new meeting within up to three days.

Chapter III - Secretary and Advisor to the Board of Auditors

Art. 14 The Fiscal Council will have a secretary, who shall:

I. act as secretary at the meetings of the Council;

II. organize, under the direction of the Chairman, the agenda for the matters to be addressed in each meeting, and shall gather the necessary documents;

III. distribute the agenda and the documentation and note down the resolutions for entry in the minutes;

IV. draft the minutes of the meetings, which will be recorded in a specific book, and shall distribute them in the form of copies to the council members, upon respective approval;

V. issue and receive the documentation pertaining to the Council;

VI. prepare the correspondence to be signed by the Chairman and other members of the Council;

VII. make arrangements for administrative support for the Council, necessary for compliance with the provisions of these Regulations and of the legislation in force;

VIII. arrange for summoning the Council Members to the meetings, under the terms of art. 6 of this Regulation;

IX. arrange airfares, accommodation, transport and request the reimbursement of expenses necessary for travel, on business, by the Council Members;

X. arrange for the recording and binding of the Book of Minutes and Opinions of the Board of Auditors at the Board of Trade;

XI. perform other activities requested by the Chairman of the Council.

Chapter IV - Sundry Provisions

Art. 15 Without prejudice to the applicable legal and regulatory rules, the activities of the Board of Auditors will be governed by Corporation Law, by the Bylaws and by these Internal Regulations.

Art. 16 The members of the Board of Auditors will be installed in office, irrespective of the signing of a record of installment, as of their respective election.

Art. 17 In the event of a vacancy, resignation, death or impediment of a permanent member, the Chairman of the Council, or, in the absence thereof, any one of the other members, will summon the respective substitute on a timely basis.

Art. 18 It will be incumbent upon the Council to explain any matters requiring clarification and situations not mentioned in these Regulations, and to arrange for any amendments that it considers necessary.

Art. 19 The members of the Council shall immediately inform changes in their shareholding status in the Firm to the Secretary of the Council, under the conditions and in the manner determined by the Securities Commission, and under the conditions provided in the Information Disclosure Policy of the Bank.

Art. 20 When elected, the Council Members shall sign a nondisclosure commitment with the bank, guaranteeing, both during and after the exercise of their term of office, the non-disclosure of any information to which they have or will have access in the performance of their roles on the Board of Auditors, which is not publicly available, except in the performance of their legal obligations.

Note: These Regulations were approved by the Board of Auditors in a meeting on November 4, 1991 and amended at meetings on March 3, 1993, April 22, 1996, May 28, 1996, May 23, 1997, May 30, 2003, May 31, 2005 and October 16, 2006.

Audit Committee

The Audit Committee is a statutory body and its duties include, in addition to others provided in the legislation, counseling the Board of Directors in the performance of its supervisory roles. It is elected by the Board of Directors and formed by three permanent members and one alternate member, with an annual term of office, renewable up to a maximum of five years. One of them shall be chosen from among the Members of the Board of Directors elected by the minority shareholders and the others from among the Members of the Board of Directors appointed by the Minister of Finance.

There follows below the full text of its Internal Regulations:

01. PURPOSE

Art.1. The purpose of the Audit Committee is to:

I - counsel the Board of Directors with respect to the performance of its auditing and supervisory roles;

II - supervise the activities and evaluate the work of the Independent Auditors; and

III - supervise the activities of the General Auditor and evaluate the work of the Internal Auditors.

02. SUBORDINATION

Art.2. The Audit Committee reports to the Board of Directors.

03. ORGANIZATION AND STRUCTURE

Art.3. The Audit Committee functions permanently, and is comprised of three permanent members and one alternate member, elected by the Board of Directors.

Paragraph 1 The permanent members will have alternate terms of office of three (3) years;

Paragraph 2 The alternate member will have a term of office of three (3) years, and in the situations provided in these Regulations, will substitute any of the permanent members;

Paragraph 3 The alternation of the terms of office of the permanent members of the Audit Committee will occur through the substitution of one of its members every year, successively;

Paragraph 4 At least one of the members of the Audit Committee shall have proven knowledge in the areas of

accounting and auditing;

Paragraph 5 The regular members of the Audit Committee will receive remuneration, to be defined by the Board of Directors, compatible with the work plan approved by that Board, provided that it is no higher than 80% of the average remuneration received by the Officers, and complies, in the case of public officials, with the pertinent legislation and regulations;

Paragraph 6 The remuneration of the alternate member will not exceed sixty percent (60%) of the remuneration attributed to the regular members, complying, in the case of public officials, with the pertinent legislation and regulations;

Paragraph 7 The role of member of the Audit Committee is not transmissible;

Paragraph 8 The members may only participate in the Audit Committee again after a minimum period of three (3) years has lapsed since the end of their previous term of office;

Paragraph 9 In addition to the situations provided in these Regulations, the members may be removed from office at any time upon proposal by the Board of Directors.

Art.4. The Regular Members will only be replaced by the Alternate Member in the event of:

I - suspension from office for over thirty (30) days;

II - resignation; or

III - removal from office by the Board of Directors.

Paragraph 1 The Alternate Member will assist the Regular Members in the work of the Audit Committee, but without the right to vote in its resolutions;

Paragraph 2 In the event of resignation or removal from office of a Regular Member, the Alternate Member will substitute the former, with the right to vote, until the election of a new member by the Board of Directors.

Art.5 The General Auditor, or his or her substitute in the effective performance of the position, will take part in the meetings as a permanent member, without the right to vote.

Art.6. In addition to the permanent members, the following parties may also be invited to take part in the meetings of the Committee, without the right to vote:

I - members of the Fiscal Council; and

II - any members of the Board of Executive Officers or employees of the Bank.

04. IMPEDIMENTS

Art.7. The following constitute impediments to the performance of the roles of member of the Audit Committee, besides those already provided in art.13 of the Bylaws of Banco do Brasil:

I - being or having been in the last 12 months:

a) a member of the Board of Executive Officers of Banco do Brasil or of the Senior Management of its associated companies;

b) an employee of Banco do Brasil or of its associated companies;

c) a qualified professional, director, manager, supervisor or any other member, with a management role, of the team involved in the audit work at Banco do Brasil;

d) a member of the Fiscal Council of Banco do Brasil or of its associated companies; and

e) an occupant of a permanent position or role in the sphere of the Federal Government.

II – being a spouse or relative in a direct line, collateral line or by affinity, up to the second degree, of the persons referred to in paragraphs "a" and "c" of clause I;

III - being an occupant of a permanent position on leave of absence in the sphere of the Federal Government;

IV - receiving any kind of remuneration from the institution or from its associated companies other than that related to his or her role as a member of the Audit Committee.

05. COORDINATION

Art.8. The Committee Coordinator will be chosen from among its members, in the first meeting after election by the Board of Directors.

Art.9. It is incumbent upon the Committee coordinator:

I - to convene and preside over the meetings;

II - to comply and enforce compliance with the rules of these Regulations;

III - to forward to the Board of Directors the analyses, opinions and reports prepared within the sphere of the Committee;

IV - to call, on behalf of the Committee, the representatives of the Fiscal Council, of the Board of Executive Officers and any other participants of the meetings;

V - to propose supplementary rules necessary for the work and activity of the Committee; and

VI - to practice other acts of a technical or administrative nature necessary for the performance of its roles.

06. OPERATION

Art.10. The Audit Committee will meet:

I - ordinarily, twice a month, prior to the monthly ordinary meeting of the Board of Directors, on a date, and at a place and time established by its coordinator;

II - ordinarily, once every quarter, with the Board of Directors, at a place and time established by that Committee;

III - ordinarily, at least once every quarter, with the Steering Committee of Banco do Brasil;

IV - ordinarily, at least once every quarter, with the Independent Auditors, on a date, and at a time and place established by the coordinator of the Audit Committee;

V - with the Fiscal Council and Board of Directors, upon request thereby, to discuss policies, practices and procedures identified in the sphere of their respective jurisdictions;

VI - extraordinarily, convened by the coordinator, when considered necessary by any of its members or upon request from the Management of the Bank.

Art.11. A member of the Audit Committee that fails to appear, with or without justification, at three (3) consecutive ordinary meetings or at four (4) alternate meetings in the period of twelve months will be removed from office, except in cases of force majeure or acts of God, and at any time, by decision of the Board of Directors.

Art.12. The Audit Committee, at the request of any one of its members, will ask the administrative bodies for explanations or information, provided that these are related to the performance of its roles.

07. DUTIES

Art.13. The Audit Committee has the following duties:

I - to recommend to the Board of Directors, the entity to be contracted for the rendering of independent auditing services, as well as the replacement of the provider of these services, if it considers this necessary;

II - to review the semiannual financial statements prior to publication, including the notes to the financial statements, management notes and the independent auditors' report;

III - to evaluate the effectiveness of the independent and internal audits, including checking compliance with legal and normative provisions applicable to Banco do Brasil, besides internal regulations and codes;

IV - to evaluate compliance, by the Steering Committee, with recommendations made by the independent or internal auditors;

V - to establish and disclose procedures for the receiving and handling of information concerning non-compliance with the legal and normative provisions applicable to Banco do Brasil, besides internal regulations and codes, including a forecast of specific procedures for protection of the provider and of the confidentiality of the information;

VI - to recommend to the Steering Committee, the correction or refinement of policies, practices and procedures identified in the sphere of its duties;

VII - to verify, during the quarterly meetings with the Steering Committee, compliance with its recommendations or responses to inquiries;

VIII - to recommend to the Steering Committee the formation of an Audit Committee in the associated companies of BB, if it considers this applicable, fulfilling the requirements provided in the legislation;

IX - to examine, prior to forwarding for approval by the Board of Directors, the Annual Planning of Internal Audit Activities- PAAAI, the Annual Report of Internal Audit Activities - RAAAI and the Semi-annual Report on Internal Controls;

X - to formally notify the Central Bank of Brazil, within a maximum of three business days as of identification, of the existence or evidence of error or fraud represented by:

a) non-compliance with legal and regulatory rules, which jeopardize the continuity of the audited institution;

b) fraud of any amount committed by the Board of Executive Officers of the Institution;

c) relevant fraud committed by employees of the institution or third parties;

d) errors that result in significant misrepresentations in the financial statements of the institution.

XI - to perform other duties determined by the Board of Directors and by the Central Bank of Brazil.

Paragraph 1 The members of the Audit Committee will have total independence in the performance of their duties, and shall treat information received from Banco do Brasil and from the Independent Auditors as confidential;

Paragraph 2 The duties and responsibilities of the Audit Committee also extend to the companies controlled by Banco do Brasil that have adopted the single Audit Committee system.

Art.14. The Audit Committee may, in the sphere of its duties, utilize the work of specialists.

Paragraph 1 The use of the work of specialists does not release the Audit Committee from its responsibilities;

Paragraph 2 The Internal Auditors, in cooperation with the other areas of the Bank and in conformity with the responsibilities and the jurisdictions and levels of authority established, will be responsible for adopting the necessary measures for satisfying the needs identified by the Committee.

Art.15. At the end of the semesters ended June 30 and December 31, the Audit Committee shall prepare a document

designated Audit Committee Report containing at least the following information:

- activities carried out in the sphere of its duties, in the period;

II - evaluation of the effectiveness of the internal control systems of Banco do Brasil, with an emphasis on compliance with the provisions of Resolution 2554, of September 24, 1998, and with evidence of deficiencies detected;

III - description of the recommendations presented to the Steering Committee, with evidence of those not accepted and the respective justifications;

IV - evaluation of the effectiveness of the independent and internal audits, including the verification of compliance with legal and regulatory provisions applicable to the Bank, besides internal regulations and codes, with evidence of the deficiencies detected;

V - evaluation of the quality of the financial statements related to the respective periods, with an emphasis on the application of accounting practices adopted in Brazil and on compliance with rules published by the Central Bank of Brazil, with evidence of the deficiencies detected.

Paragraph 1 The Audit Committee will maintain the Audit Committee Report at the disposal of the Central Bank of Brazil for the minimum period of five (5) years subsequent to its preparation;

Paragraph 2 The Audit Committee will publish a summary of the Audit Committee Report jointly with the semi-annual financial statements, evidencing the main information contained in that document;

Paragraph 3 The Audit Committee Report shall be signed by the Regular members, and is only signed by an Alternate member when this person is effectively substituting a Regular member, in the situations set forth in these Regulations.

08. RESOLUTION

Art.16. Decisions will be made by a majority of votes of the Committee members.

09. SUNDRY PROVISIONS

Art.17. Administrative and logistic support for the Committee will be provided by the Executive Secretary, who shall:

I - prepare and distribute the agenda for the meetings, within the minimum period of time established by the coordinator;

II - act as secretary at the meetings;

III - draw up minutes of the meetings;

IV - organize and keep in its safekeeping the documentation related to the activities performed by the Committee;

V - take care of other activities necessary for the operation of the Committee.

Art.18. Situations not mentioned and that are relating to these Regulations will be submitted to the Board of Directors.

Art.19. These Internal Regulations, as well as the proposed amendments hereto, shall be approved by the Board of Directors of Banco do Brasil.

10. TRANSITORY PROVISION

Art.20. The beginning of alternation of the terms of office of the permanent members of the Audit Committee will occur as from July 1, 2007.

Sole paragraph. The Board of Directors will appoint not later than June 30, 2007 two of the current members that will have their terms of office extended until June 30, 2008 and June 30, 2009, respectively.

Executive Board

The Board of Executive Officers, responsible for business administration, is comprised of the President, the Vice-President and the officers.

It shall comply and enforce compliance with the bylaws, the resolutions of the general shareholders' meeting and of the Board of Directors and the collegiate decisions of the Steering Committee and of the actual Board of Executive Officers. Each one of its members shall perform the duties defined in the bylaws and by the Board of Directors, always observing the principles of good banking technique and the procedures of corporate governance.

It is comprised of ten to thirty members (the President, up to seven Vice-President and up to twenty-two officers), with a term of office of three years, with reelection permitted. The President of BB is appointed and can be removed from office by the President of the Republic. The Vice-President and officers are elected by the Board of Directors through the indication of the President of BB. The position of Officer is restricted to active employees.

There follows below the full text of its Internal Regulations:

INTERNAL REGULATIONS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

CHAPTER I - CONCEPTS, STRUCTURE AND JURISDICTION

Art. 1 - The Board of Executive Officers is one of the committees responsible for the management of the Bank, formed by the Steering Committee (President and up to seven Vice-President) and by the Officers (up to twenty-two).

Art. 2 - The jurisdiction of the Board of Executive Officers and its composition are those defined in the Bylaws of the Bank. These are currently:

I - Steering Committee:

Presidency;
Vice-presidency of Agribusiness and Government;
Vice-presidency of Credit, Controllership and Global Risk;
Vice-presidency of People Management and Socio-environmental Responsibility;
Vice-presidency of Finance, Capital Market and Investor Relations;
Vice-presidency of International Business and Wholesale;
Vice-presidency of Technology and Logistics;
Vice-presidency of Retail and Distribution;

II - Officers:

Commercial Directorship;
Agribusiness Directorship;;
Foreign Trade Directorship;;
Controlling Directorship;;
Internal Controls Directorship;;
Credit Directorship;;
Distribution and Retail Channels Directorship;;
Strategy and Organization Directorship;;
Finance Directorship;;
Risk Management Directorship;
Government Directorship;
Logistic Directorship;
Marketing and Communication Directorship;
Capital Market and Investments Directorship;
Micro and Small Businesses Directorship;
Restructuring of Operating Assets Directorship;
Employee Relations and Socio-environmental Responsibility Directorship;
Technology Directorship;
Retail Directorship;
Human Resources Directorship;
International Directorship;

Legal Directorship.

Art.3 - Paid annual leave, paid leave of absence, annual leave and suspension from office of up to 30 days, for the Vice-President and Officers will be authorized by the President, and leave for the President, by the Board of Directors.

Art.4 - Leave to deal with exceptional situations will be granted to the Bank's President by the Minister of Finance; and to the other members of the Board of Executive Officers, by the Board of Directors.

Art.5 - In the event of leave, leave of absence, suspension from office or a vacancy:

I - the Chairman will be substituted in the manner provided in the bylaws;

II - the Vice-President will be substituted by the Officers, and the Officers by active employees:

a) up to 30 consecutive days, upon appointment by the President;

b) over 30 consecutive days, or in the event of a vacancy, until the installment of the elected substitute, upon appointment by the President and ratification, within the substitution period, by the Board of Directors.

CHAPTER II - MEETINGS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

Section I - Board of Executive Officers

Art. 6 - The Board of Executive Officers will meet when convened by the President or, when impeded, by his or her substitute:

I - ordinarily, at least once a quarter;

II - extraordinarily, whenever considered necessary.

Section II - Steering Committee

Art. 7 - The Steering Committee will meet when convened by the President or, when impeded, by his or her substitute:

I - ordinarily, at least once a week;

II - extraordinarily, whenever considered necessary.

Section III - Rules common to the meetings of the Board of Executive Officers and of the Steering Committee.

Art. 8 - The presidency will be exercised by the President or, when impeded, by his or her substitute.

Art. 9 - The meetings are constituted with the minimum presence of the majority of their members, including the President.

Sole paragraph. The potential absence of a Vice-president or Officer at the meetings shall be justified.

Art. 10 - It is incumbent upon the members of the Committees:

I - to report on the topics of their respective areas; and

II - to discuss and vote on subject matters.

CHAPTER III - AGENDA OF THE MEETINGS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

Art. 11 - The agenda of the meetings will be approved by the President and distributed to the participants at least two business days in advance, accompanied by all the documents essential for the examination of the subjects included therein.

Paragraph 1 - The processes to be included in the agenda and their exhibits will be delivered to the Executive Secretary in their original form.

Paragraph 2 - If any member of the Committee wishes to consign a written vote on a topic included on the agenda, he or she shall send it to the Executive Secretary one business day prior to the date scheduled for the respective meeting, so that a copy may also distributed to the other participants.

Art. 12 - Topics not included in the agenda will not be permitted for resolution, unless they are considered relevant and/or urgent at the discretion of the Committee.

CHAPTER IV - RESOLUTIONS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

Art. 13 - Resolutions require the approval of at least the majority of members present; in the event of a tie, the Chairman's vote, or of his or her substitute performing the role, will prevail.

Paragraph 1 - Dissenting votes and abstentions will be recorded in the minutes.

Paragraph 2 - Any member of the Committees, upon justification, may request the viewing of the process, while the granting of this prerogative is incumbent upon the President. If the request is accepted, the process shall return in the following meeting, in compliance with the provisions of articles 11 and 12 of these Regulations.

Paragraph 3 - Resolution of any matter may be adjourned or even removed from the agenda at the sole discretion of the President.

Paragraph 4 - Once the decision has been made, it is incumbent upon the rapporteur to take steps for its implementation.

Paragraph 5 - It is incumbent upon the President to decide, by referendum, on matters that require urgent resolution.

CHAPTER V - MINUTES OF THE MEETINGS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

Art. 14 - Resolutions will be documented in minutes, entered in the specific book, in compliance with the legal prescriptions.

Sole paragraph. All subject matter offered for examination of a reserved nature, and the pertinent decisions, will be treated as confidential, with disclosure restricted to the members of each Committee and to the participants referred to in articles 16 and 17, in compliance with the provisions of article 155 of Law 6404, of December 15, 1976.

Art. 15 - When the minutes have been prepared, the Executive Secretariat will send a copy to each member present at the meeting, who will have two business days to examine them and indicate, if applicable, any corrections that are necessary.

§ 1 - Once this period has lapsed, the original documents will be forwarded for signing, observing the maximum period of 30 days as of the meeting.

§ 2 - After they have been signed, the Executive Secretary will be responsible for the safekeeping of the documents and delivery for reference purposes by the authorized units of the Group and for examination by the various internal and external supervisory bodies.

CHAPTER VI - SECRETARY AND ADVISOR TO THE BOARD OF EXECUTIVE OFFICERS AND TO THE STEERING COMMITTEE

Art. 16 - The Board of Executive Officers and the Steering Committee shall have as secretary the regular member (permanent or acting) of the Executive Secretariat, who shall:

I - communicate the convening of meetings;

II - distribute the agenda for the meetings;

III - act as secretary at the meetings and arrange for the drafting of the respective minutes and the collection of signatures;

IV – carry out all the other acts needed for the operation of the Board of Executive Officers and of the Steering Committee, with the ability, also, to issue certificates, statements, copies of minutes and so on.

Art. 17 - The regular member (permanent or acting) of the Internal Audit Department may take part in the meetings of the Board of Executive Officers, in the capacity of consultant, and will only intervene in discussions when requested. In addition, the Chief Legal Officer and the Chief Strategy and Organization Officer (permanent or acting) may also take part in the meetings of the Steering Committee as consultants.

Sole paragraph - Other employees may be invited to take part in the meetings at the sole discretion of the President, at his or her initiative or that of a member of the Committee.

CHAPTER VII - FINAL PROVISIONS

Art. 18 - It will be incumbent upon the Board of Directors to explain any unclear aspects of the Regulations, and to arrange for the amendments that it considers necessary and pertinent.

Executive Board

The Board of Executive Officers, responsible for business administration, is comprised of the President, the Vice-President and the officers.

It shall comply and enforce compliance with the bylaws, the resolutions of the general shareholders' meeting and of the Board of Directors and the collegiate decisions of the Steering Committee and of the actual Board of Executive Officers. Each one of its members shall perform the duties defined in the bylaws and by the Board of Directors, always observing the principles of good banking technique and the procedures of corporate governance.

It is comprised of ten to thirty members (the President, up to seven Vice-President and up to twenty-two officers), with a term of office of three years, with reelection permitted. The President of BB is appointed and can be removed from office by the President of the Republic. The Vice-President and officers are elected by the Board of Directors through the indication of the President of BB. The position of Officer is restricted to active employees.

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Vice-presidency of Credit, Controllership and Global Risk;
Vice-presidency of People Management and Socio-environmental Responsibility;
Vice-presidency of Finance, Capital Market and Investor Relations;
Vice-presidency of International Business and Wholesale;
Vice-presidency of Technology and Logistics;
Vice-presidency of Retail and Distribution;

II - Officers:

Commercial Directorship;
Agribusiness Directorship;;
Foreign Trade Directorship;;
Controlling Directorship;;
Internal Controls Directorship;;
Credit Directorship;;
Distribution and Retail Channels Directorship;;
Strategy and Organization Directorship;;
Finance Directorship;;
Risk Management Directorship;
Government Directorship;
Logistic Directorship;
Marketing and Communication Directorship;
Capital Market and Investments Directorship;
Micro and Small Businesses Directorship;
Restructuring of Operating Assets Directorship;
Employee Relations and Socio-environmental Responsibility Directorship;
Technology Directorship;
Retail Directorship;
Human Resources Directorship;
International Directorship;
Legal Directorship.

Art.3 - Paid annual leave, paid leave of absence, annual leave and suspension from office of up to 30 days, for the Vice-President and Officers will be authorized by the President, and leave for the President, by the Board of Directors.

Art.4 - Leave to deal with exceptional situations will be granted to the Bank's President by the Minister of Finance; and to the other members of the Board of Executive Officers, by the Board of Directors.

Art.5 - In the event of leave, leave of absence, suspension from office or a vacancy:

I - the Chairman will be substituted in the manner provided in the bylaws;

II - the Vice-President will be substituted by the Officers, and the Officers by active employees:

a) up to 30 consecutive days, upon appointment by the President;

b) over 30 consecutive days, or in the event of a vacancy, until the installment of the elected substitute, upon appointment by the President and ratification, within the substitution period, by the Board of Directors.

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Art. 6 - The Board of Executive Officers will meet when convened by the President or, when impeded, by his or her substitute:

I - ordinarily, at least once a quarter;

II - extraordinarily, whenever considered necessary.

Section II - Steering Committee

Art. 7 - The Steering Committee will meet when convened by the President or, when impeded, by his or her substitute:

I - ordinarily, at least once a week;

II - extraordinarily, whenever considered necessary.

Section III - Rules common to the meetings of the Board of Executive Officers and of the Steering Committee.

Art. 8 - The presidency will be exercised by the President or, when impeded, by his or her substitute.

Art. 9 - The meetings are constituted with the minimum presence of the majority of their members, including the President.

Sole paragraph. The potential absence of a Vice-president or Officer at the meetings shall be justified.

Art. 10 - It is incumbent upon the members of the Committees:

I - to report on the topics of their respective areas; and

II - to discuss and vote on subject matters.

CHAPTER III - AGENDA OF THE MEETINGS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

Art. 11 - The agenda of the meetings will be approved by the President and distributed to the participants at least two business days in advance, accompanied by all the documents essential for the examination of the subjects included therein.

Paragraph 1 - The processes to be included in the agenda and their exhibits will be delivered to the Executive Secretary in their original form.

Paragraph 2 - If any member of the Committee wishes to consign a written vote on a topic included on the agenda, he or she shall send it to the Executive Secretary one business day prior to the date scheduled for the respective meeting, so that a copy may also distributed to the other participants.

Art. 12 - Topics not included in the agenda will not be permitted for resolution, unless they are considered relevant and/or urgent at the discretion of the Committee.

CHAPTER IV - RESOLUTIONS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

Art. 13 - Resolutions require the approval of at least the majority of members present; in the event of a tie, the Chairman's vote, or of his or her substitute performing the role, will prevail.

Paragraph 1 - Dissenting votes and abstentions will be recorded in the minutes.

Paragraph 2 - Any member of the Committees, upon justification, may request the viewing of the process, while the granting of this prerogative is incumbent upon the President. If the request is accepted, the process shall return in the following meeting, in compliance with the provisions of articles 11 and 12 of these Regulations.

Paragraph 3 - Resolution of any matter may be adjourned or even removed from the agenda at the sole discretion of the President.

Paragraph 4 - Once the decision has been made, it is incumbent upon the rapporteur to take steps for its implementation.

Paragraph 5 - It is incumbent upon the President to decide, by referendum, on matters that require urgent resolution.

CHAPTER V - MINUTES OF THE MEETINGS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

Art. 14 - Resolutions will be documented in minutes, entered in the specific book, in compliance with the legal prescriptions.

Sole paragraph. All subject matter offered for examination of a reserved nature, and the pertinent decisions, will be

treated as confidential, with disclosure restricted to the members of each Committee and to the participants referred to in articles 16 and 17, in compliance with the provisions of article 155 of Law 6404, of December 15, 1976.

Art. 15 - When the minutes have been prepared, the Executive Secretariat will send a copy to each member present at the meeting, who will have two business days to examine them and indicate, if applicable, any corrections that are necessary.

§ 1 - Once this period has lapsed, the original documents will be forwarded for signing, observing the maximum period of 30 days as of the meeting.

§ 2 - After they have been signed, the Executive Secretary will be responsible for the safekeeping of the documents and delivery for reference purposes by the authorized units of the Group and for examination by the various internal and external supervisory bodies.

CHAPTER VI - SECRETARY AND ADVISOR TO THE BOARD OF EXECUTIVE OFFICERS AND TO THE STEERING COMMITTEE

Art. 16 - The Board of Executive Officers and the Steering Committee shall have as secretary the regular member (permanent or acting) of the Executive Secretariat, who shall:

I - communicate the convening of meetings;

II - distribute the agenda for the meetings;

III - act as secretary at the meetings and arrange for the drafting of the respective minutes and the collection of signatures;

IV – carry out all the other acts needed for the operation of the Board of Executive Officers and of the Steering Committee, with the ability, also, to issue certificates, statements, copies of minutes and so on.

Art. 17 - The regular member (permanent or acting) of the Internal Audit Department may take part in the meetings of the Board of Executive Officers, in the capacity of consultant, and will only intervene in discussions when requested. In addition, the Chief Legal Officer and the Chief Strategy and Organization Officer (permanent or acting) may also take part in the meetings of the Steering Committee as consultants.

Sole paragraph - Other employees may be invited to take part in the meetings at the sole discretion of the President, at his or her initiative or that of a member of the Committee.

CHAPTER VII - FINAL PROVISIONS

Art. 18 - It will be incumbent upon the Board of Directors to explain any unclear aspects of the Regulations, and to arrange for the amendments that it considers necessary and pertinent.

(C5)Code of Professional Ethics

Code of Professional Ethics

The Banco do Brasil's Code of Ethics is spread all over the Company, guiding the employees in the conduction of businesses and relationship with a variety of stakeholders.

The Code of Ethics systemizes the essential values adopted by the Conglomerate in the relationship with several segments of the Society.

The Code allows the dissemination and the sharing of these values, in the internal and external scopes, and stimulates the reflection on the responsible professional exercise. It also makes possible the continuous improvement of the Professional Behavior and a high ethical conduct to the Organization.

Banco do Brasil enriches the ethical reflection to improve behaviors and attitudes considering the employee its legitimate representative, recognizing it as its ethical agent for merit.

The Bank's employees conduct their activities by the values enclosed in this Code and for the Rule of Professional Behavior of the Company.

Amongst the ethical values that justify their relations, Banco do Brasil and its employees adopt the following as priority for all relationships: justice, responsibility, confidence, civility and respect.

The shared exercise of this Code's principles supports the success of Banco do Brasil and consolidates the image of ethical company which guides its performance not only in the legal rules of the banking business but in recognized social values.

(C6)Policies (IR Policy, Disclosure Policy, Trading Policy, Combating Money Laundering Policy and Letter of Principles)

IR Policies

The Responsibilities of the Company´s Administration:

- To ensure that the Investor Relations Manager has access to corporate information, including that which is strategic in nature.

- To furnish the Investor Relations Department with the corporate information to be disseminated, avoiding inconsistencies in the institutional message.

- To follow the investor market´s perception of the banking industry and the Bank's activities, and to take it into consideration when conducting the Company's businesses and when defining strategies.

- To guarantee that representatives of the Bank's central management units reply to the Investor Relations Department on specific issues related to their area of responsibility.

- To limit access to restricted information to the professional staff directly involved in the matter until its dissemination to the investor market is possible.

The Director of Investor Relations:

- The spokesperson for the Bank in formal communication with the market is the Director of Investor Relations, who is responsible for furnishing information to investors, to the Comissão de Valores Mobiliários - CVM (stock market regulatory agency), to the stock exchanges and to the specialized press.

- In the absence of the Director of Investor Relations, the Investor Relations Manager is designated interlocutor for corporate information destined for the investor market, the regulatory agencies and the specialized press.

The Responsibilities of the Director of Investor Relations

- To guarantee the continuity and consistency of corporate information, preserving the image of the Bank and building a trusting relationship with investors.

- To decide on what information is restricted in nature.

- To be proactive in the disclosure of information to the market, in a way that minimizes rumors and speculation.

- To accompany the President of the Bank when the Institution's results are disclosed.

The Disclosure

- The process of disclosure at Banco do Brasil is characterized by an ethical relationship with current or potential investors.

- The Bank develops its credibility through the disclosure process, assuring objective, trustworthy and timely information.

- The Bank shall disclose its results on a monthly basis.

- On each quarter, besides the disclosure of its results, the Bank shall also report the most relevant factors affecting them.

- On each semester the Bank shall make a detailed presentation to market analysts about its performance during the period.

The flow of information shall be permanent, even during crisis.

- The Bank shall not provide to the market information about its perspectives on future results.

- The Bank shall take the initiative to correct any misinformation that may eventually be disclosed.

- All information can be disclosed except that considered to be restricted - i.e. that which puts the Bank's performance and institutional image at risk.

- Information must be available simultaneously to the entire investor market.

- In order to furnish information to the overseas market, the Bank shall provide disclosure instruments available in English.

- Information shall be furnished based upon a same set of principles, independently on whether its content affects the Bank positively or negatively.

- Information required by the investor market shall be furnished to the Manager of Investor Relations by the unit that is responsible for the matter in question.

Legal Aspects of Disclosure

- Privileged information consists of any and all relevant facts to which a person has access as a result of the job or position he or she occupies, before it is disclosed to the market.

- Negotiation of the Bank's securities is prohibited to anyone who, because of his or her job, function or position, has access to privileged information.

Servicing the Investor Market

- The Bank shall strive to maintain a relationship of trust and credibility with the investor market.

- Besides compliance with legal requirements, the Bank shall send information about any and all events within the Company that might interfere with investment decisions simultaneously to the CVM, the stock exchanges and other investor market agents.

- The Bank shall reply within a maximum of 10 working days to queries sent to it in writing, except when another deadline has been agreed to with those who have requested the information.

- The Bank shall maintain a structure that ensures that small shareholders have rapid and easy access to services.

- The Bank shall set up and maintain a budget for activities related to investor relations.

The Market Analysts Reports and the Projections of Results

- Reports produced by market analysts shall be reviewed by the Investor Relations Department in an attempt to correct facts or to avoid misinterpretation that may lead readers to false conclusions.

- The Bank shall not comment on the projection of financial results prepared by market analysts.

- The Bank shall not distribute the reports produced by market analysts to an outside audience.

On Instances of Rumors about the Company

- It is the Bank's policy not to comment on rumors or speculation, except in cases when they might generate requests for clarification by legal authorities or harm the Company's image or businesses, at the discretion of the Bank's CEO.

Disclosure Policy

PRESENTATION

In compliance with the requirements of Comissão de Valores Mobiliários – CVM (Brazilian securities commission)

introduced by CVM Instruction 31 in 1984, Banco do Brasil adopts procedures to guide the release of information by individuals who by the nature of their position have privileged access to material fact or significant events that have a material impact on or that might effect the bank's business.

Foreseeing the market trend, the Bank implemented a broader and more effectual Self Regulation System in 2001. All rules and procedures that were previously followed by high-level employees were included in Internal Regulatory Rules (LIC) which is available to all employees of the Bank. These instructions were divulged through a communication plan that included informal chats, presentations, and meetings which involved top executives, employees from various areas, and Compliance Officers who monitor conformity with internal and external rules.

Awareness that the respective procedures are based on ethical conduct which has been the foundation upon which the actions of the Bank's employees have been based throughout its long history is even more important than the simple introduction of these rules and standards and compliance.

The introduction of CVM Instruction 358 at the beginning of 2002 reinforced the importance of dealing with information on material fact, requiring that publicly traded companies introduce a policy for disclosing material fact and significant events.

Notwithstanding, the adoption of such a policy is more than a simple requirement of a regulatory authority to Banco do Brasil; it demonstrates the Bank's respect for investors as well as its commitment to transparency.

To permit compliance with instructions relating to disclosure, as well as to allow efficient control, documents which must be filled in and signed by the individuals subject to self regulation were introduced.

These and other mechanisms were developed to support the adoption of policies for disclosure and trades, as well as to assure compliance with instructions by all Bank employees.

The text of the Policy presented herein comprises the strategies adopted by Banco do Brasil to regulate the matter. The rules and procedures implemented to assure compliance with this policy are set forth in the Internal Regulatory Rules (LIC), which has been attached hereto to present the operational procedures for the System for Self Regulation.

BANCO DO BRASIL

Policy for Disclosure of Material Fact or Significant Events

1. The management process of Banco do Brasil utilizes codified rules and standards which set forth in detail the operating procedures required for implementation of organization-level decisions relating to the business and activities of the Bank, as well as compliance with legal requirements and those of regulatory and supervisory entities.

2. The policy for disclosure of material fact or significant events covers the divulging of information involving Banco do Brasil and or its subsidiary companies and which due to its nature could be construed as a material fact or significant event.

3. The managements of the Bank's affiliated and related companies, such as CASSI, PREVI, and Fundação Banco do Brasil, are familiar with the instructions of Banco do Brasil governing the disclosure of facts or events.

4. During the course of managing its businesses, Banco do Brasil simultaneously and equitably divulges facts and or events of a political-managerial, technical, or economic nature, or that involve negotiations which could affect the prices of the Bank's securities and or shares and influence investor decisions.

5. Access by society, customers, employees, the press, and the investor community to information of a corporate nature and material facts is guaranteed.

6. Access to information relating to material fact or significant event is limited to the professionals of Banco do Brasil directly involved with the respective matter until its opportune disclosure to the market.

7. Management and any other individuals who as a result of their responsibilities or position at the Bank have access to information involving material fact or significant event are required to keep such information secret until it is divulged to the market. Furthermore, they are also responsible for assuring that subordinates or other individuals with whom they

maintain a relationship of trust do the same; they will be held jointly and severally responsible in the case of non-compliance.

8. Banco do Brasil provides objective, trustworthy, and timely corporate information to its stockholders, investors, and opinion makers, even in times of crisis.

9. Banco do Brasil's Vice-president for Investor Relations is responsible for divulging information relating to material fact or significant event. Notwithstanding, other members of management are jointly and severally liable in cases involving noncompliance with disclosure requirements.

10. Members of the Board of Directors and the Fiscal Council, as well as Senior Officers of the Bank must communicate any material fact or significant event that they are aware of or that involve any negations in which they are involved to the Vice-president for Investor Relations, so that a decision can be made as to whether such fact or event should be kept secret or disclosed.

11. Whenever the Board of Directors, the Fiscal Council, or Senior Officers of the Bank identify a failure of the Vice-President for Investor Relations to divulge a material fact or significant event that they are aware of, they must notify the aforementioned Vice-president in writing, so that the disclosure can be made. However, notification of a material fact or significant event does not dismiss responsibility to CVM (Brazilian securities commission) for disclosure.

12. Material fact or significant event can be withheld under exceptional circumstances, if the controlling stockholder or the Bank's management understands that disclosure would compromise the legitimate interests of the Bank.

13. Whenever Bank management decides to withhold information involving a material fact or significant event and this information is discovered, the Vice-president for Investor Relations should immediately divulge such information as a material fact.

14. Should the price of the Bank's shares or trading volumes fluctuate in an atypical manner, the Vice-president for Investor Relations should present a written inquiry to the individuals who have access to any relevant information, in order to establish whether these persons have information involving a material fact that should be divulged to the market; if so, disclosure should be immediate.

15. The Bank does not comment on rumors or unfounded statements, except in cases that might generate requests for clarification from legal authorities or that could, in the opinion of the management board, negatively affect the image or the business of the Bank.

16. The disclosure of a material fact or significant event shall first be communicated to the Comissão de Valores Mobiliários - CVM (Brazilian securities commission) and then to the stock exchange; the same information shall be simultaneously disclosed to the press and investment analysts only after confirmation of receipt of the information by CVM. Furthermore, the information shall be included in the Bank's Investor Relations Internet page, in English and Portuguese.

17. The disclosure of a material fact shall occur before the opening bell or after the close of trading on the São Paulo Stock exchange (BOVESPA). If information must be divulged during the trading day, the Vice-president for Investor Relations shall request that trading in the Bank's shares be suspended until the information has been completely disseminated.

18. The disclosure of a material fact to the press shall employ the full version made available on the Bank's Internet page or shall be summarized considering the degree of clarification necessary. No distinction shall be made among different forms of media and the Vice-president for Investor Relations shall assume the responsibility for the respective decisions.

19. Banco do Brasil is not responsible for disclosing information on third-party purchases or sales involving ownership holdings that amount to five percent or more of the type or class of shares that correspond to its capital or rights over these shares or other securities issued by the Bank.

Sanctions

20.Violation of the rules and standards established in this Policy for Disclosure of Material Fact or Significant Event are

serious infractions and shall subject the violator to the penalties foreseen in Law 6.385/76, CVM Instruction 358/2002, and the instructions of Banco do Brasil in the Code.

Trading Policy

PRESENTATION

In compliance with the requirements of Comissão de Valores Mobiliários – CVM (Brazilian securities commission) introduced by CVM Instruction 31 in 1984, Banco do Brasil adopts procedures to guide purchases and sales of its securities and shares by individuals who by the nature of their position have privileged access to material fact or significant events that have a material impact on or that might effect the bank's business.

Foreseeing the market trend, the Bank implemented a broader and more effectual Self Regulation System in 2001. All rules and procedures that were previously followed by high-level employees were included in Internal Regulatory Rules (LIC) which is available to all employees of the Bank. These instructions were divulged through a communication plan that included informal chats, presentations, and meetings which involved top executives, employees from various areas, and Compliance Officers who monitor conformity with internal and external rules.

Awareness that the respective procedures are based on ethical conduct which has been the foundation upon which the actions of the Bank's employees have been based throughout its long history is even more important than the simple introduction of these rules and standards and compliance.

Even though not required by CVM, the Bank implemented a Policy for the Purchase and Sale (Trading) of its securities and shares for all individuals which the Bank considers to be self regulated.

This policy reflectsthe seriousness with wich the Bank follows rules and standards, even when such compliance is voluntary. It also requires that its employees do likewise. To permit compliance with instructions relating to trades, as well as to allow efficient control, documents which must be filled in and signed by the individuals subject to self regulation were introduced.

These and other mechanisms were developed to support the adoption of policies for disclosure and trades, as well as to assure compliance with instructions by all Bank employees.

The text of the Policy presented herein comprises the strategies adopted by Banco do Brasil to regulate the matter. The rules and procedures implemented to assure compliance with this policy are set forth in the Internal Regulatory Rules (LIC), which has been attached hereto to present the operational procedures for the System for Self Regulation.

BANCO DO BRASIL

POLICY FOR TRADING OF BANCO DO BRASILS' SECURITIES

1. The management process of Banco do Brasil utilizes codified rules and standards which set forth in detail the operating procedures required for implementation of organization-level decisions relating to the business and activities of the Bank, as well as compliance with legal requirements and those of regulatory and supervisory entities.

2. Banco do Brasil utilizes a self-regulatory system that governs the purchase and sale of its securities or shares by any individual who due to their responsibilities or position at the Bank have access to information involving a material fact or significant event.

3. In addition to the controlling shareholder, members of management, and Fiscal Council members, all individuals that:
a) Hold positions of trust in management, whether in Brazil or overseas;
b) Hold other positions at the Bank which, according to guidelines of management committees, internal auditing, the branch network, and regional authorities have access, even if only during a temporary assignment, to privileged information relating to a material fact or significant event;
c) Have been loaned to occupy administrative positions in affiliated or related companies, such as CASSI, PREVI, and Fundação Banco do Brasil; or
d) Have a commercial or professional relationship, or even of trust with the Bank and have knowledge of accounting, strategic, or other information about the business of the Bank that could be construed as involving material fact or significant event.

4. Members of management or any persons who due to their responsibilities or position at the Bank have access to information

involving a material fact or significant event should:
a) Immediately after assuming the position or the start of a temporary assignment, inform the Bank with respect to the quantity and characteristics, as well as the form of acquisition of securities or shares issued by Banco do Brasil, including quotas in exclusive investment funds that they, their spouse, live-in companion, or any of their dependents owns, as well as any changes in their ownership position and the balance at the end of the period; and
b) Communicate information on any purchases or sales, as well as the balance at the end of the period to the Bank within ten days after the end of the month in which the change in the ownership position occurred.

5. Notification of purchases, or sales of Banco do Brasil securities or shares involving members of the Board of Directors, Fiscal Council, or senior management shall be sent to the Comissão de Valores Mobiliários - CVM (Brazilian securities commission) and BOVESPA (São Paulo Stock exchange) immediately after the respective position has been assumed or in up to ten days after the end of the month in which a change in ownership position occurred.

Trading Plan

6. The purchase or sale (trading) of Banco do Brasil securities or shares by any individual who due to their responsibilities or position at the Bank has access to information involving a material fact or significant event is permitted so long as this is done in a predetermined manner and on an individual basis.

7. The individual trading plan for Banco do Brasil securities owned by members of management or any other individual who due to their responsibilities or position at the Bank has access to information involving a material fact or significant event must be presented to the Bank immediately after a position subject to selfregulation is assumed. In the cases of individuals who already hold such positions, the aforementioned plan must be presented by November thirtieth of each year or before approval of the Bank's budget, whichever occurs first.

8. Any individuals who due to their responsibilities or position at the Bank have presented a trading plan for Banco do Brasils' securities owned by them are required to communicate any changes in plan or its schedule to the Bank prior to implementation. Any non-compliance can be considered to be a violation.

Prohibited acts

9. Any individuals who due to their responsibilities or position at the Bank have access to information involving a material fact or significant event, as well as those that have a commercial or professional relationship, or even of trust with the Bank are prohibited from using information relating to a material fact or significant event that has not yet been divulged to the market to obtain any advantage for themselves or third parties through the trading of Banco do Brasil securities or shares, or the purchase and or sale of quotas in exclusive investment funds pegged or linked to such securities. This prohibition shall also remain in force if a purchase or sale of Banco do Brasil shares involving the controlling shareholder or a merger, consolidation, total or partial split off, transformation, or corporate restructuring is underway.

10. The trading of Banco do Brasil securities or shares by any individual who as a result of their responsibilities or position at the Bank has access to information involving a material fact or significant event is prohibited from the month immediately preceding the end of the fiscal year to the publication of the announcement placing the respective documentation at the disposal of stockholders, as well as during the fifteen-day period preceding the date of disclosure for quarterly information.

11. Any person who due to their responsibilities or position at the Bank has access to information involving a material fact or significant event and that leaves the Bank before a material fact or significant event to which this individual has knowledge is divulged to the market shall not trade Banco do Brasil securities or shares that this person owns during the first six months after leaving the Bank, except in situations involving the exercise of a purchase option that has been approved by General Shareholders' Meeting as part of a stock option plan.

Sanctions

12. The violation of the rules and standards set forth herein is a serious infraction and subjects the violator to the penalties foreseen in Law 6.385/76, CVM Instruction 358/2002, and Instructions of Banco do Brasil.

13. The use of significant information that has not yet been divulged to the market by an individual who has knowledge of this information to trade Banco do Brasil securities or shares for his own or a third party's advantage is considered a criminal act which subjects the violator to incarceration for a period of from one to five years, and a fine equivalent to up to three times the amount of the illicit advantage obtained as a result of the crime committed.

14. Failure to communicate the quantity, characteristics, or form of acquisition of Banco do Brasil securities or shares that are held by the individual, his spouse, live-in companion, or any other dependent to Comissão de Valores Mobiliários – CVM (Brazilian Securities commission) and BOVESPA (São Paulo Stock exchange) immediately after assuming a position or responsibilities which subject this individual to self-regulation shall result in the violator being subject to the cumulative daily fine stipulated by the regulatory authority, as well as other sanctions foreseen in the Internal Regulatory Rules of Banco do Brasil.

Preventing and Combating Money Laundering

Banco do Brasil's Policies on Preventing and Combating Money Laundering

1. Banco do Brasil prevents money laundering when doing business within and outside Brazil, by complying with Brazilian legislation and that of the countries where Banco do Brasil operates.

2. Banco do Brasil acts in compliance with the international commitments made by the Federal Government to preventing and combating money laundering, complying with current legislation.

3. When developing products and services, Banco do Brasil adopts procedures with a view to inhibiting the money laundering crime.

4. When preventing and combating money laundering, Banco do Brasil stimulates and takes part in combined actions in the Brazilian Financial System.

5.Banco do Brasil takes into consideration parameters established by law when developing systems to monitor transactions that are suspected of being involved in money laundering schemes.

6. Banco do Brasil does not admit transactions through anonymous accounts or related to a fictitious account holder.

7. All suspicious transactions or proposals are duly reported to the authorities according to the Brazilian law.

8. In the analysis of suspicious transactions Banco do Brasil takes into account means utilized, amount and parties involved in such transactions considering the client's financial capacity, his economic activity and also any indication of irregularity or illegality involving the client or his operations.

9. The process involving the registration, analysis and reporting of all suspicious financial activities to the relevant authorities is carried out in secrecy, and the client is kept unaware of the investigation.

10. When the circumstances reveal evidences of money laundering, Banco do Brasil adopts restrictive measures against the client involved, refraining the client form undertaking new deals with Banco do Brasil.

11. Banco do Brasil only maintains relationship with banks that have policies and procedures concerning the prevention and combating of money laundering.

12. Banco do Brasil adopts criteria when hiring new employees and establishing their behaviour standards, focusing on the prevention and combating of money laundering.

13. Banco do Brasil has a specific employee-training programme regarding the prevention and combating of money laundering.

Letter of Principles

BANCO DO BRASIL LETTER OF PRINCIPLES OF SOCIAL & ENVIRONMENTAL RESPONSIBILITY
(approved by the Board of Officers on July, 15th 2003)

Banco do Brasil has comitted with the following:

1. To act in harmony with Universal Values, such as: Human Rights, Fundamental Labor Principles and Rights, and Environmental and Developmental Principles.

2. To recognize that all the beings are interconnected and all life forms are important.

3. To ward off prejudice and discrimination regarding gender, sexual orientation, ethnic status, race, and creed of any nature.

4. To strengthen the view of Socio-Environmental Responsibility as a permanent necessary investment for the future of humanity.

5. In relationships with the Government, Market and Civil Society, to have the BB corporation's strategic position of adopting its own model of Socio-Environmental Responsibility management at the level of the corporation's standing and the challenges of contemporary Brazil perceived and appreciated.

6. To use transparency, ethics and respect for the environment as the ballast of the company's administrative and business practices.

7. To conduct relationships with third parties using criteria that observe the principles of Socio-Environmental Responsibility and foster economic and social development.

8. To foster, disseminate and implement sustainable development practices.

9. To view clients and potential clients, above all, as citizens.

10. To establish and disseminate good corporate governance practices, preserving commitments to shareholders and investors.

11. To contribute in such a manner that the intellectual, professional, artistic, ethical and spiritual potential of employees and collaborators can be fully used by the company.

12. To base relationships with employees and collaborators on ethics and respect.

13. To contribute towards universalizing social rights and citizenship rights.

14. To contribute towards the inclusion of people with special needs.

(C7)Social-Environmental Responsibility

Social - Environmental Reponsibility

At Banco do Brasil, the relationship policy with target publics is founded on the commitment to build long-lasting relationships based on respect for the needs and expectations of the diverse publics: customers, employees and collaborators, shareholders and investors, partners, competitors, government, community and regulatory bodies.

Throughout its history, the Bank has been building dialogues with these publics and has achieved its objective through Internal and External Ombudsmen, customer and employee satisfaction surveys taken annually, Personnel and Social-Environmental Management Forums, quarterly meetings with analysts and investors, permanent negotiations with union entities, and more. These mechanisms have helped identify themes and the relevance of information to be used in rendering accounts to its target publics.

Banco do Brasil drives the economy and development of townships by acting as the Bank of the Rural Producer, of the Exporter, of the Micro and Small Businessman. BB works to align its search for good economic results with social issues and the sustainable use of environmental resources. Ethics and respect are Banco do Brasil practices in its relations with employees, collaborators, suppliers, partners, customers, creditors, shareholders, competitors, government, community and environment.

To demonstrate its role as an economic and social development agent for the country, the Bank has incorporated social-environmental responsibility principles in its administrative and business practices, publicly assuming commitments with sustainable development, human rights, nature preservation, ethics in business and more.

1995 - Green Protocol

It is a letter of principles for sustainable development in which the official banks propose to perform policies and practices that are in harmony with the objective of promoting development that does not compromise the needs of future generations. After signing the protocol, BB prohibited operations to finance activities that may have an impact on the environment, without authorization from a competent organ, and made it obligatory to show environmental licenses for loan approval.

2003 - United Nations Global Pact

This initiative has the objective of mobilizing the international business community to promote fundamental values in human rights, labor, environment and combat of corruption. The Global Pact was created to help organizations optimize their strategies and actions in the search for a sustainable and democratic global economy.

2004 - Business Agenda 21

Agenda 21 is a participative planning instrument that has sustainability, environmental preservation, social justice and economic growth as its pillars. Its starting point (1992) was the concern by organizations of the United Nations system with regard to the preservation of future generations and it began to be adopted globally, nationally and locally by governments and civil society in every area where human action has an impact on the environment. In 2004, Banco do Brasil publicly disclosed its pioneer commitment to develop a Business Agenda 21 with the engagement and dedication of every area.

2005 - Pact to Combat Slave Labor

BB was the first financial institution to prohibit financing of companies and individuals registered as having been involved with slave labor at the Ministry of Labor. In 2005, together with 54 other companies, it joined the Pact to Combat Slave Labor proposed by the Ethos Institute, where the signers agree to increase efforts to dignify and modernize labor relations in productive chains.

2005 - The Equator Principles

Set of policies and guidelines to be observed in social-environmental and risk analyses for investment projects valued at or greater than US$ 10 million, based on criteria established by the International Finance Corporation, a branch of the World Bank. The criteria encompass themes such as the protection of natural habitats, dam security, Indian populations, health and occupational safety, among others.

2005 - Report on Carbon Emission Information

Project administered by Rockefeller Philanthropy Advisers, with funding mainly from the Carbon Fund of the Government of Great Britain. In March 2005, Banco do Brasil, Brasilprev and Previ, together with the main institutional investors on a global level, formally manifested support for the request to open information about greenhouse gas emissions sent to the world's 500 largest companies.

Besides these commitments, the Bank also has an internal policy that consolidates social-environmental guidelines to conduct the Company's business. These orientations, which address topics such as citizenship, ethics, transparency, equality and respect are gathered in the Letter on Social-Environmental Responsibility Principles.

The Company created a multidisciplinary team with representatives from BB's diverse areas to analyze and propose measures about initiatives related to Social-Environmental Responsibility, debating and disseminating the Corporation's principles and advances in relation to the social-environmental issue. It is called the RSA Group. Its main objective is to map and integrate social and environmental actions developed on the state level and seek an expansion of the benefits produced. The group meets monthly and it plays a fundamental role in the process of incorporating social-environmental responsibility principles into everyday organizational life.

The results from adopting all these precepts in conducting BB's activities during fiscal year 2006 are shown below, segmented according to the target public they affect.

FINANCIAL INFORMATION

(D1) MD&A 4th Quarter 2007 (Presentation, Economic Environment, Securities, Corporate Governance, Other Information, Summarized Financial Statements, Balance Sheet Analysis, Risk Management, Analysis of Results and Financial Statements)

(D2) MD&A 3rd Quarter 2007 (Presentation, Economic Environment, Securities, Corporate Governance, Other Information, Summarized Financial Statements, Balance Sheet Analysis, Risk Management, Analysis of Results and Financial Statements)

(D3) MD&A 2nd Quarter 2007 Presentation (Presentation, Economic Environment, Securities, Corporate Governance, Other Information, Summarized Financial Statements, Balance Sheet Analysis, Risk Management, Analysis of Results and Financial Statements)

(D4) MD&A 1st Quarter 2007 Presentation (Presentation, Economic Environment, Securities, Corporate Governance, Other Information, Summarized Financial Statements, Balance Sheet Analysis, Risk Management, Analysis of Results, Financial Statements, Notes to Financial Statements and Additional Information)

(D5) Financial Statements 4th Quarter 2007 (Balance Sheet, Income Statements, Statement of Changes in Stockholder Equity, Statement of Changes in Financial Position, Notes to Financial Statements and Additional Information)

(D6) Financial Statements 3rd Quarter 2007 (Balance Sheet, Income Statements, Statement of Changes in Stockholder Equity, Statement of Changes in Financial Position, Notes to Financial Statements and Additional Information)

(D7) Financial Statements 2nd Quarter 2007 (Balance Sheet, Income Statements, Statement of Changes in Stockholder Equity, Statement of Changes in Financial Position, Notes to Financial Statements and Additional Information)

(D8) Financial Statements 1st Quarter 2007 (Balance Sheet, Income Statements, Statement of Changes in Stockholder Equity, Statement of Changes in Financial Position, Notes to Financial Statements and Additional Information)

(D9) Company Profile (Financial Statements, Income Statements, Credit Portfolio by Risk Level - June 2007, Ratios, Highlights, Credit Portfolio, Capital Markets, Shares and Warrants and Products and Services)

PRESENTATION TO THE MARKET

(E1) 3rd Quarter 2007 Institutional Presentation

[Please see 3rd Quarter 2007 Institutional Presentation enclosed in the following pages]

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3Q07

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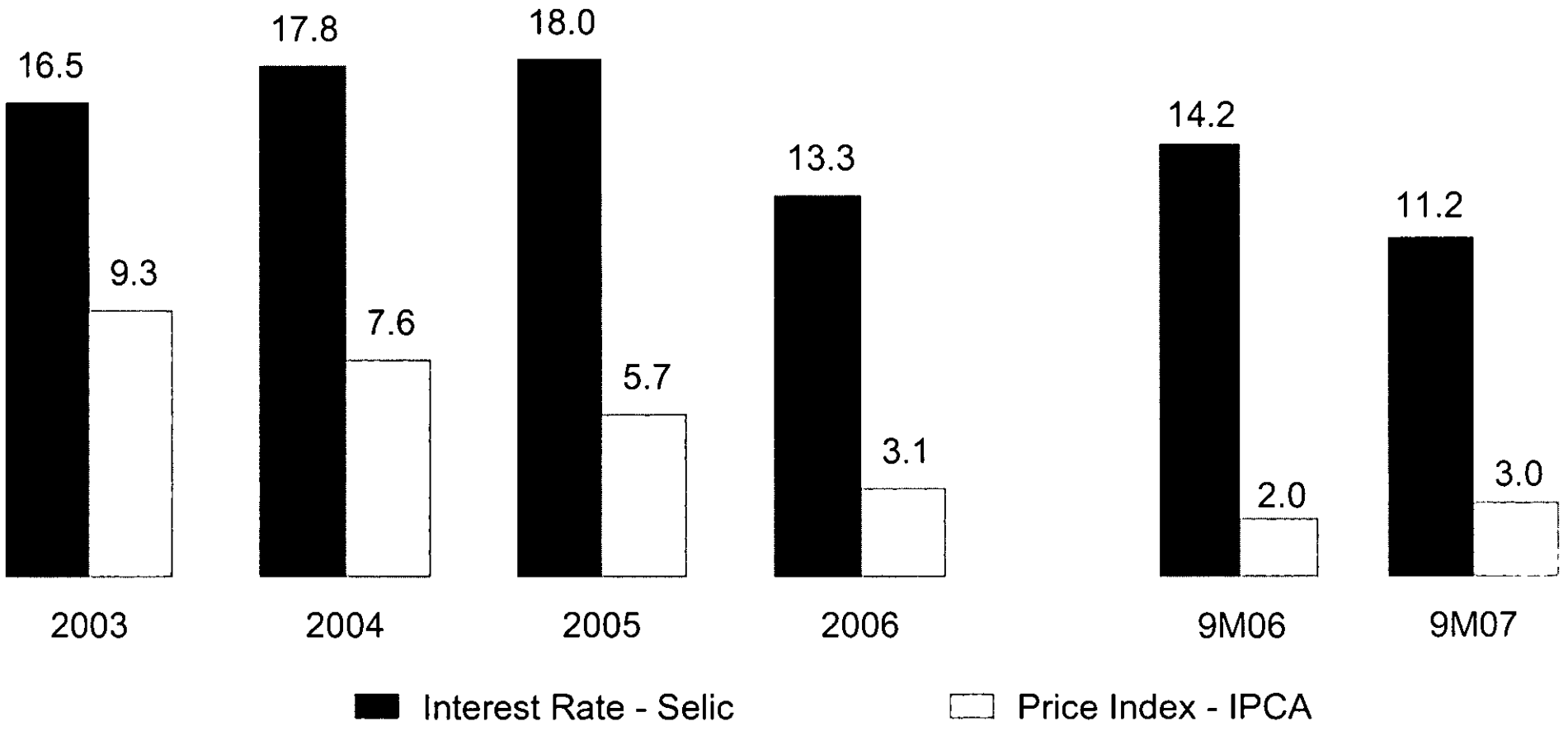
CORPORATE FINANCE

Ibovespa itag Índice de Ações com Tag Along Diferenciado ISE Índice de Sustentabilidade Empresarial IBrX 50 IBrX ÍNDICE BRASIL

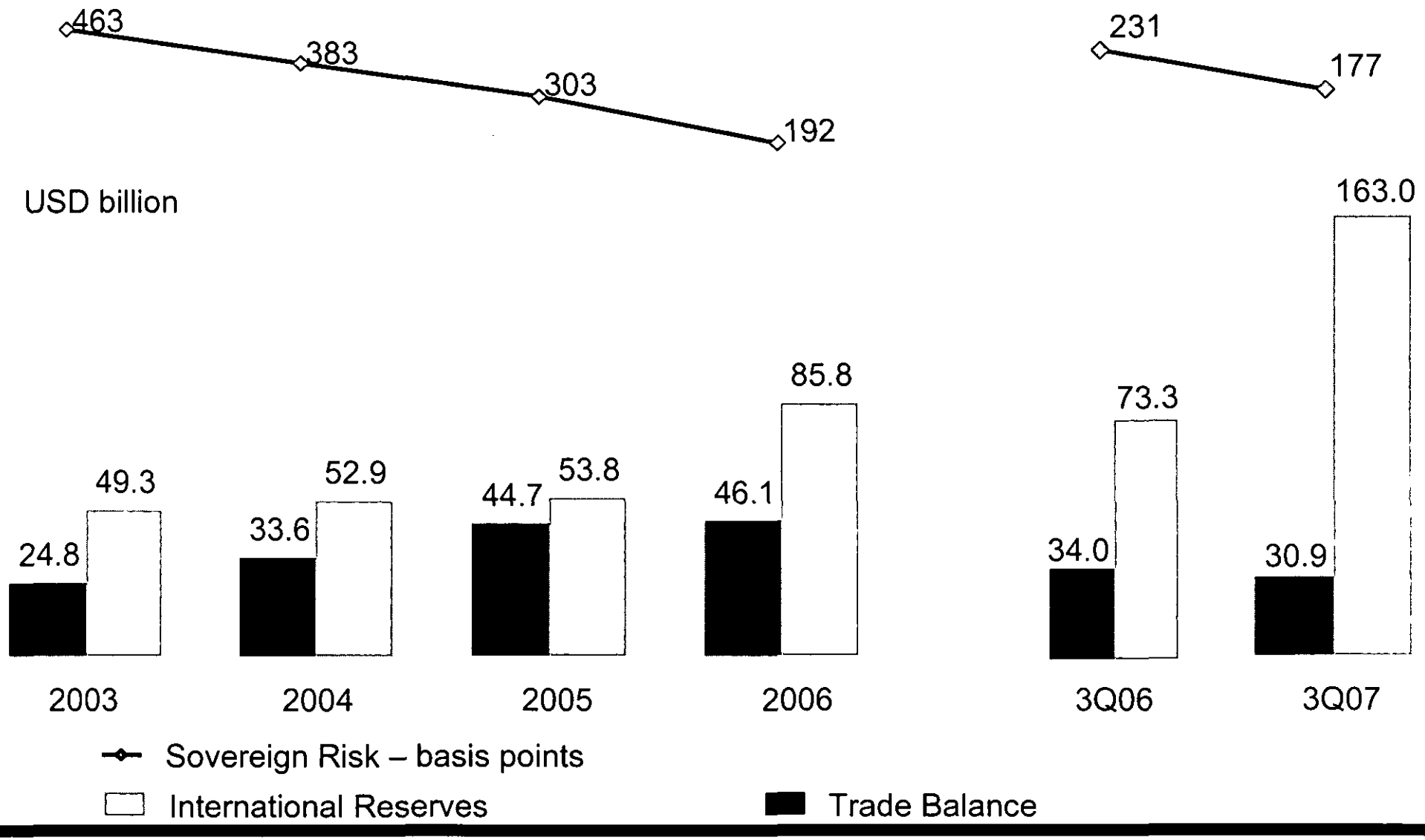
Economic Environment

Ratio - %



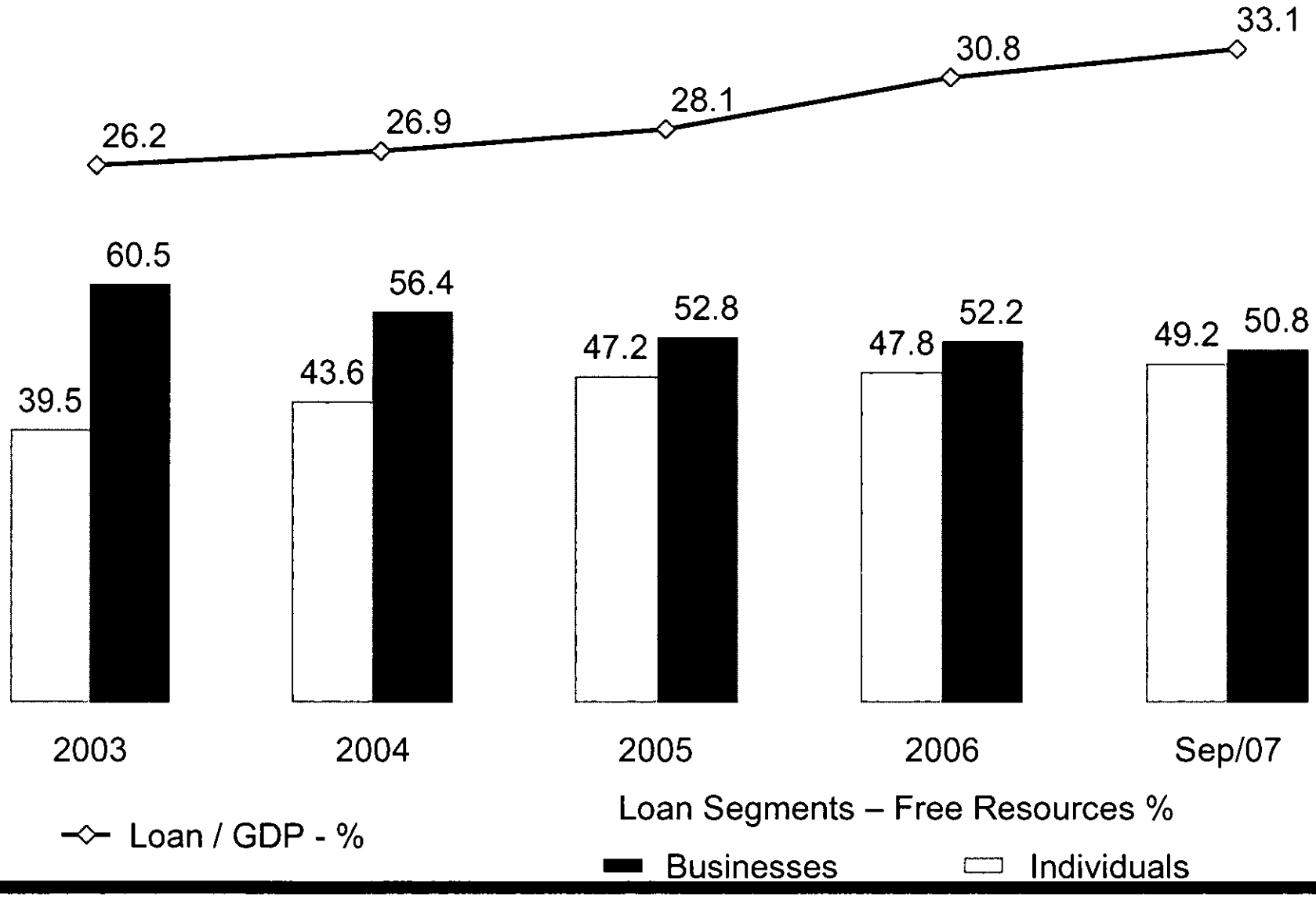
Source: Central Bank and Brazilian Institute of Geography and Statistics - IBGE

Economic Environment



Source: Agência Estado, Ministry of Development, Industry and Foreign Trade and Central Bank

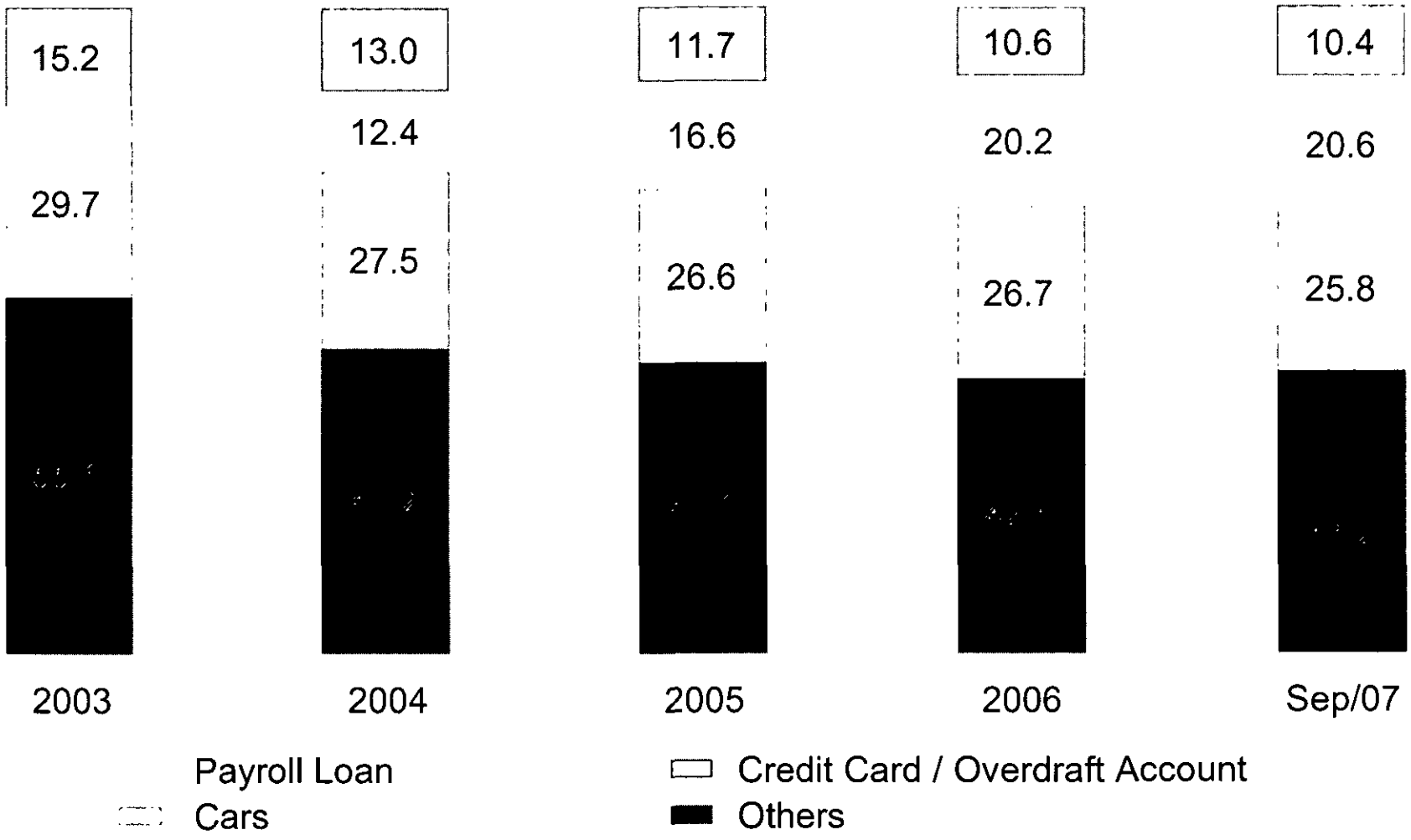
Banking Industry



Source: Central Bank

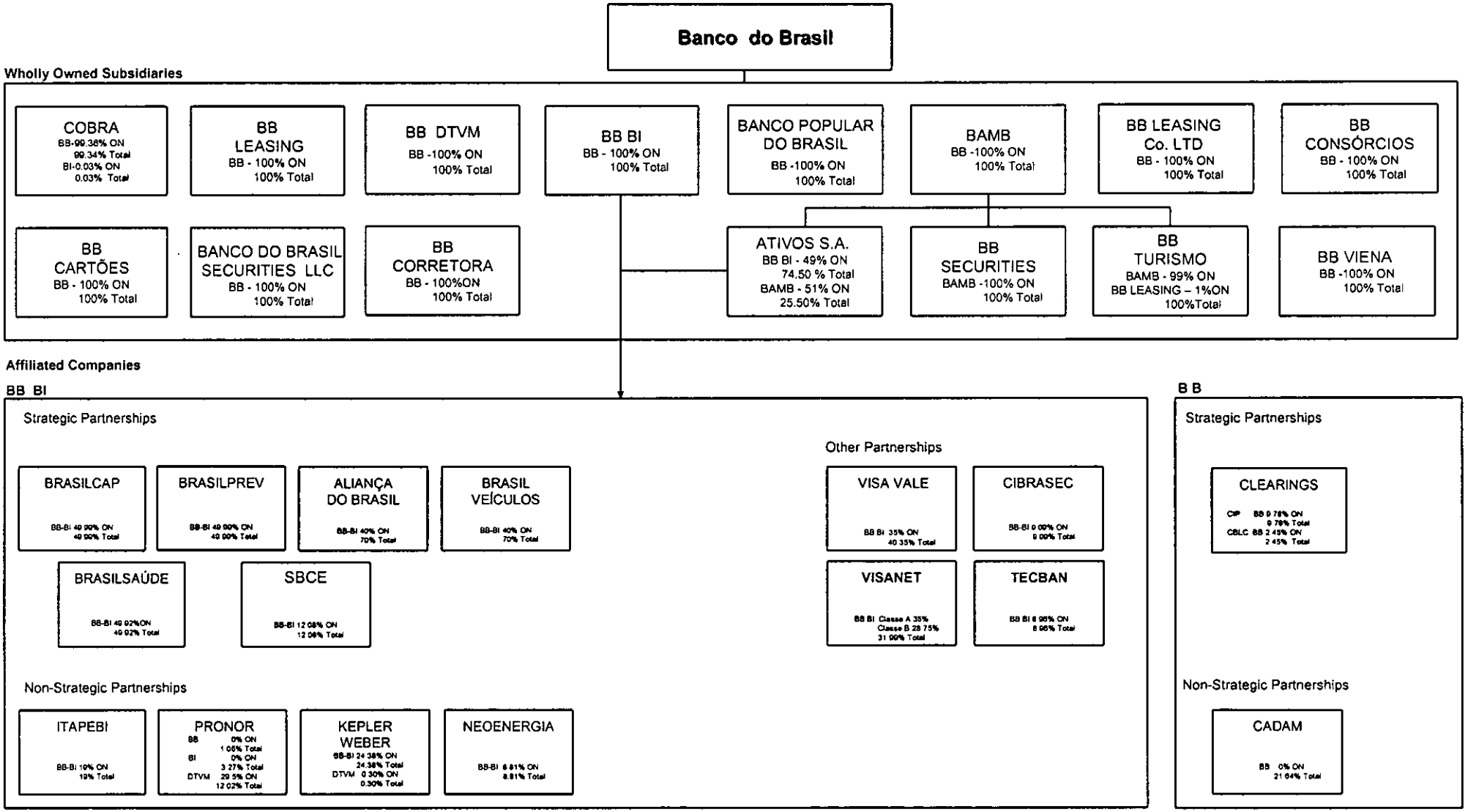
Loan Segments

Individual Loan Segments - %

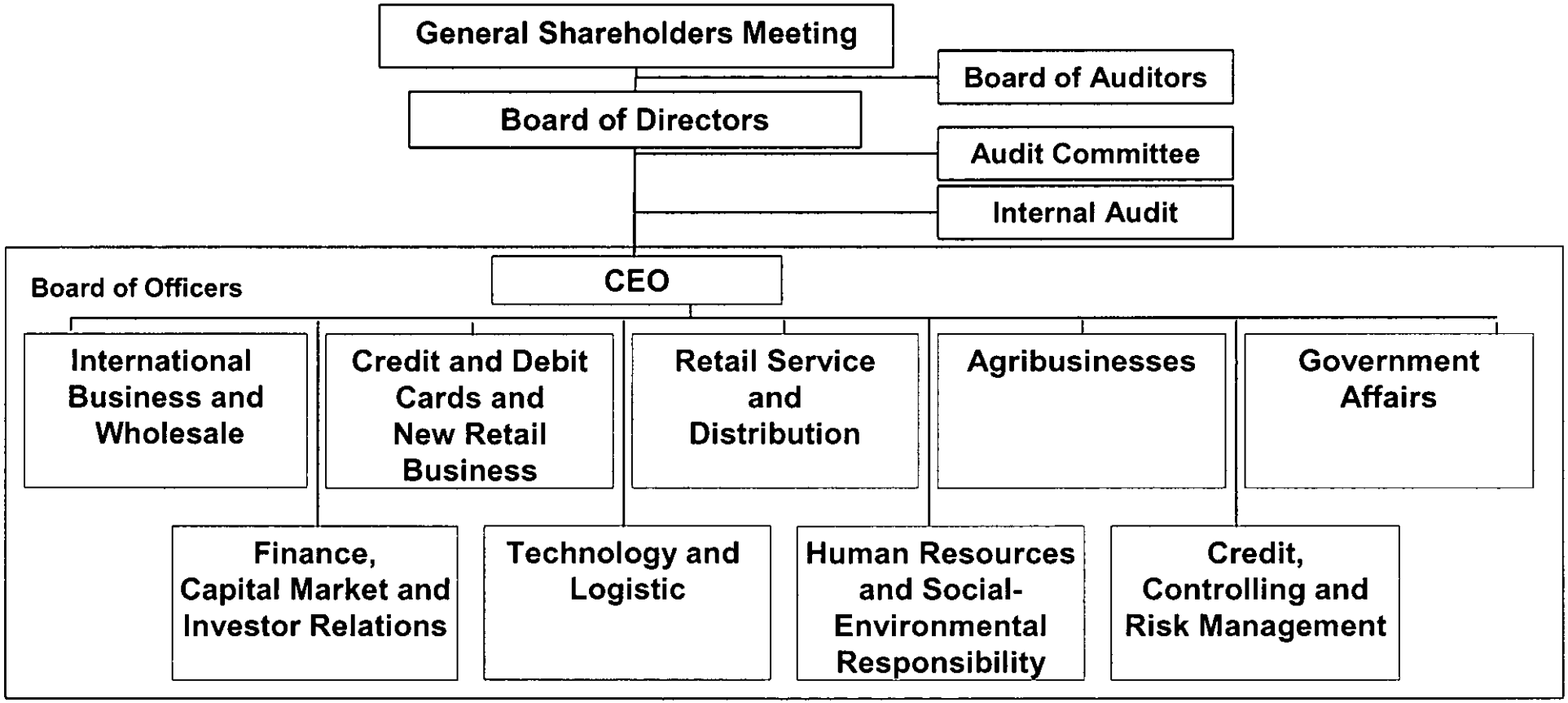


Source: Central Bank

Banco do Brasil Structure



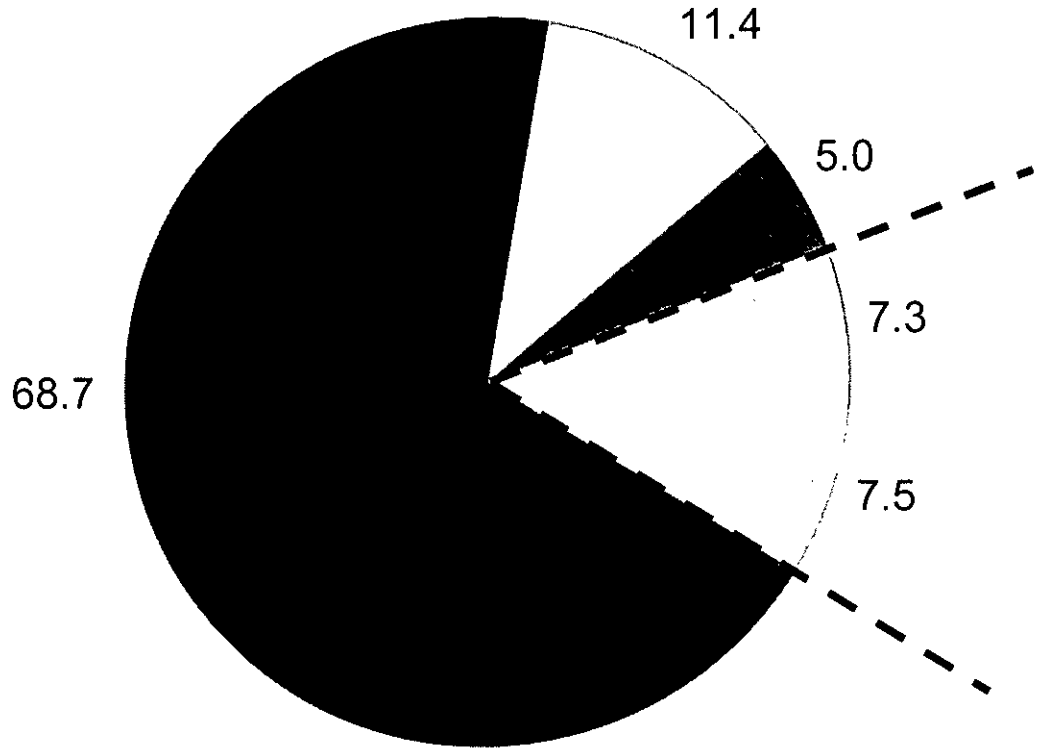
Organizational Structure



☐ Vice-Presidents

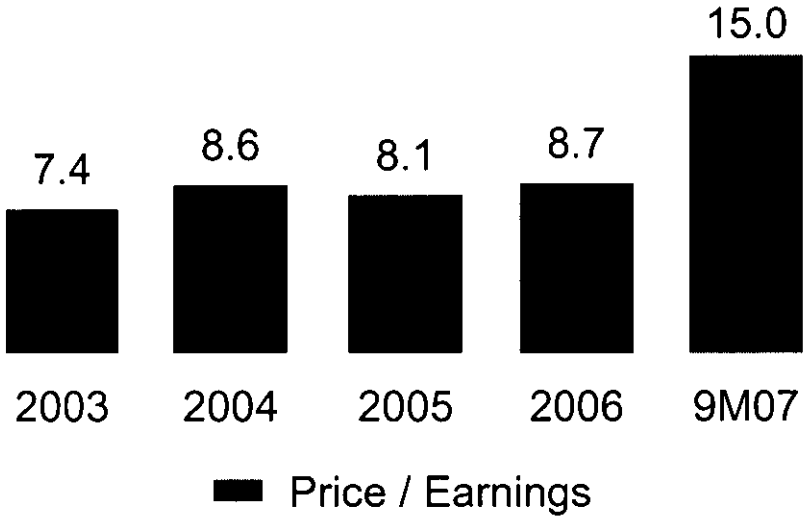
Banco do Brasil's Shares

Participation - %



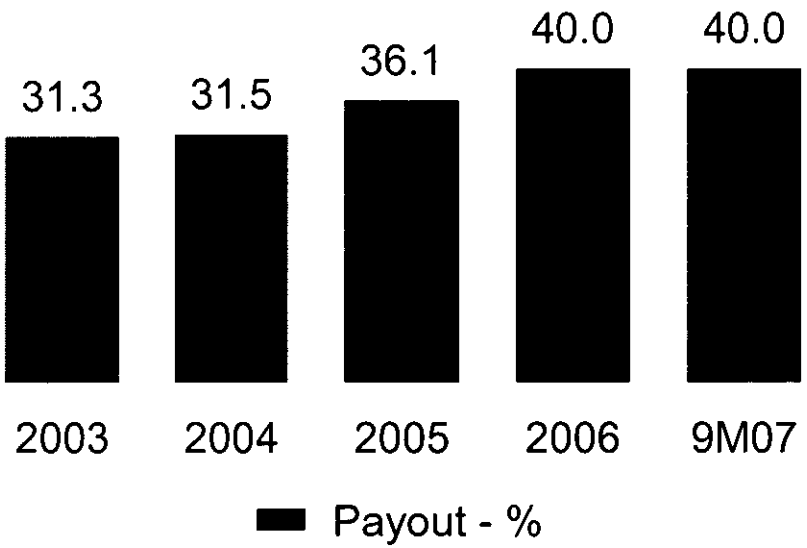
As of June 2007

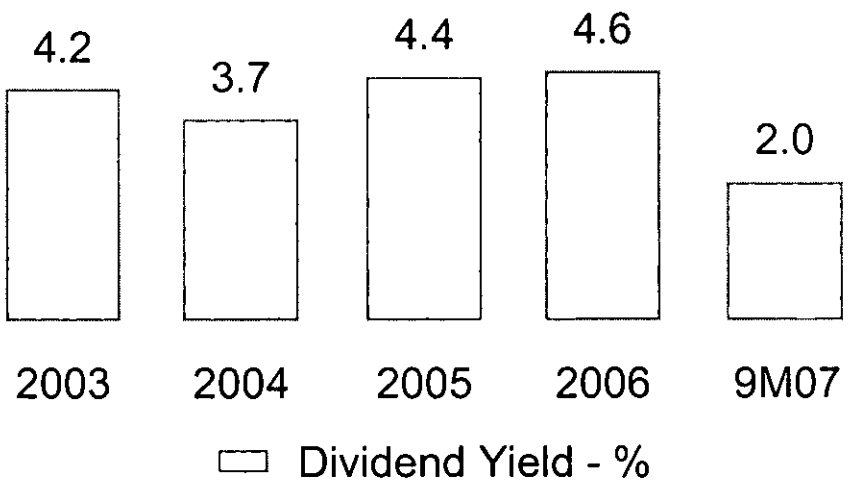
Share's Performance



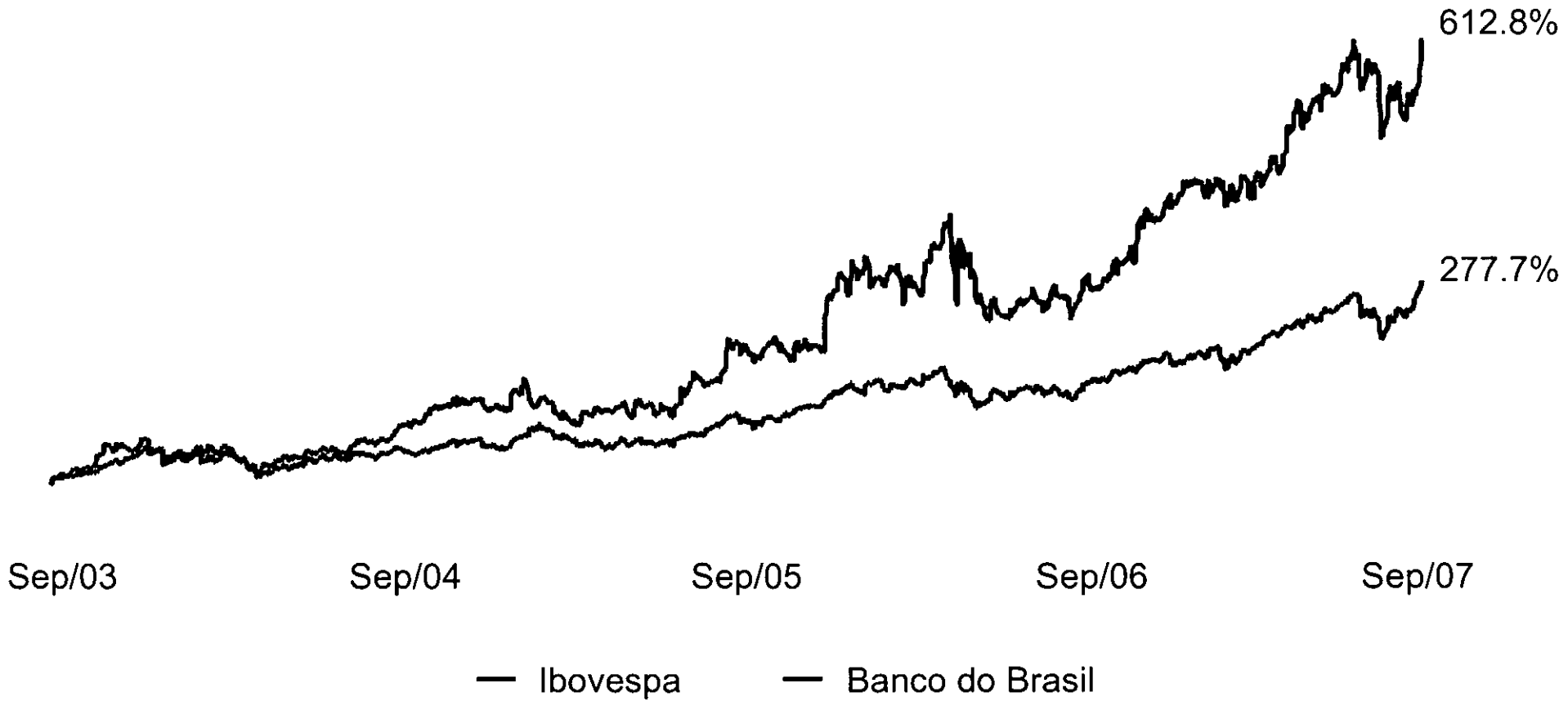


Share's Performance

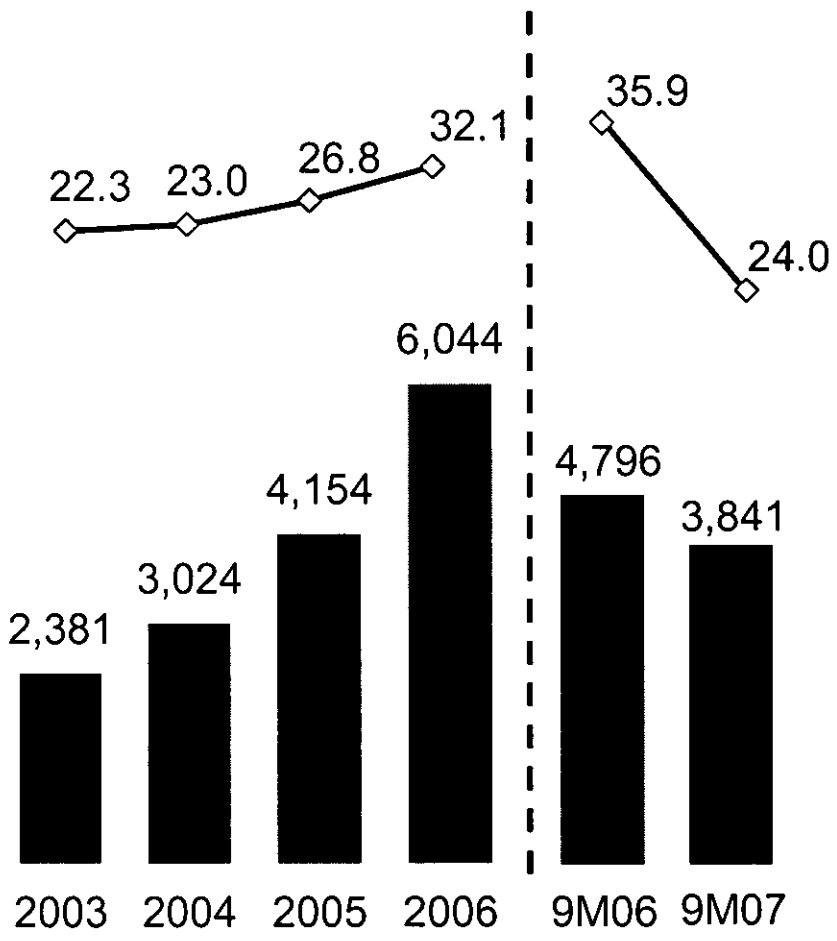


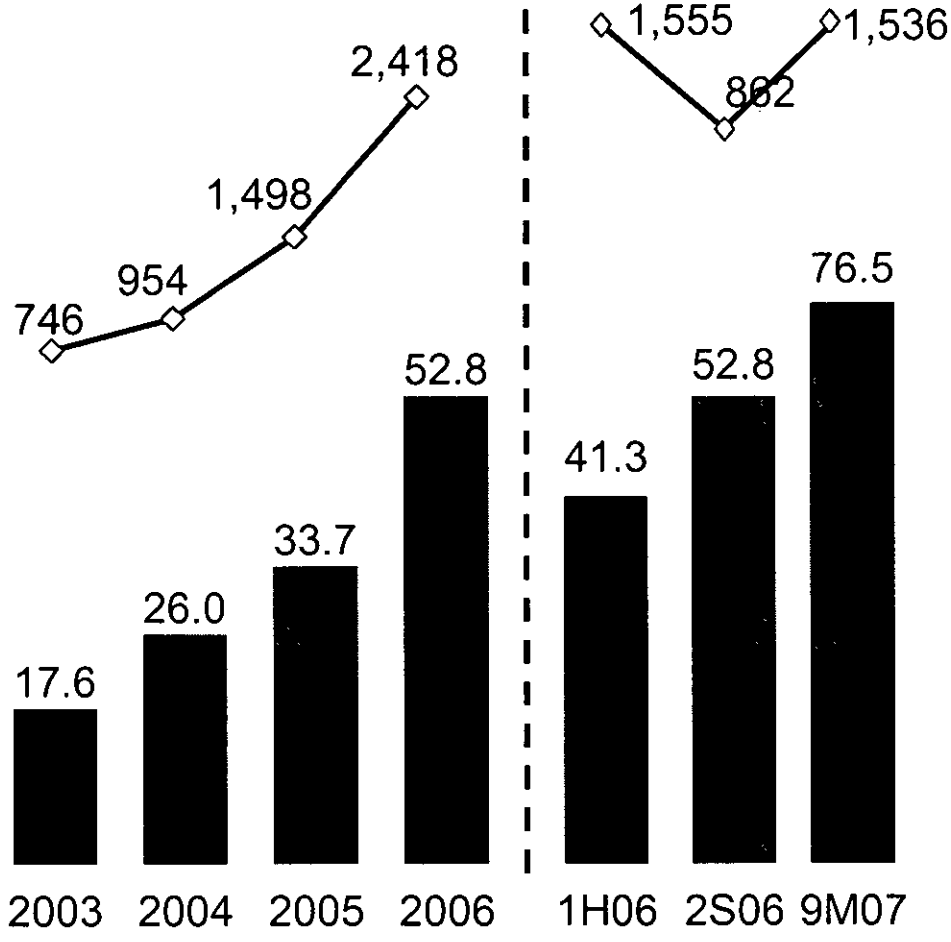


Share's Performance

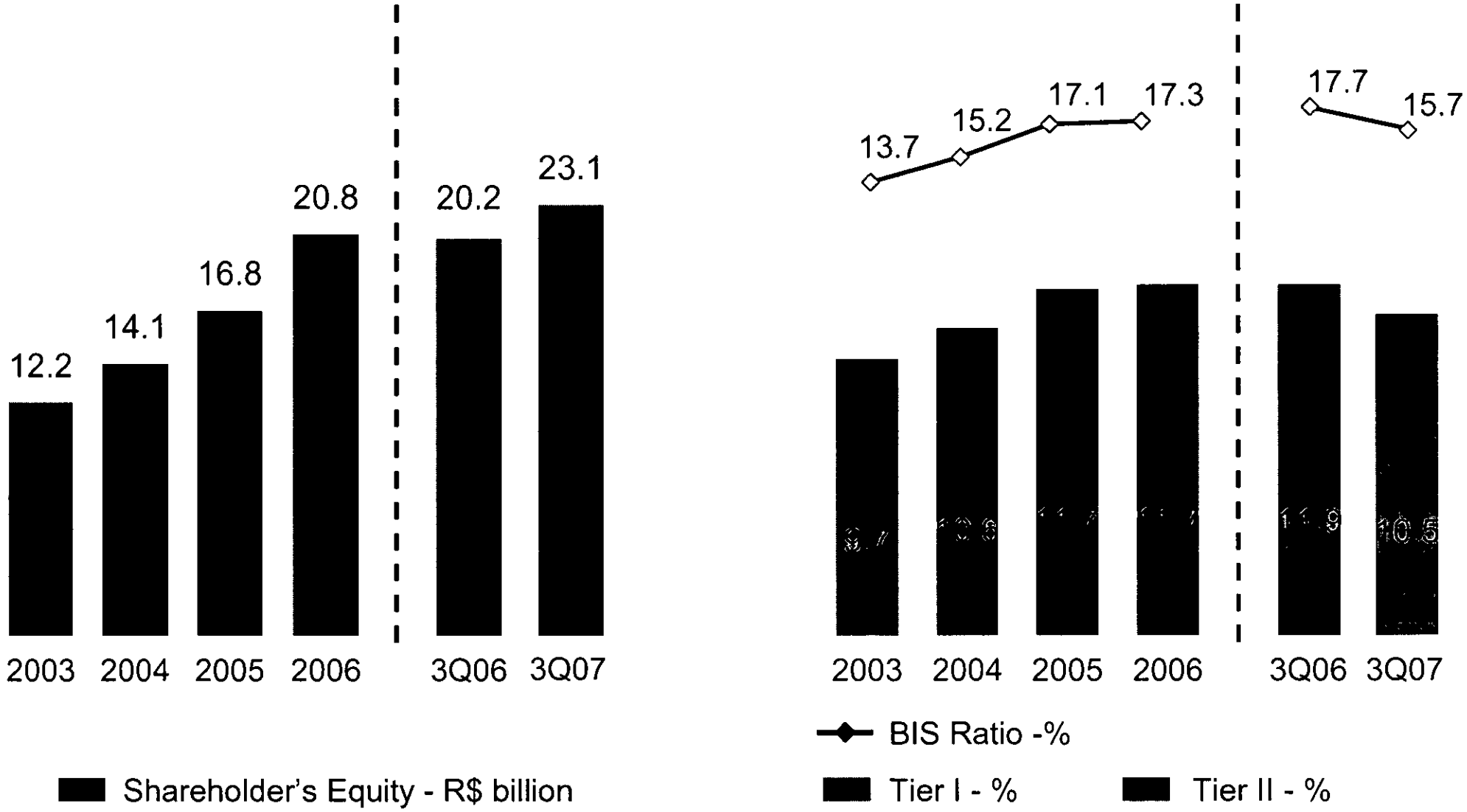


Performance

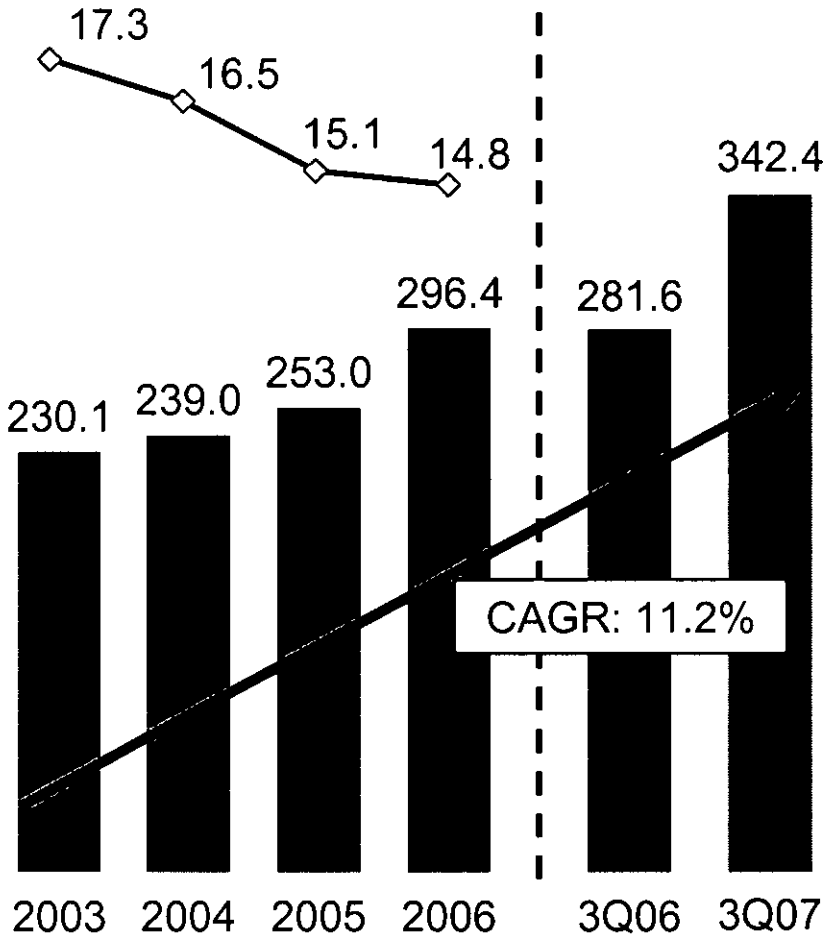


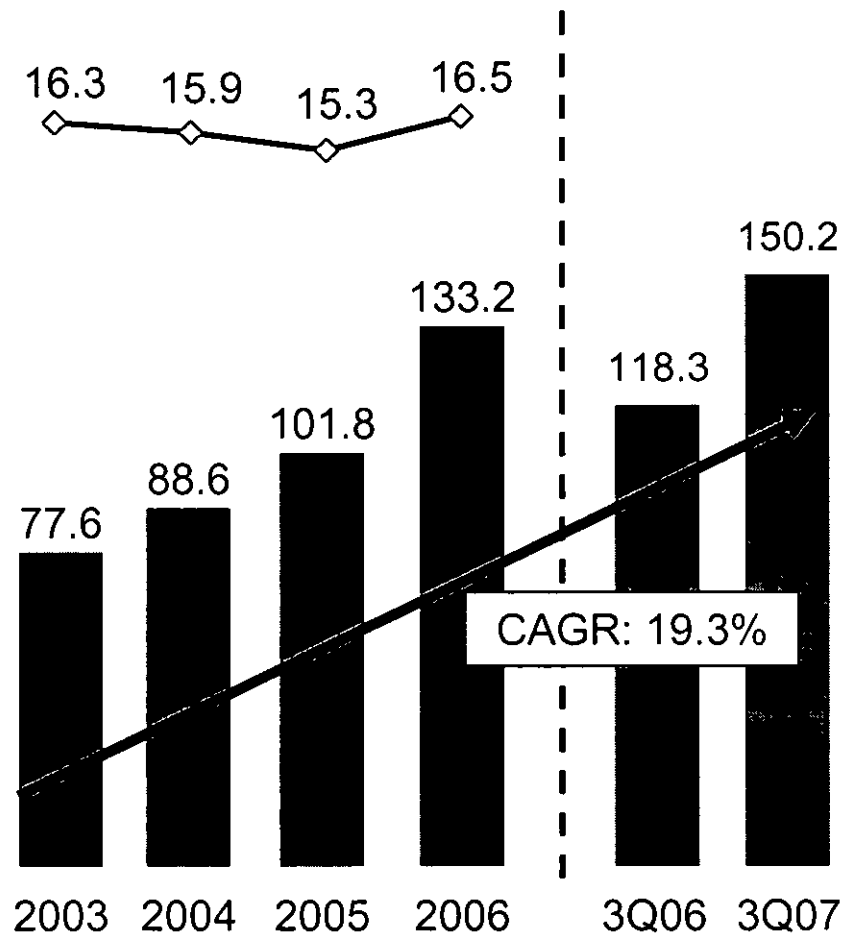


Capital Structure



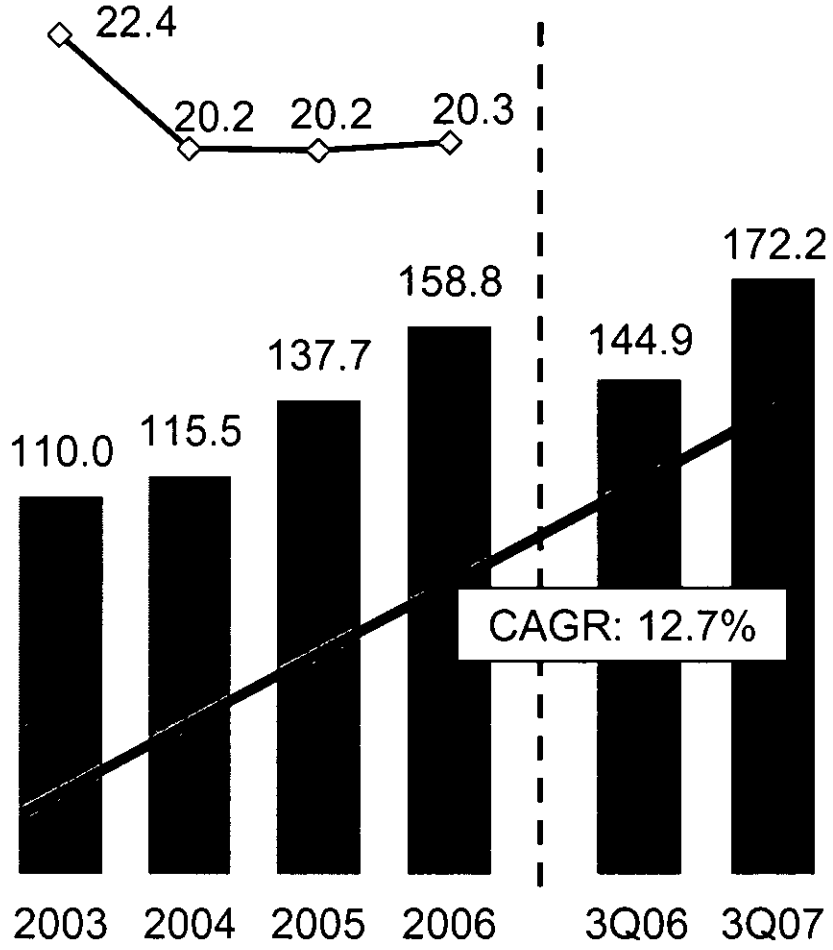
Highlights

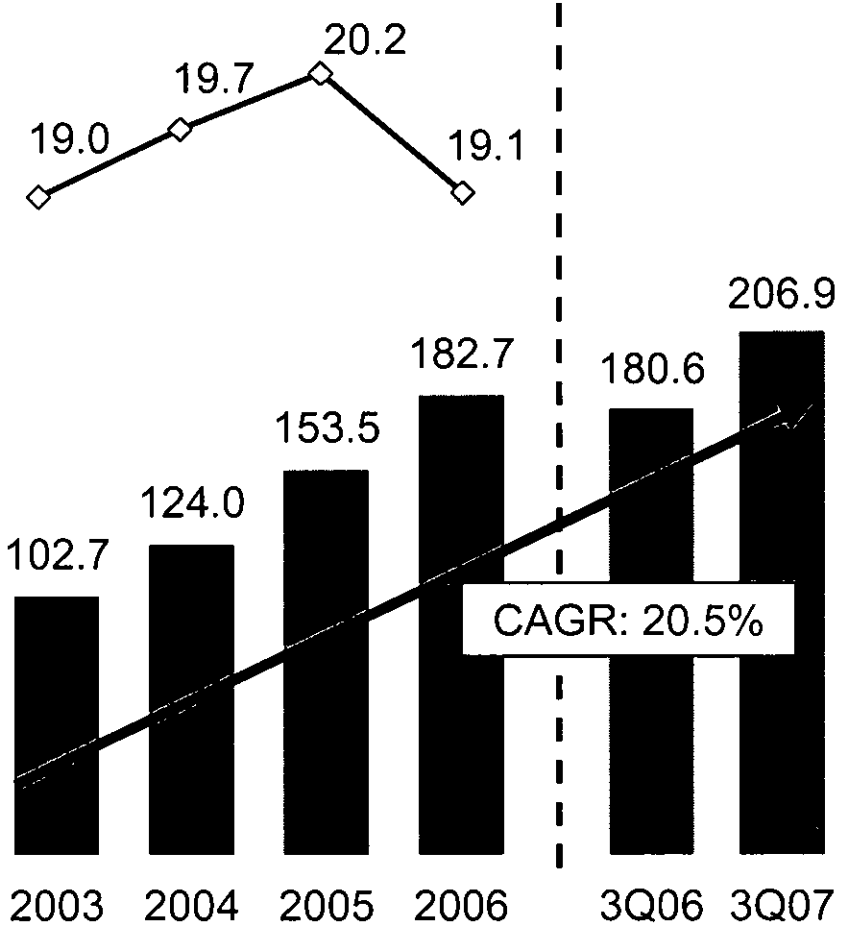




(1) Domestic Portfolio

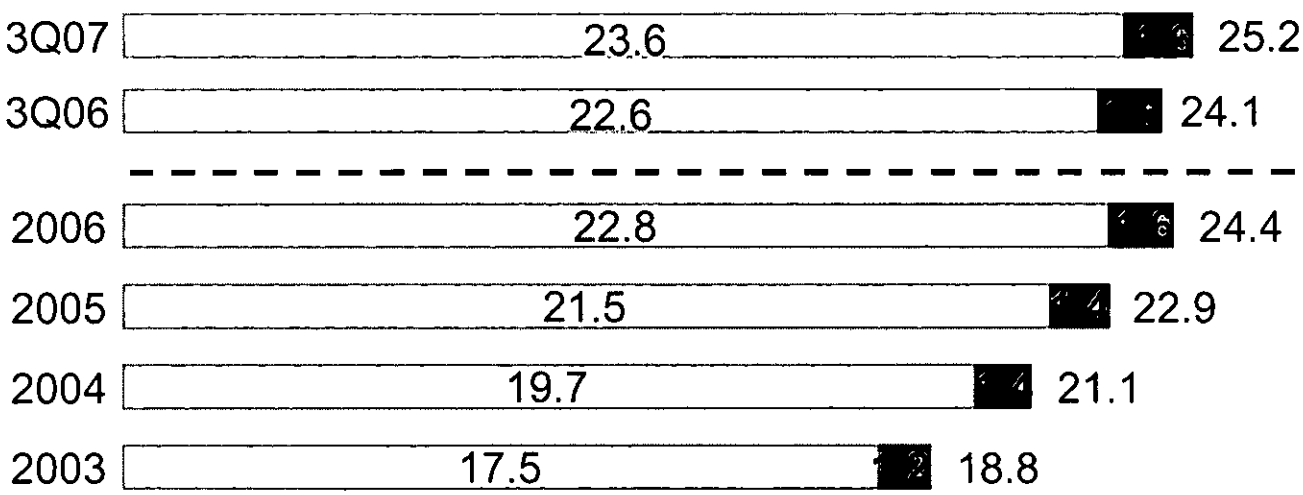
Highlights


22.4
20.2
20.2
20.3
110.0
115.5
137.7
158.8
144.9
172.2
CAGR: 12.7%
2003
2004
2005
2006
3Q06
3Q07
Market Share - %
Deposits - R$ billion


19.0
19.7
20.2
19.1
102.7
124.0
153.5
182.7
180.6
206.9
CAGR: 20.5%
2003
2004
2005
2006
3Q06
3Q07
Market Share - %
Assets Under Management - R$ billion

Highlights

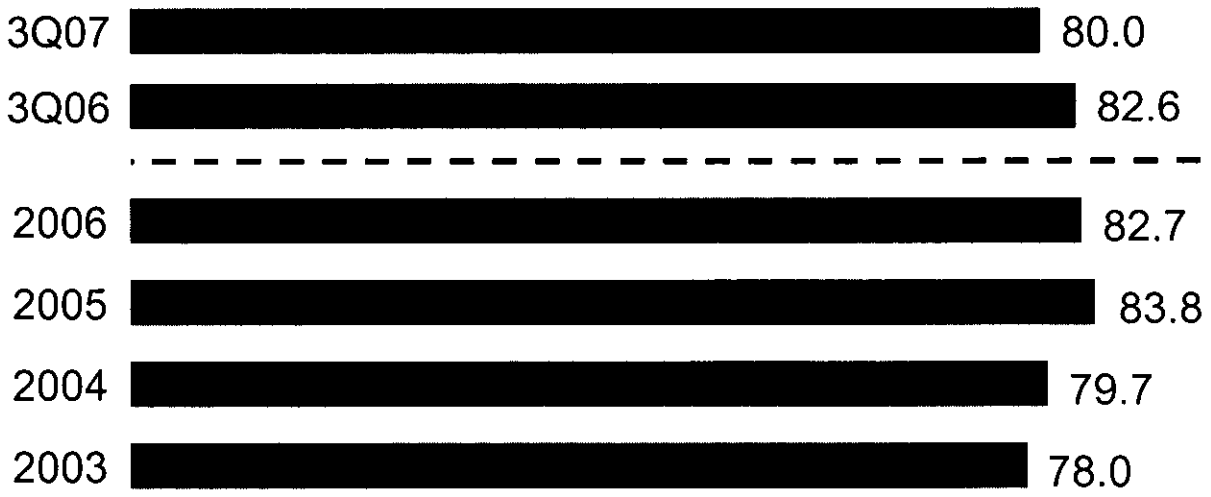
Customers - million



CAGR:

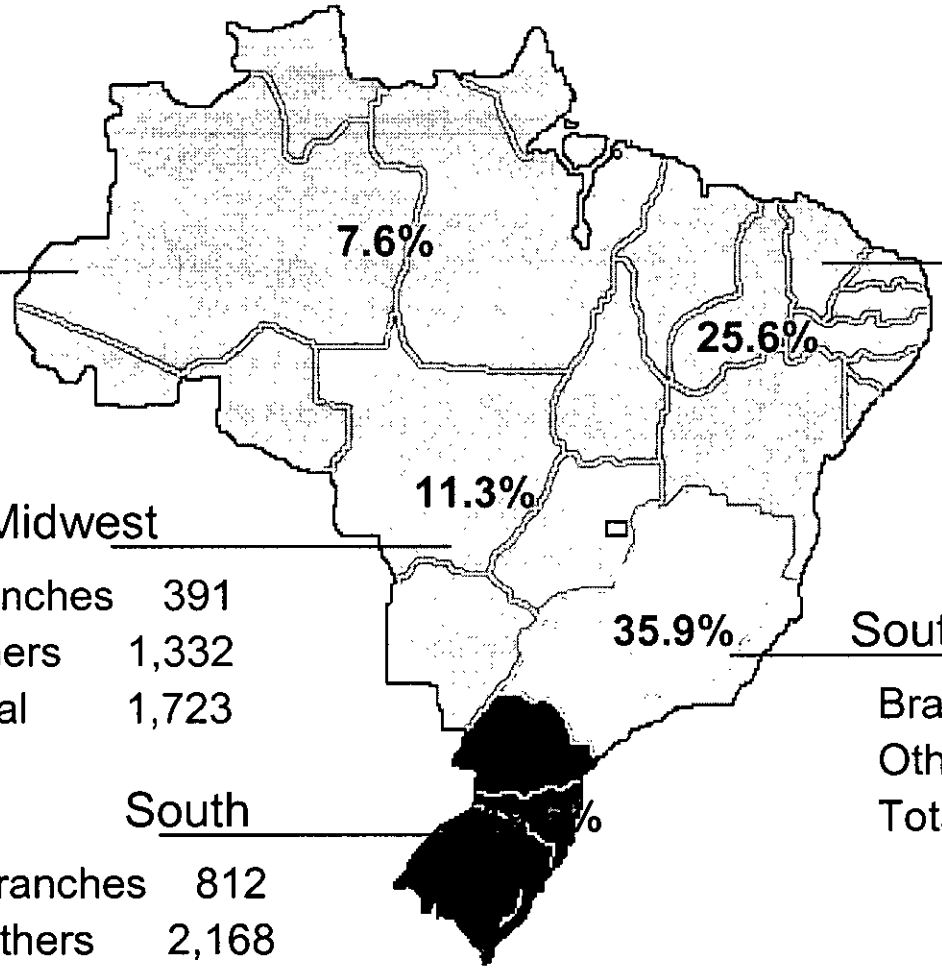
- 8.3%
- 8.0%

Employees - thousand



Infrastructure and Technology

Distribution Network



North

Branches	242
Others	921
Total	1,163

Northeast

Branches	998
Others	2,892
Total	3,890

Midwest

Branches	391
Others	1,332
Total	1,723

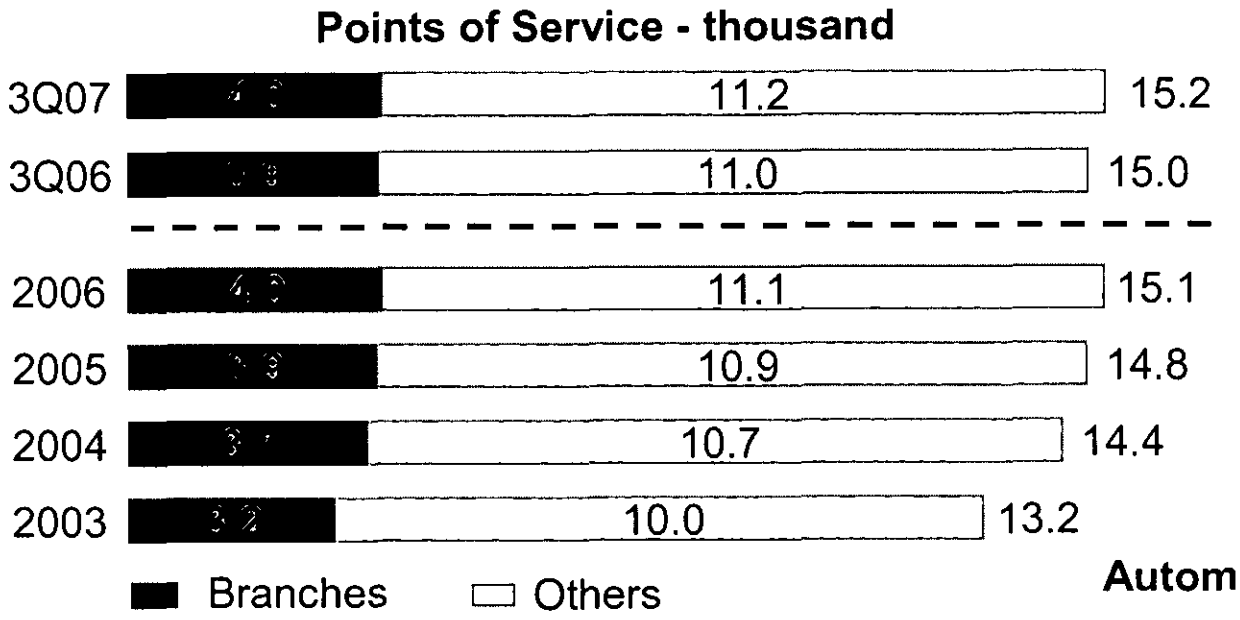
Southeast

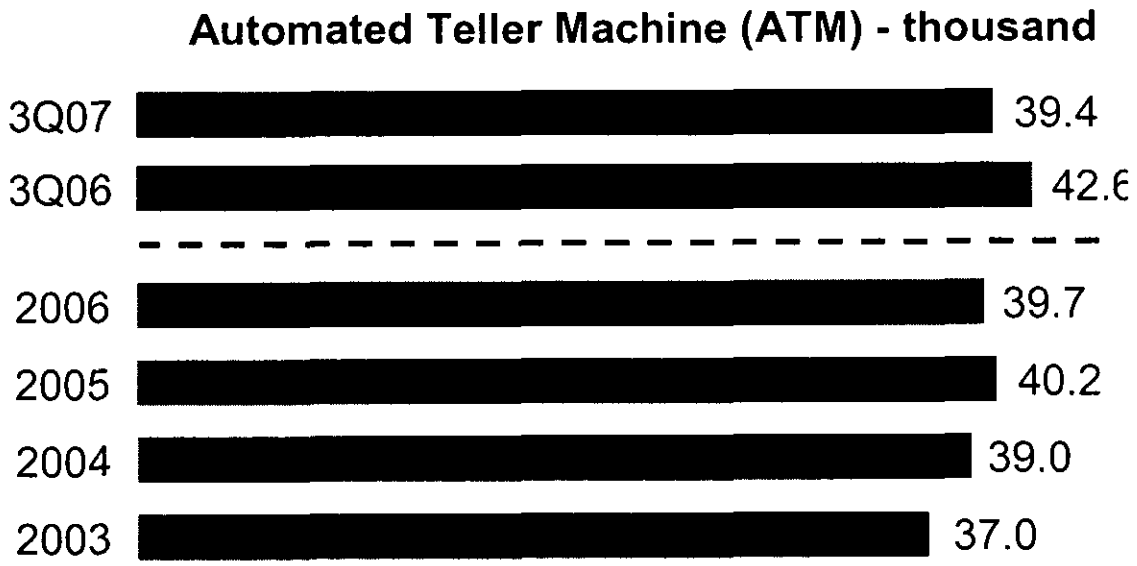
Branches	1,541
Others	3,913
Total	5,454

South

Branches	812
Others	2,168
Total	2,980

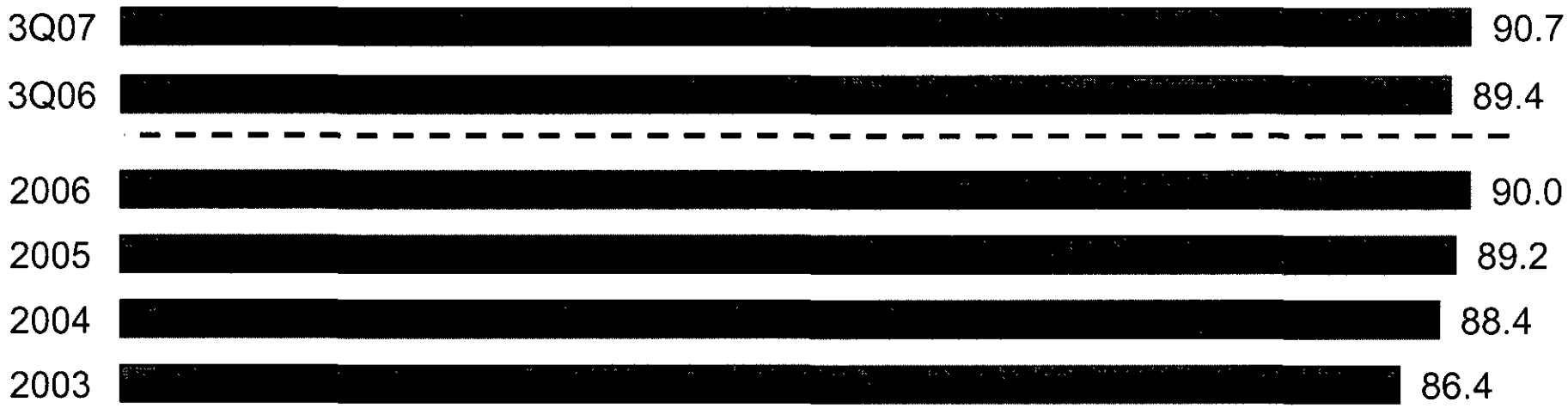
Infrastructure and Technology



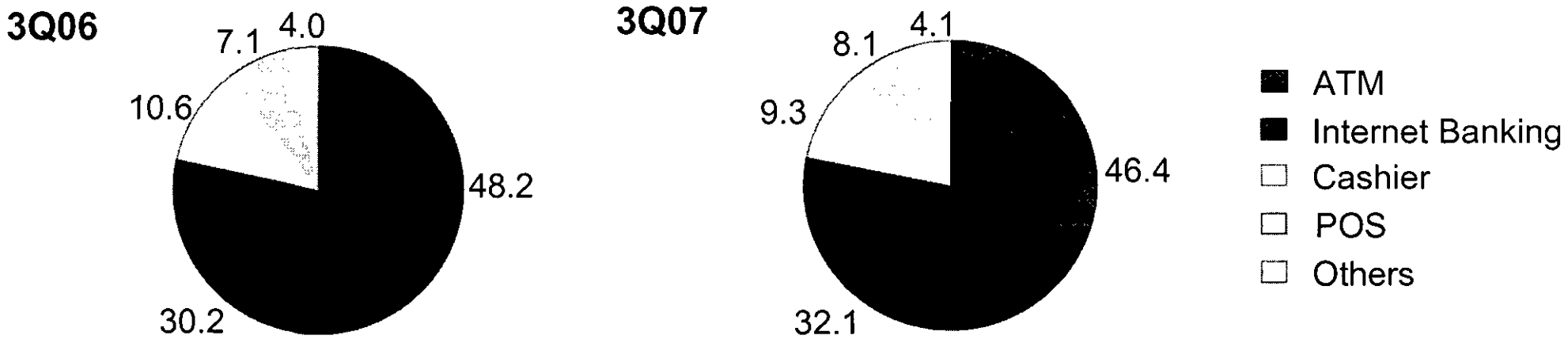


Infrastructure and Technology

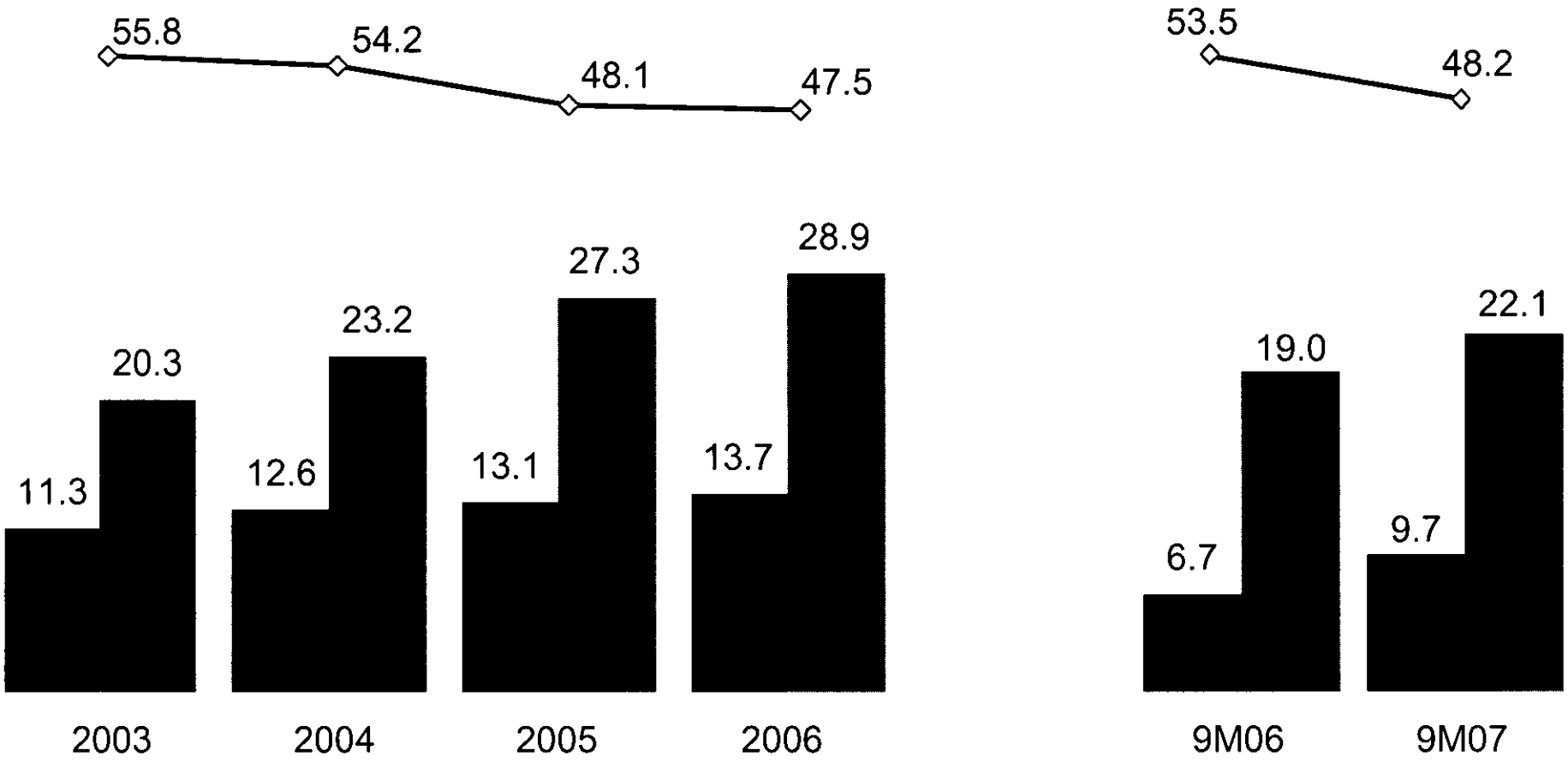
Transaction in Automated Channels - %



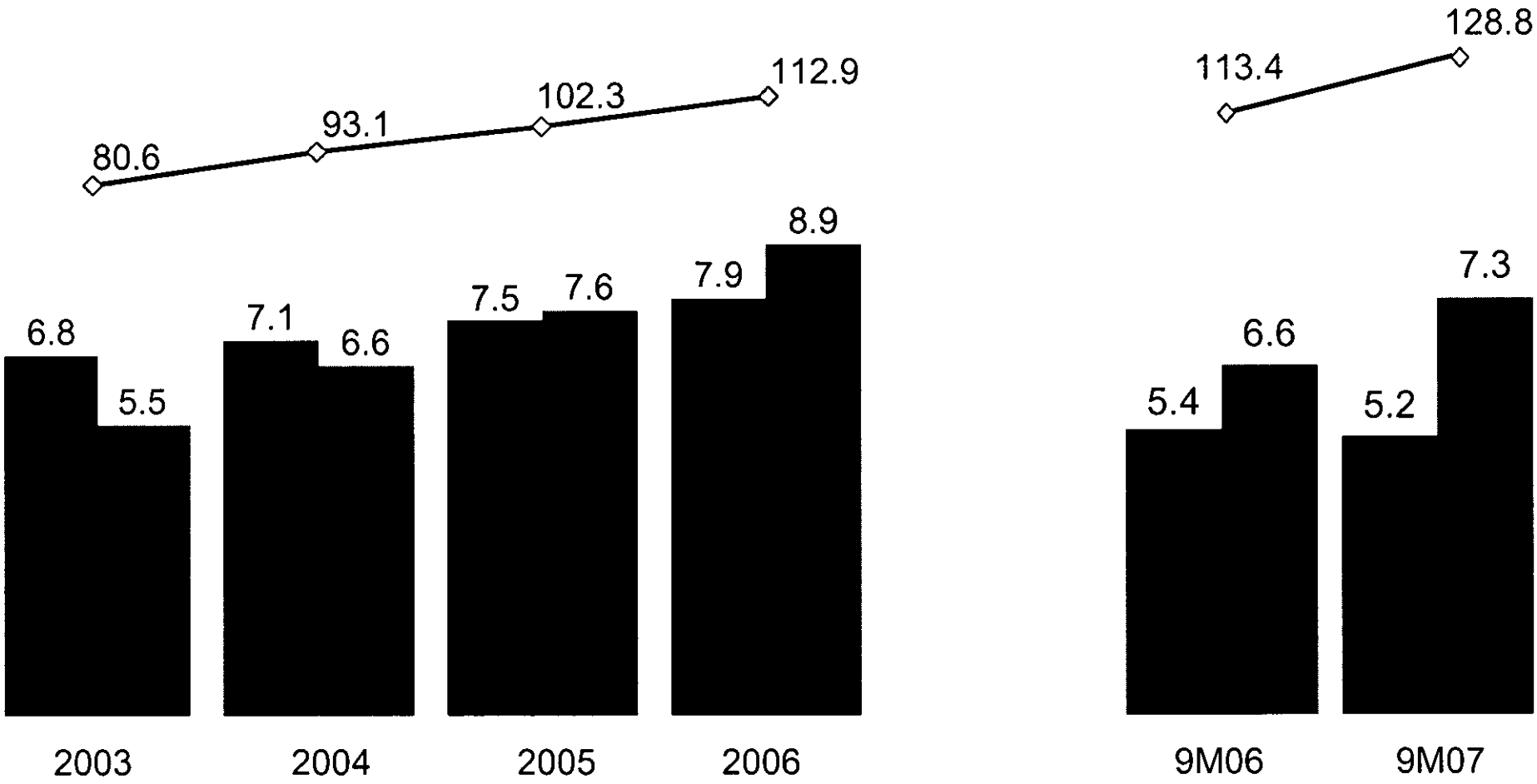
Breakdown of Transactions - %



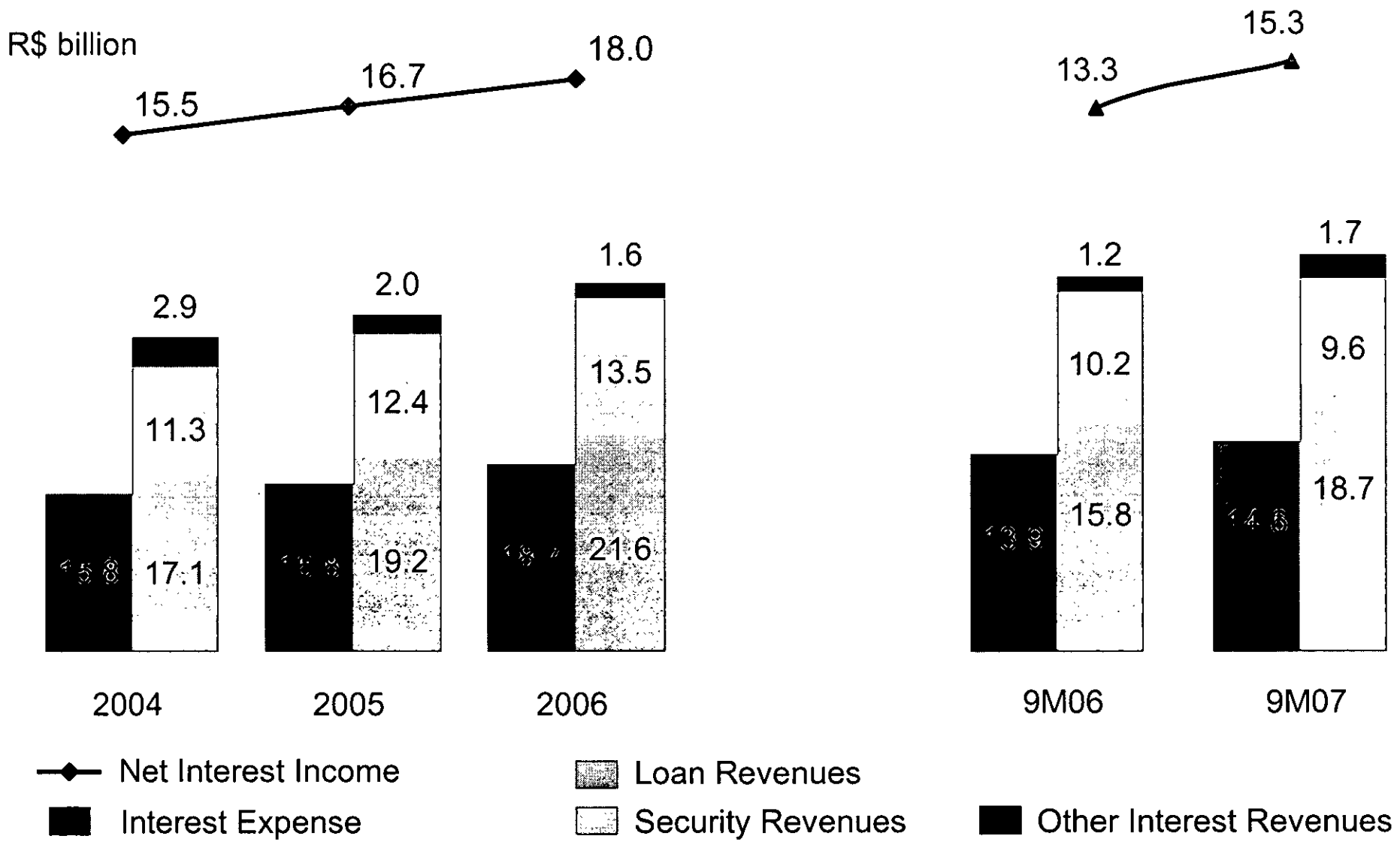
Productivity



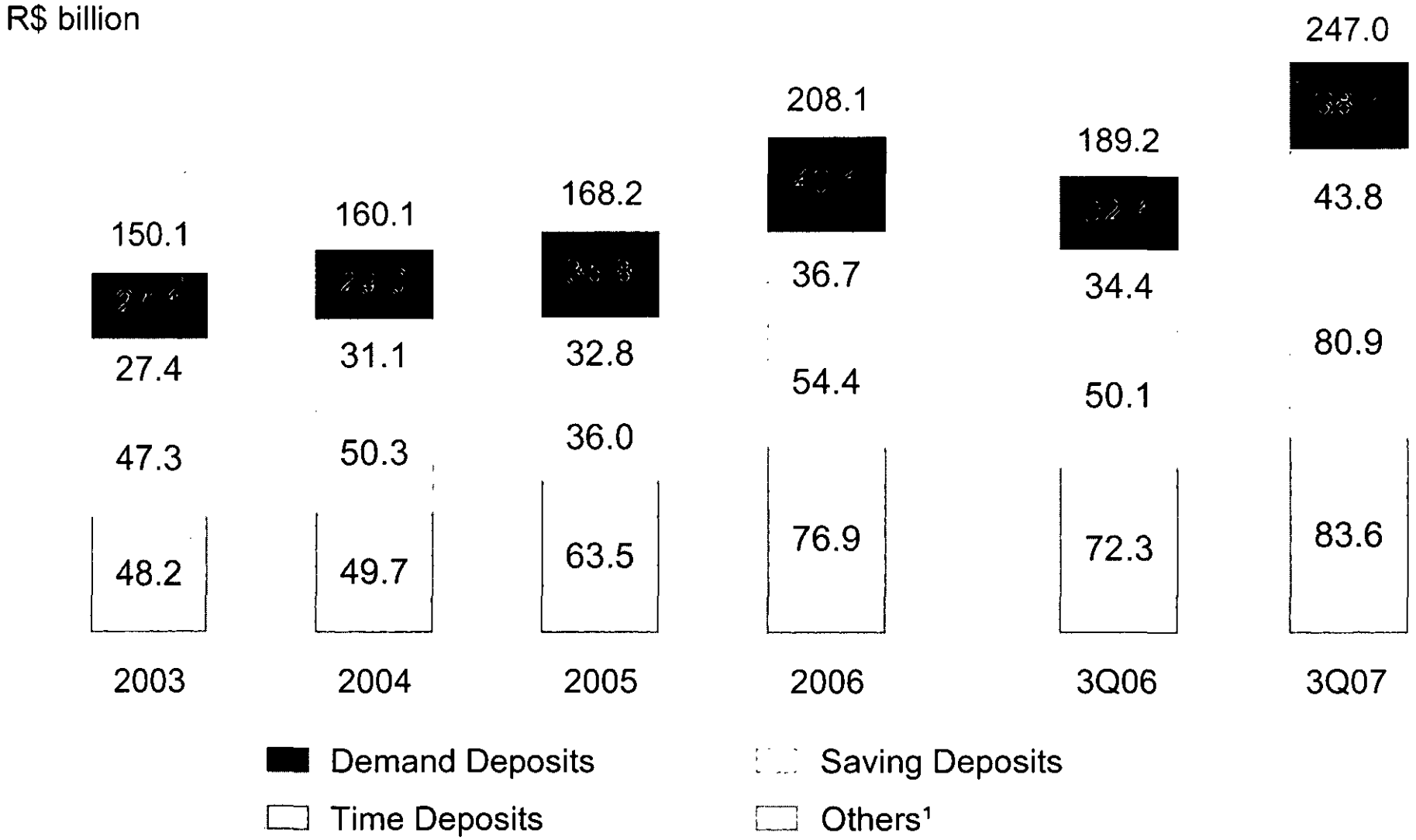
Productivity



Net Interest Income



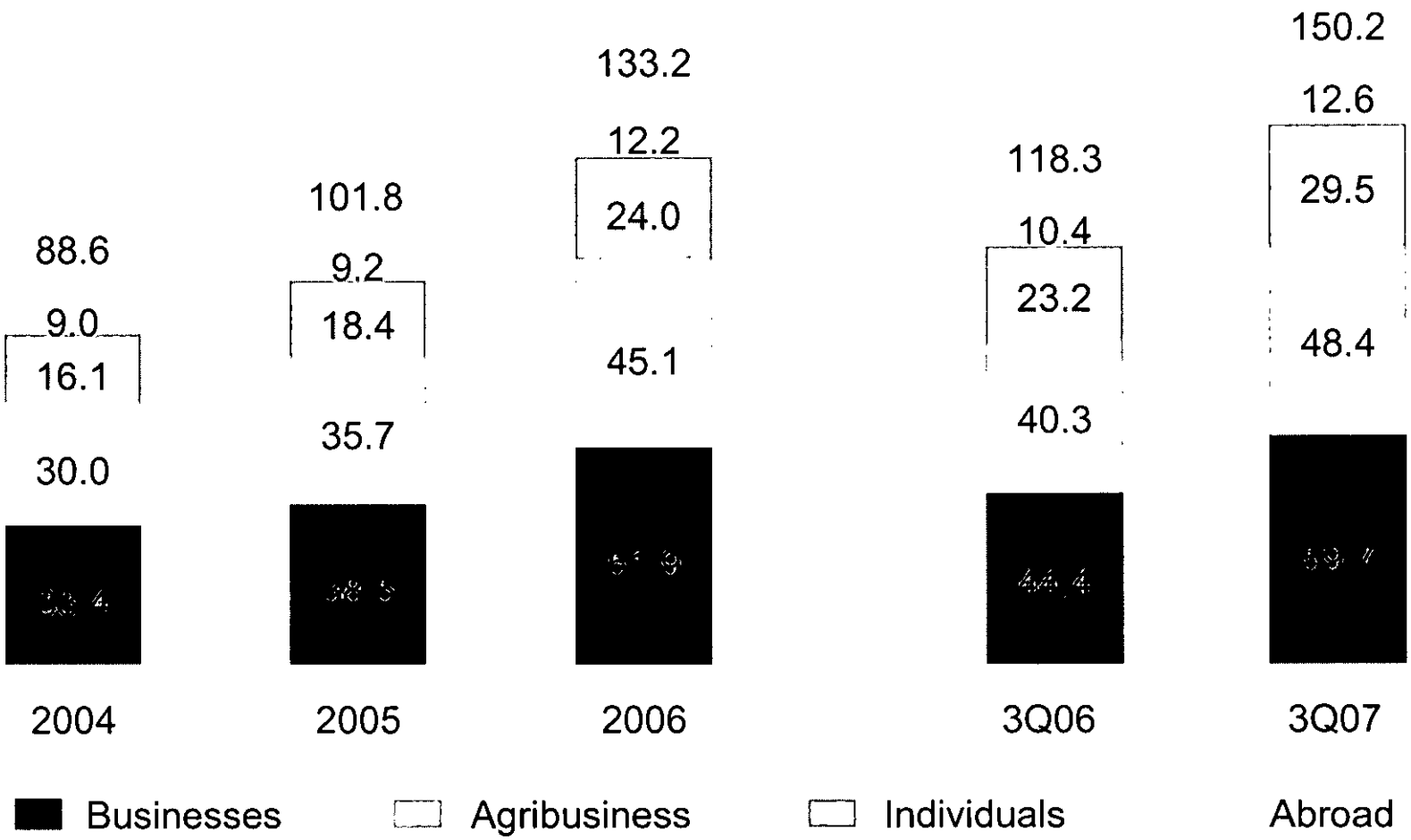
Funding



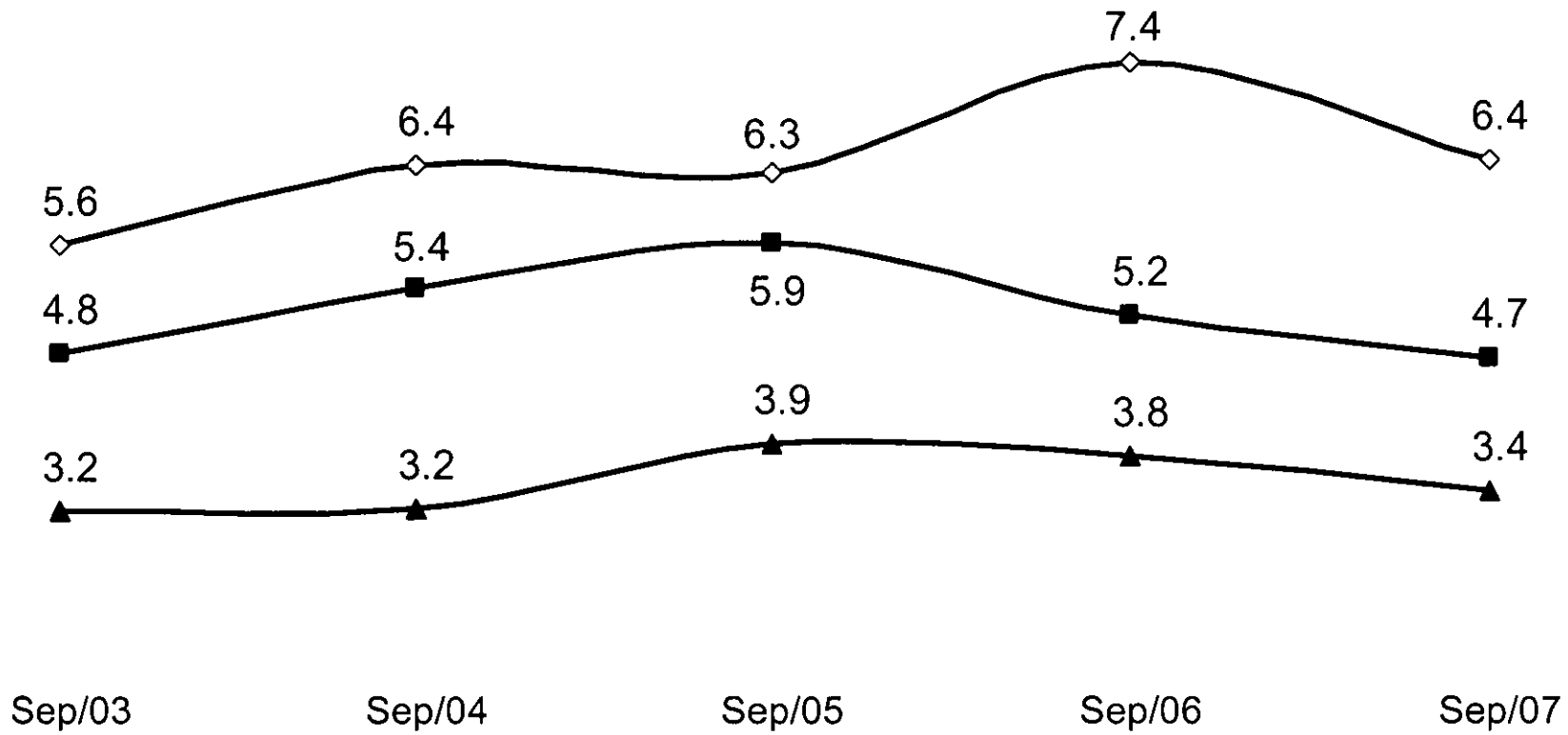
(1) Include Interbank Deposits, Investment Deposits and Money Market Borrowing

Loan Portfolio

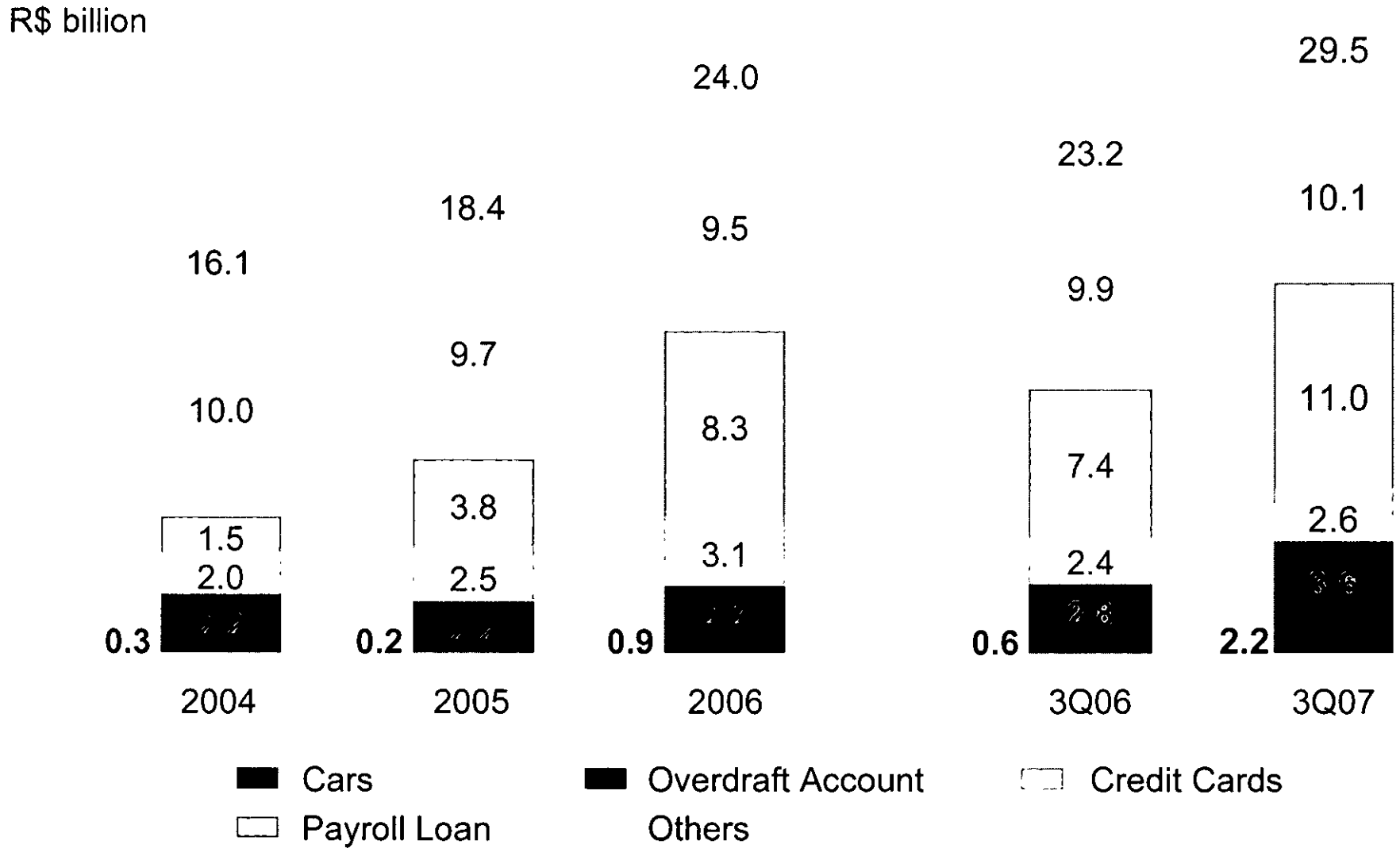
R$ billion



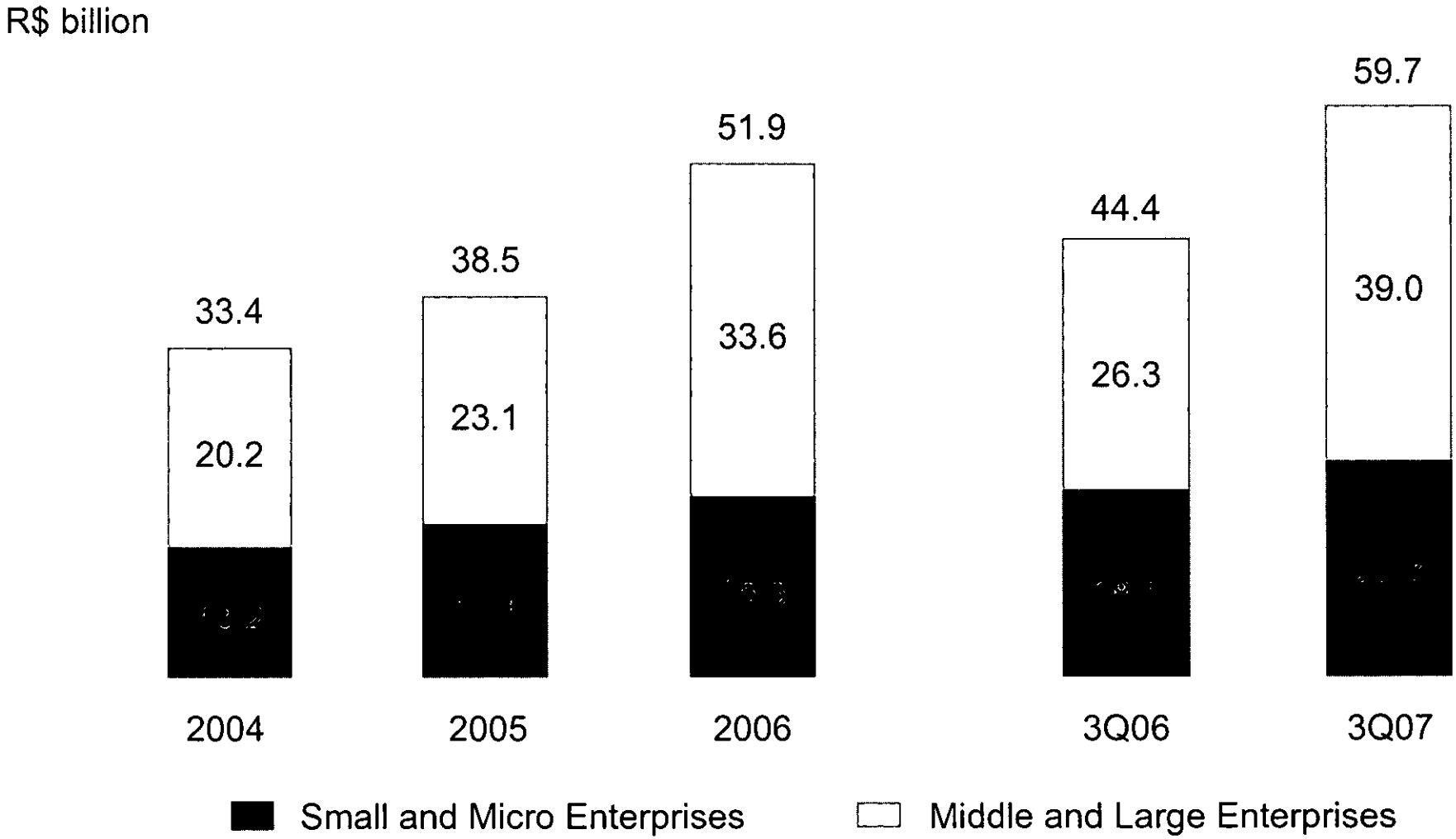
Delinquency



Loan Portfolio - Individuals

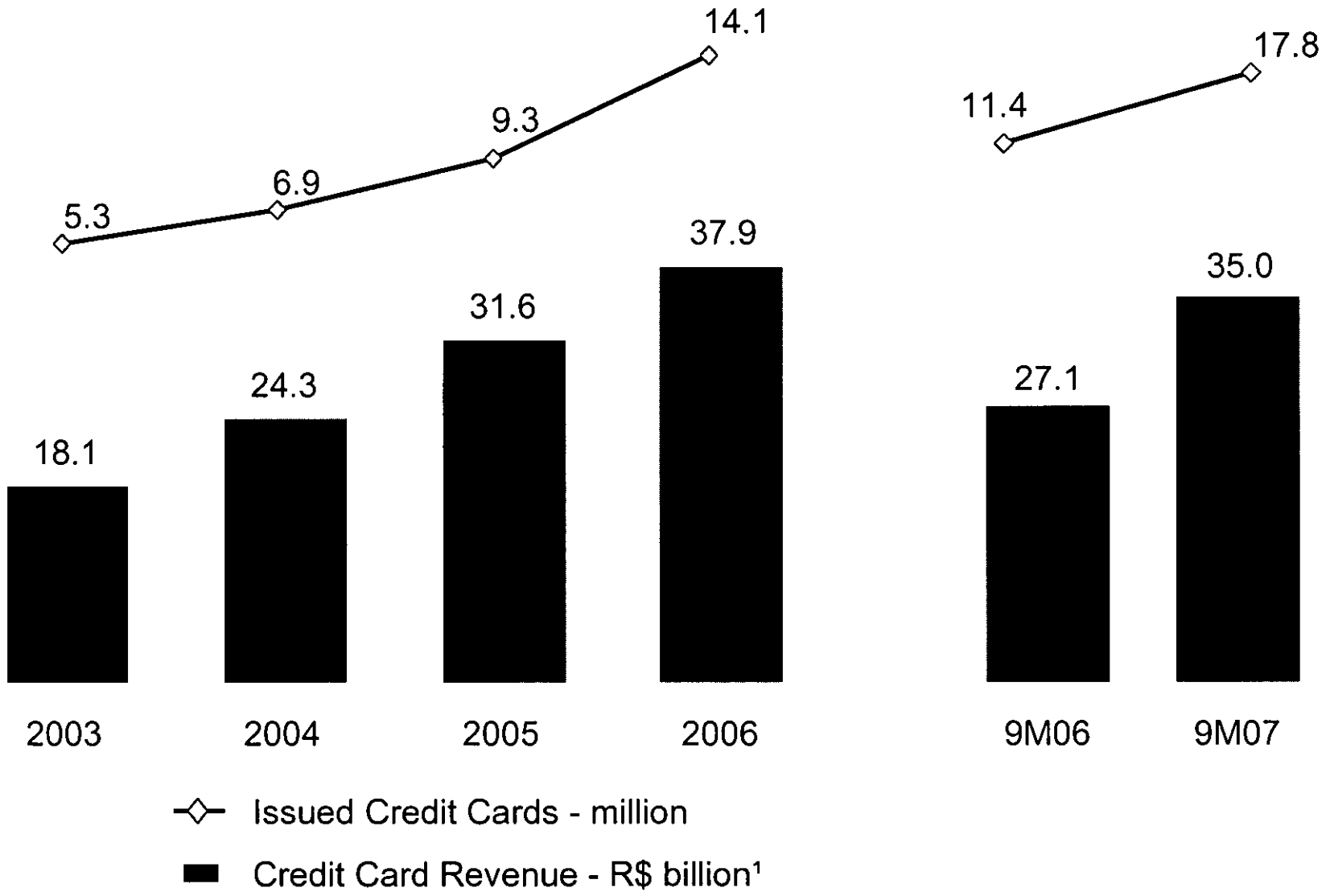


Loan Portfolio - Businesses



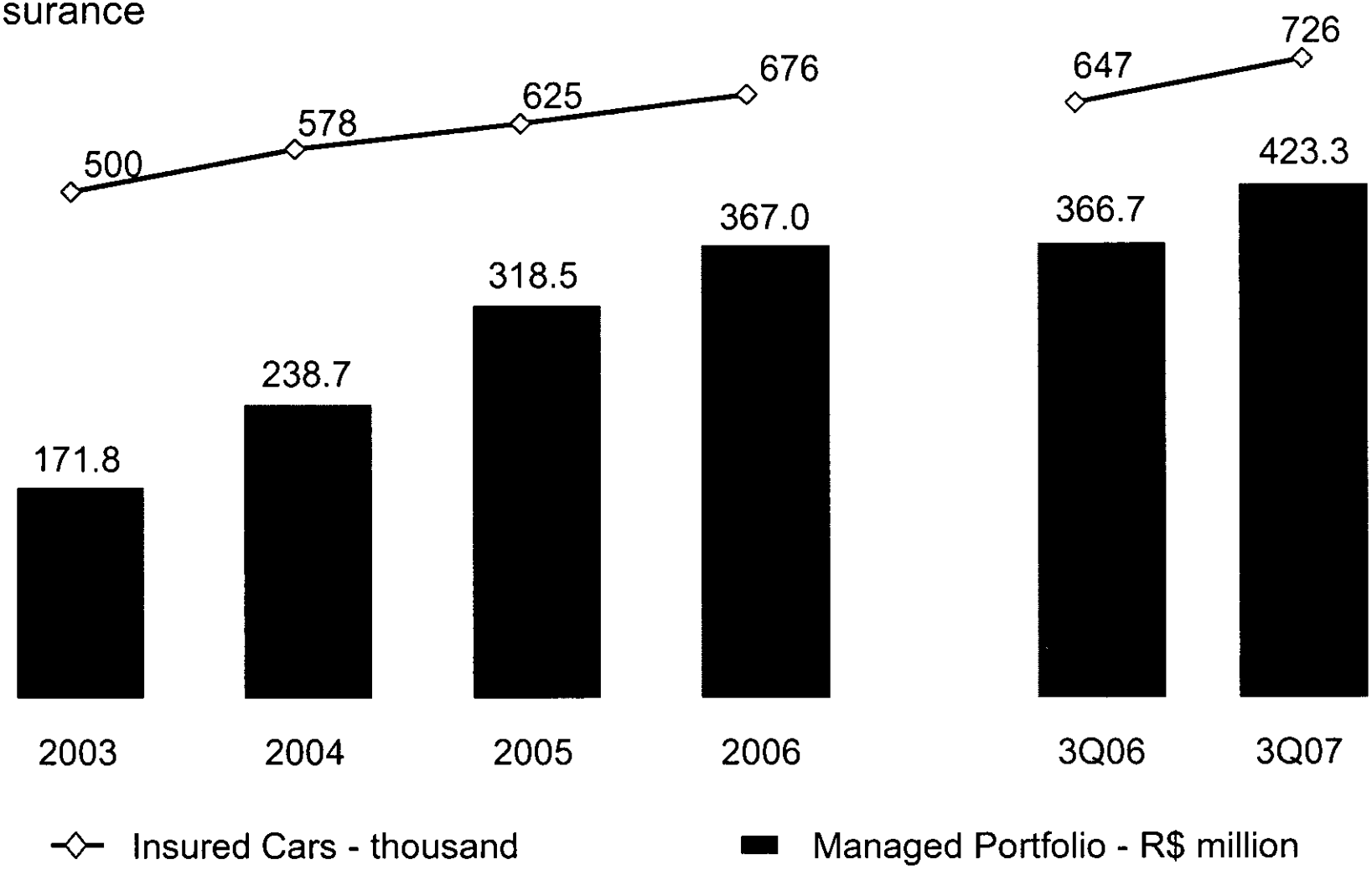
Loan Portfolio - Agribusiness





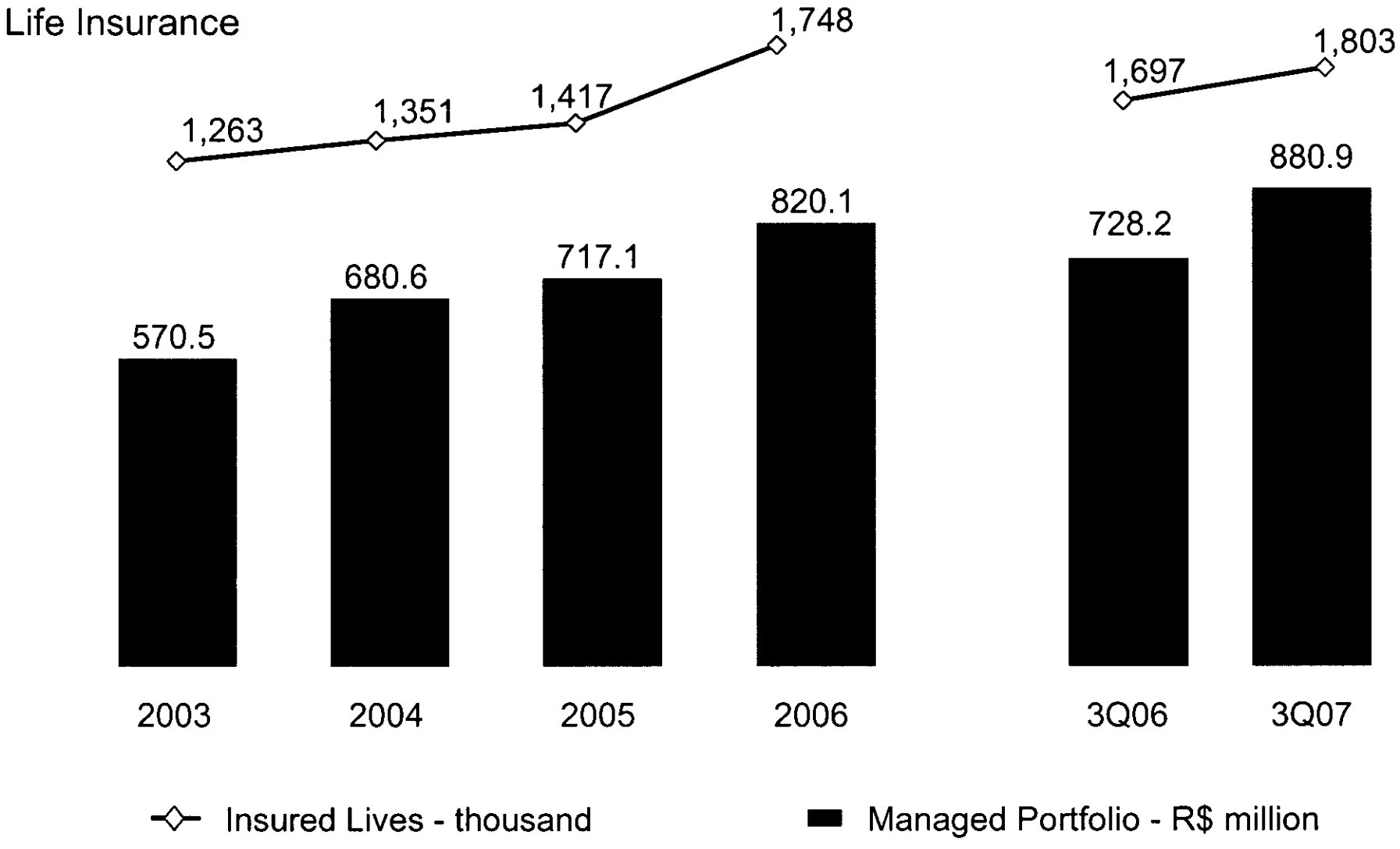
(1) Debt cards included

Car Insurance



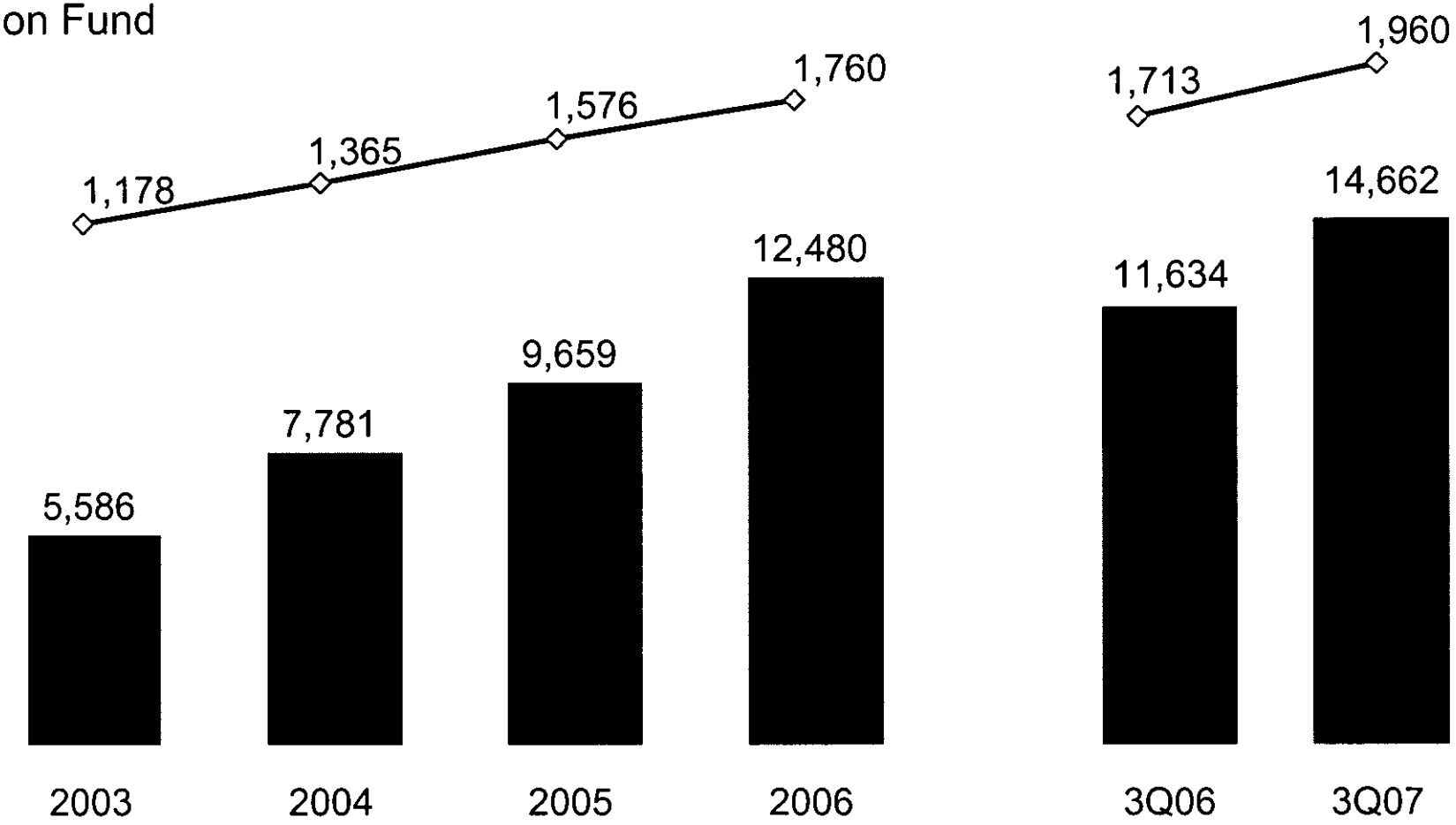
Insurance

Life Insurance

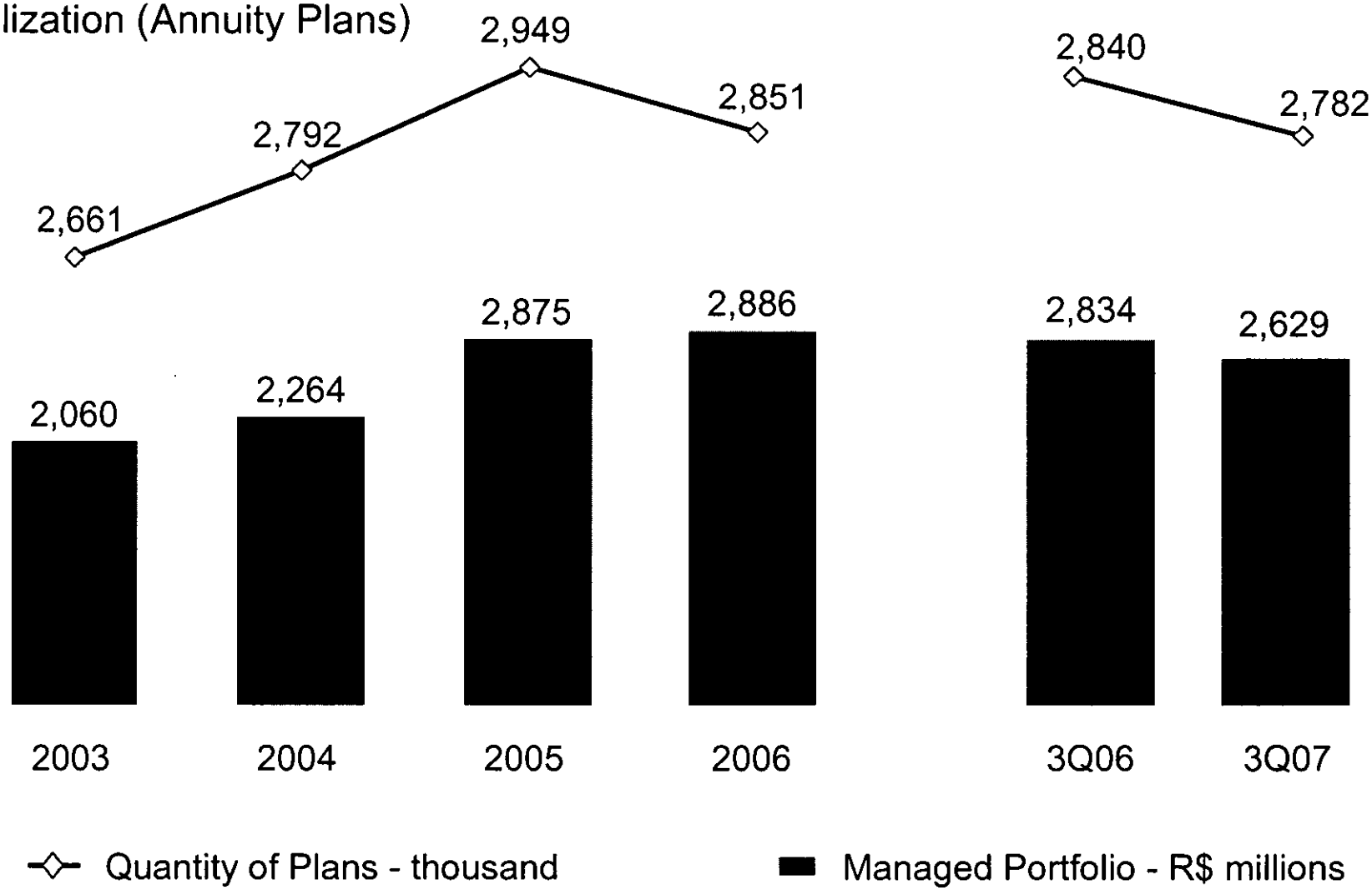


Insurance

Pension Fund



Capitalization (Annuity Plans)



Investor Relations Unit

SBS - Quadra 1 - Bloco C - Ed. Sede III - 5° floor
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Phone: 55 (61) 3310.3980
Fax: 55 (61) 3310.3735

www.bb.com.br
ri@bb.com.br

Disclaimer - This presentation contains references and statements, planned synergies, increasing estimates, projections of results and future strategy for Banco do Brasil, it's Associated and Affiliated Companies and Subsidiaries. Although these references and statements reflect the management's belief, it also involves imprecision and high difficult risks to be foreseen, consequently, it may conduct to a different result than the one anticipated here. These expectations are highly depended on market conditions, on the Brazilian economic performance, on the sector and the international market. Banco do Brasil is not responsible for bringing up to date any estimate in this presentation.

For further information access www.bb.com.br/ri

Sustainable Regional Development

- Strategy for job and income generation in a sustainable way which began in 2003.
- Support to environmentally correct, socially fair, economically viable and culturally diversified productive activities.

[illegible]	13.6	105.4	313.8	230.0	477.6
[illegible]	16.8	70.6	230.9	149.1	307.3
[illegible]	428	1,482	2,502	1,693	3,586
[illegible]	1,370	4,062	6,052	5,469	9,788
[illegible]	642	1,503	2,788	1,830	3,343
[illegible]	120	375	1,020	710	1,529
[illegible]	40	70	70	70	70

(E2) 2nd Quarter 2007 Institutional Presentation

[Please see 2nd Quarter 2007 Institutional Presentation enclosed in the following pages]

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CORPORATE FINANCE

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itag
Índice de Ações com *Tag Along* Diferenciado

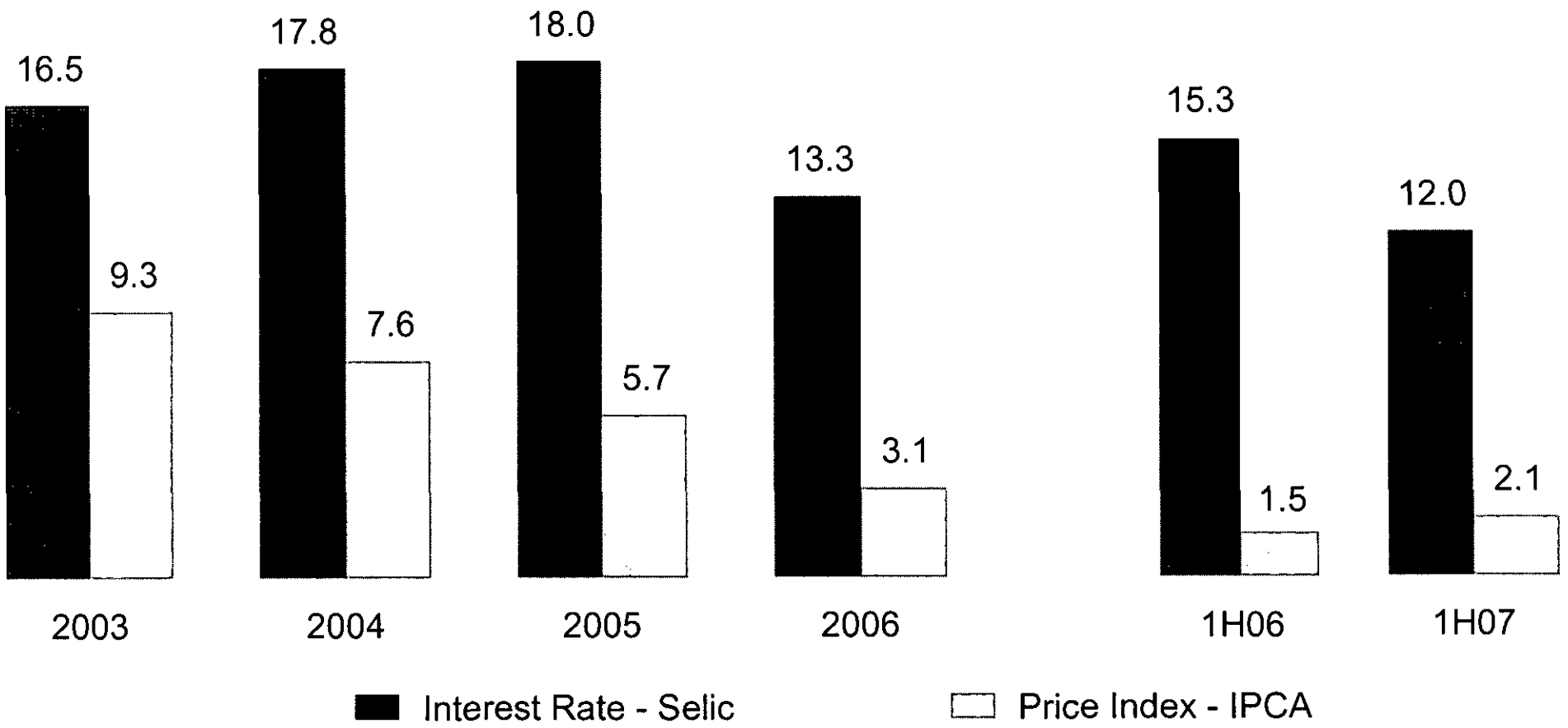
ISE
Índice de
Sustentabilidade Empresarial

IBrX50

IBrX ÍNDICE BRASIL

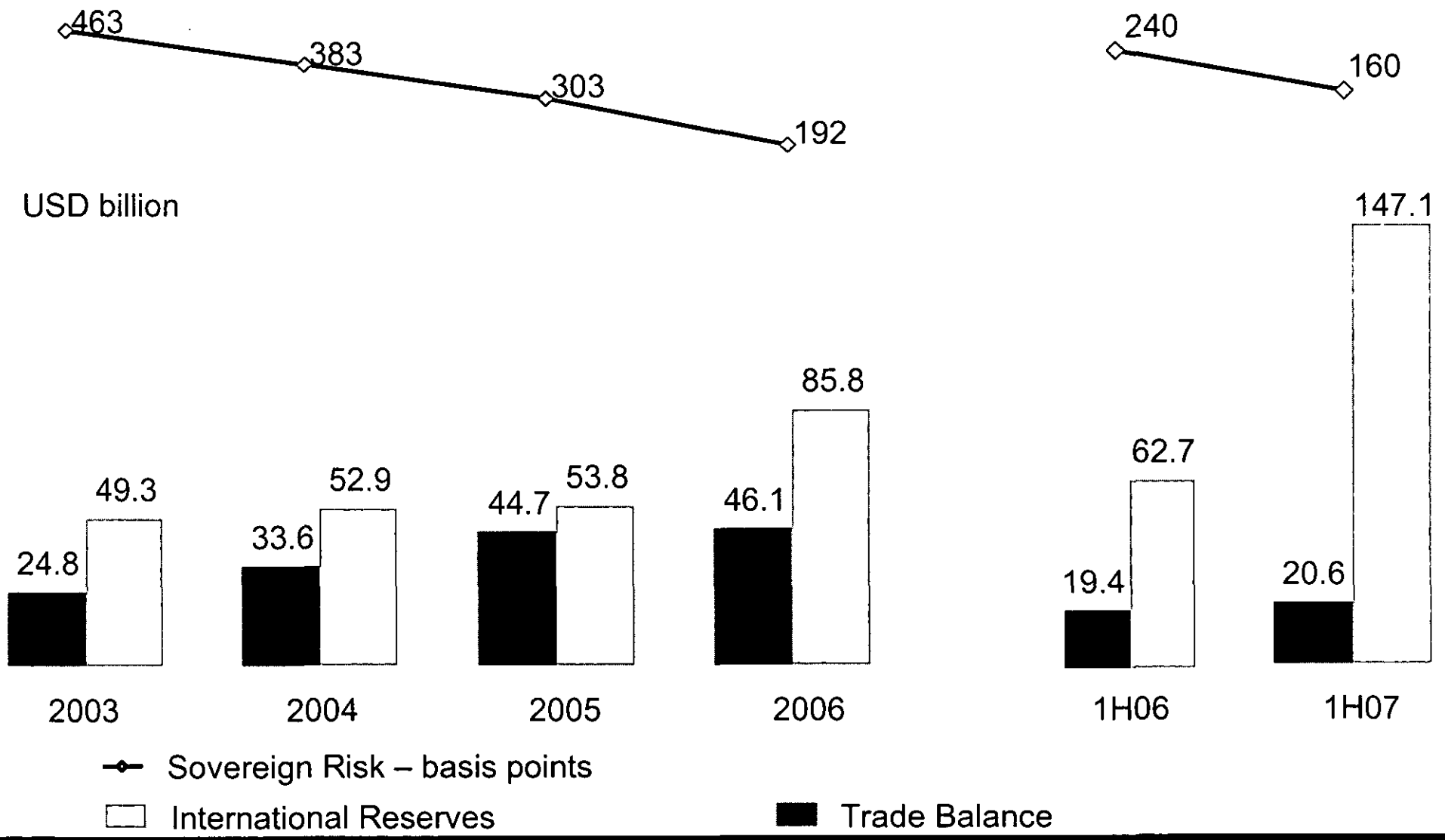
Economic Environment

Ratio - %



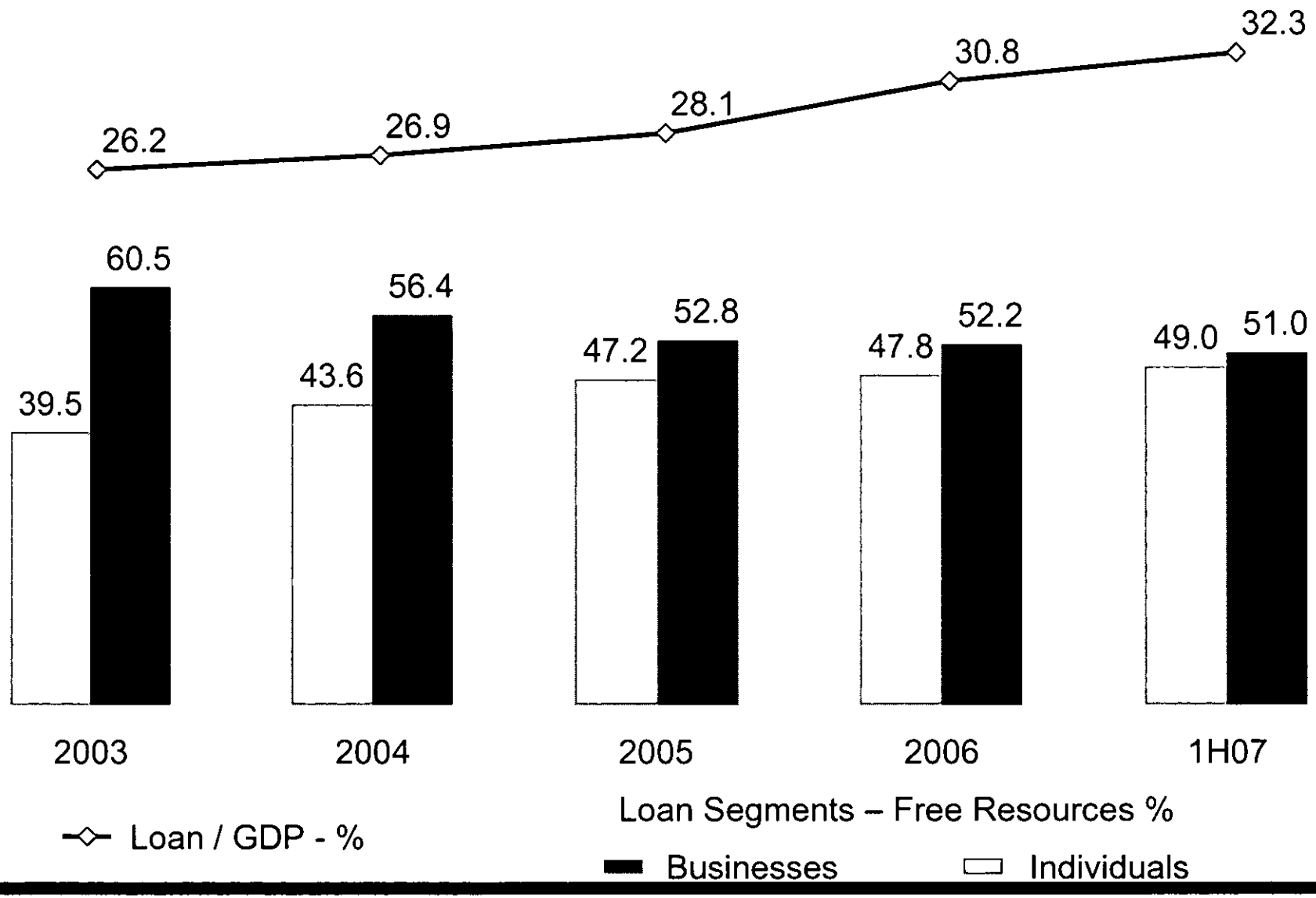
Source: Central Bank and Brazilian Institute of Geography and Statistics - IBGE

Economic Environment



Source: Agência Estado, Ministry of Development, Industry and Foreign Trade and Central Bank

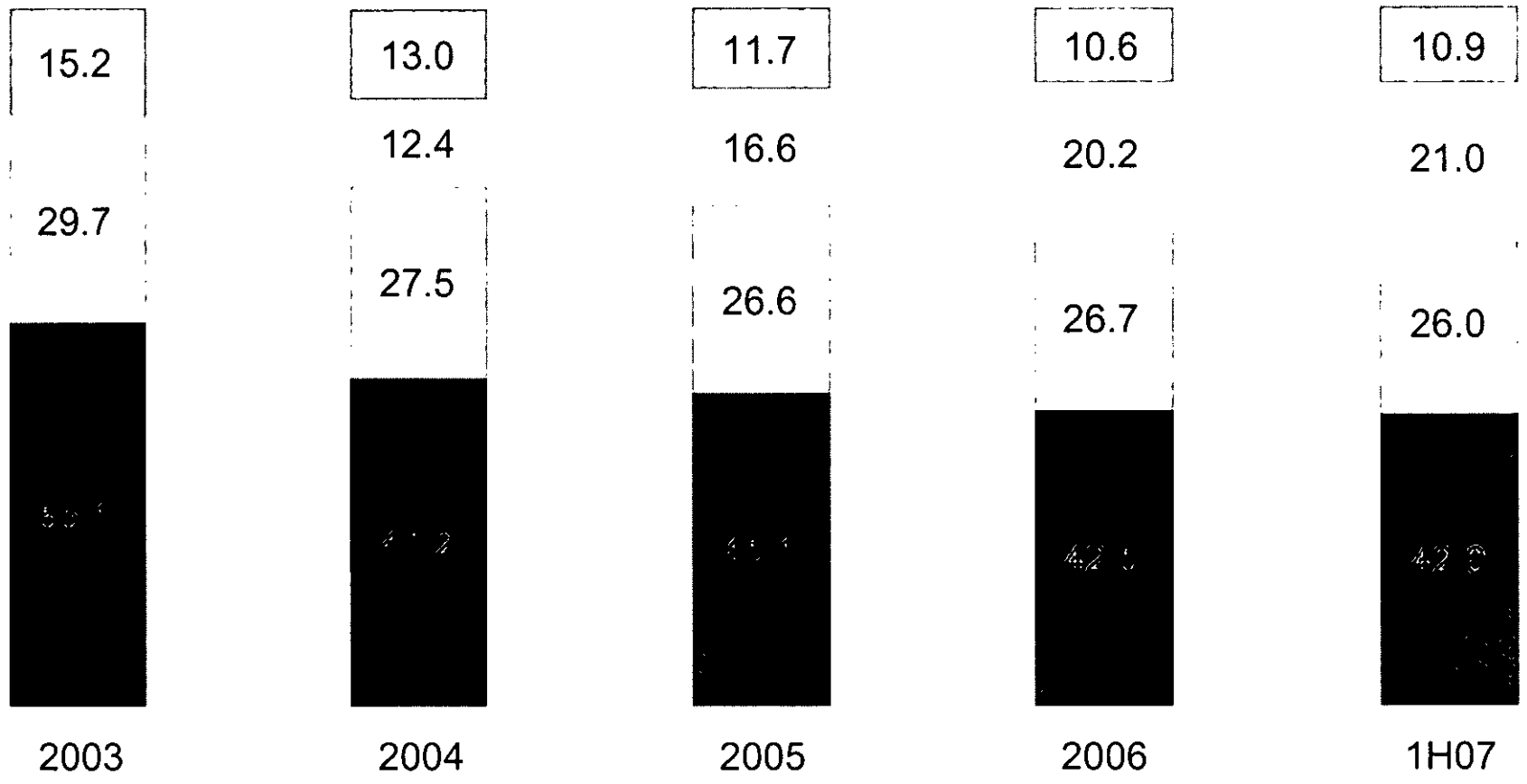
Banking Industry



Source: Central Bank

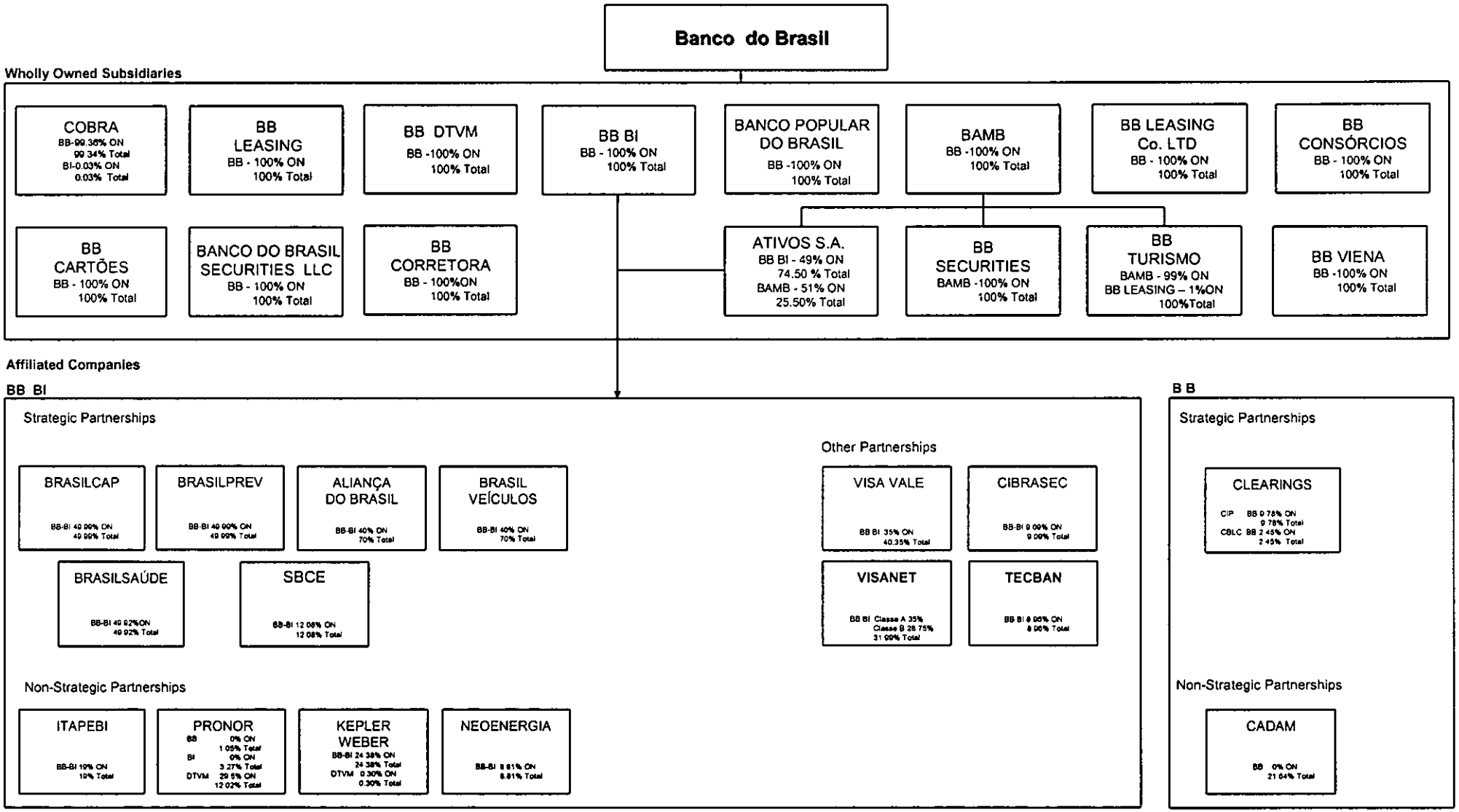
Loan Segments

Individual Loan Segments - %

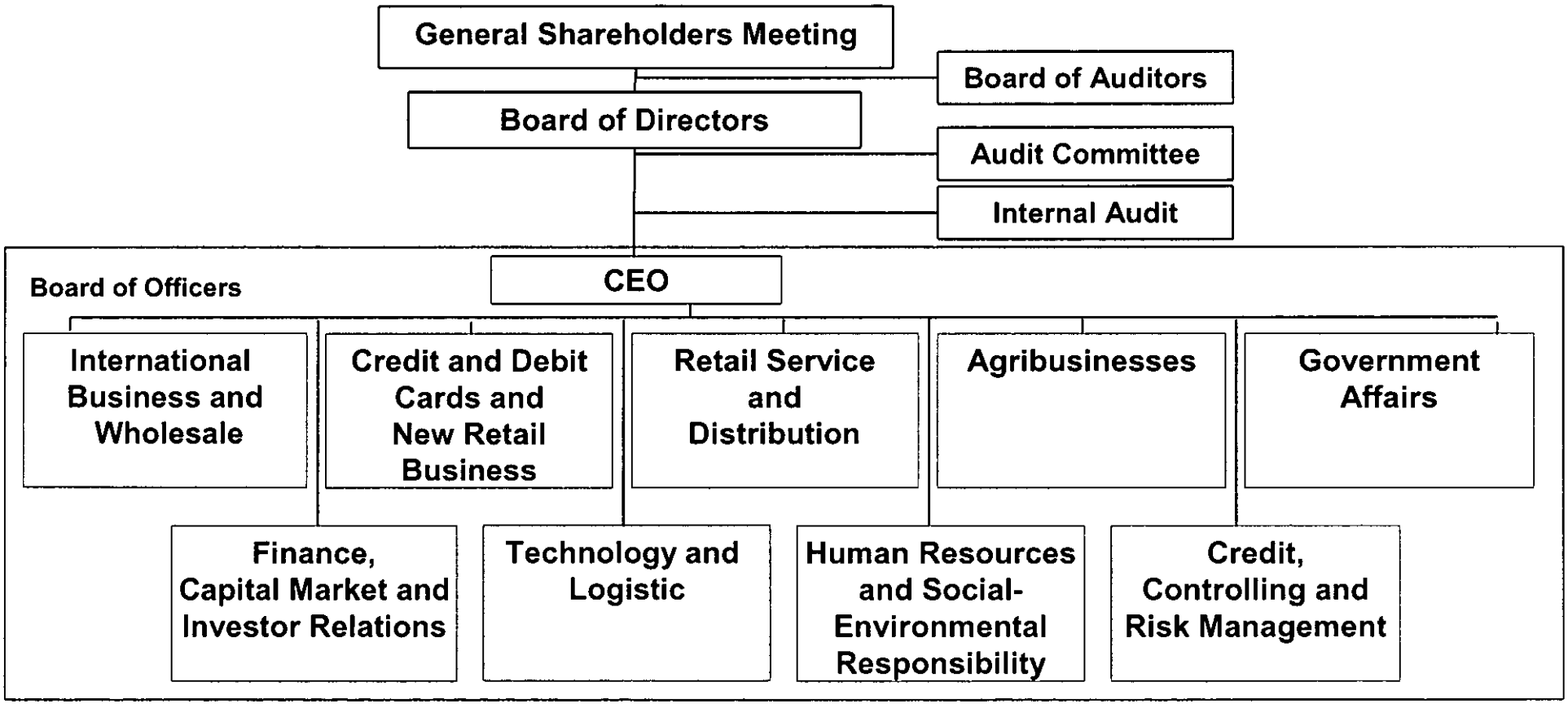


Source: Central Bank

Banco do Brasil Structure



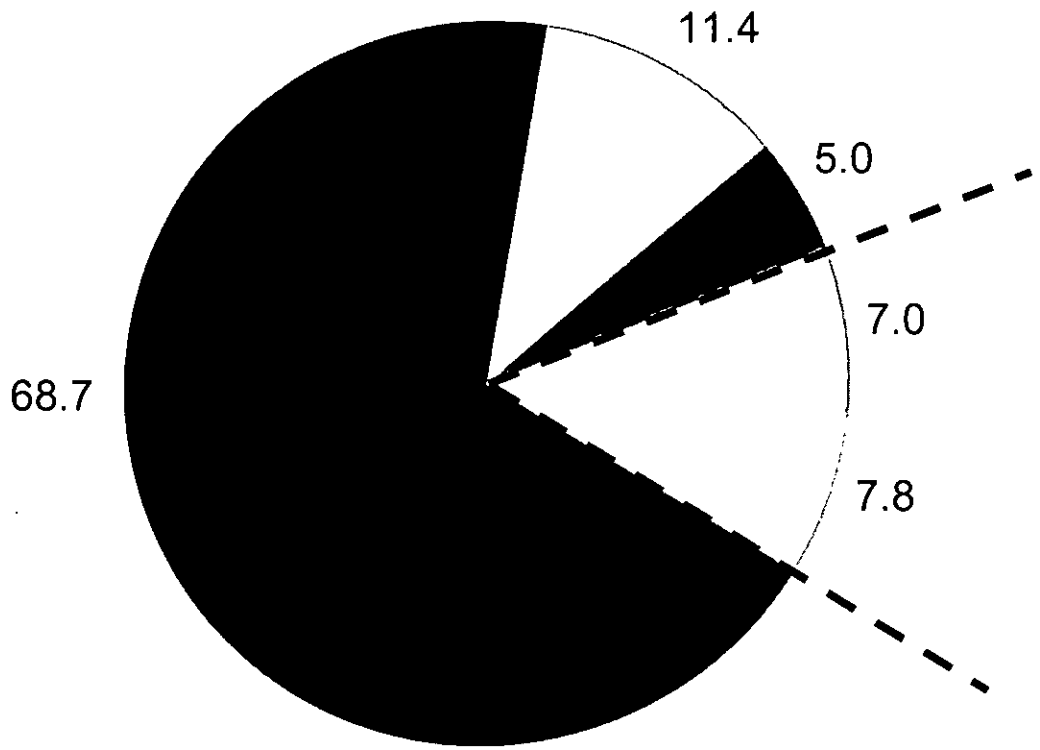
Organizational Structure



☐ Vice-Presidents

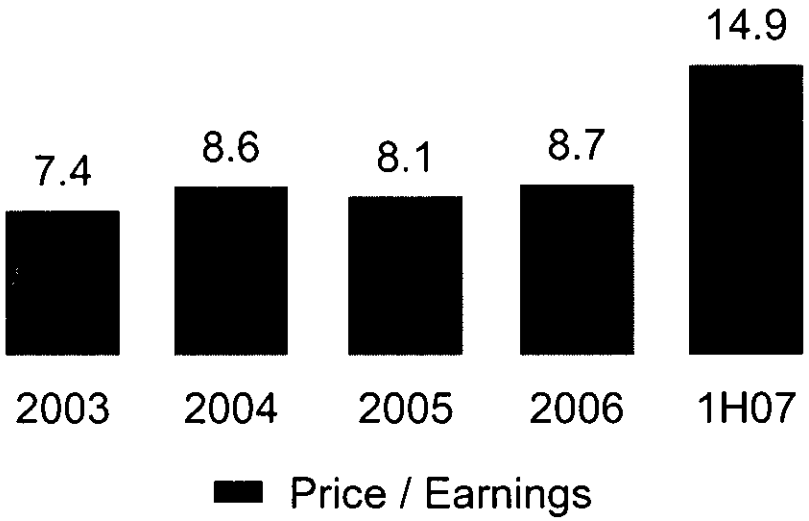
Banco do Brasil's Shares

Participation - %



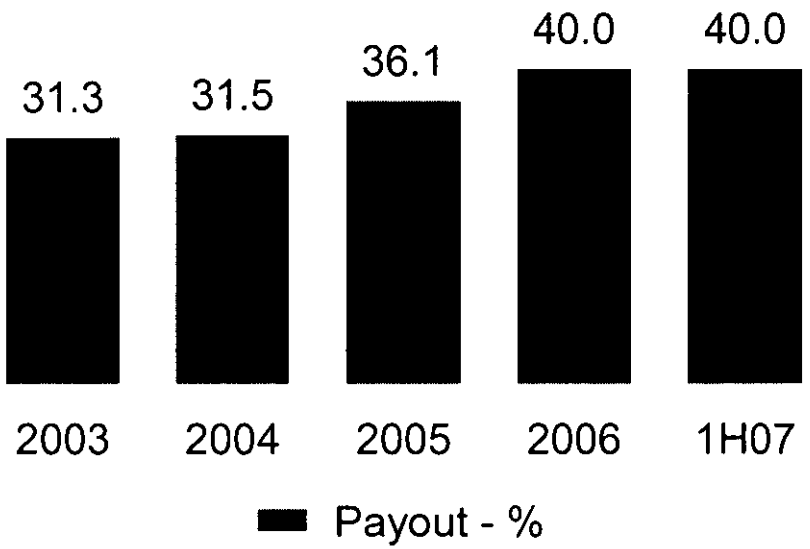
As of June 2007

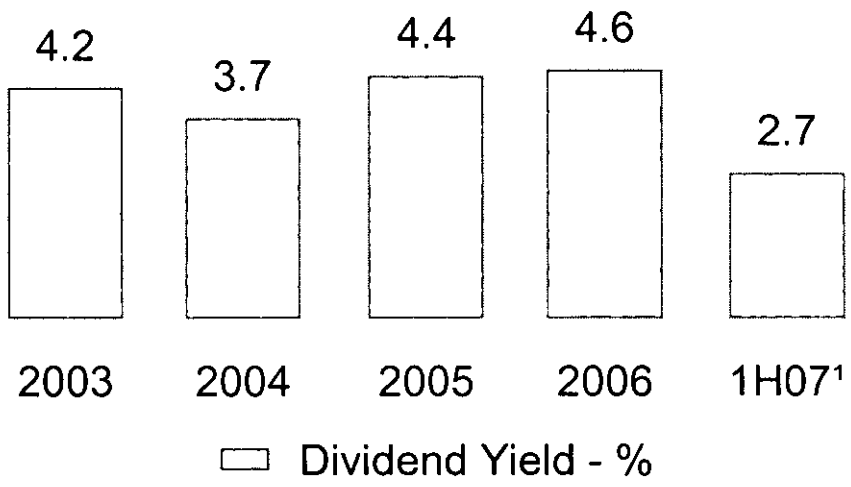
Share's Performance





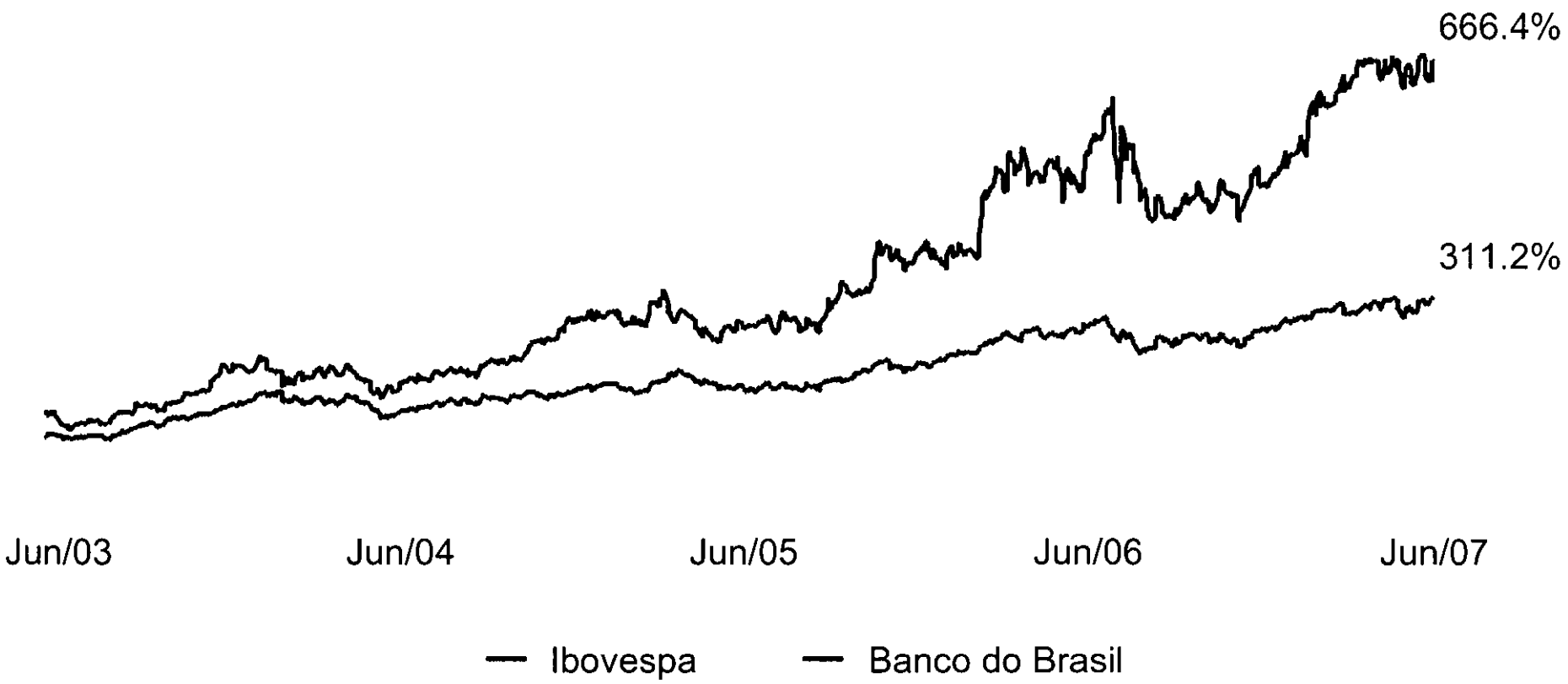
Share's Performance



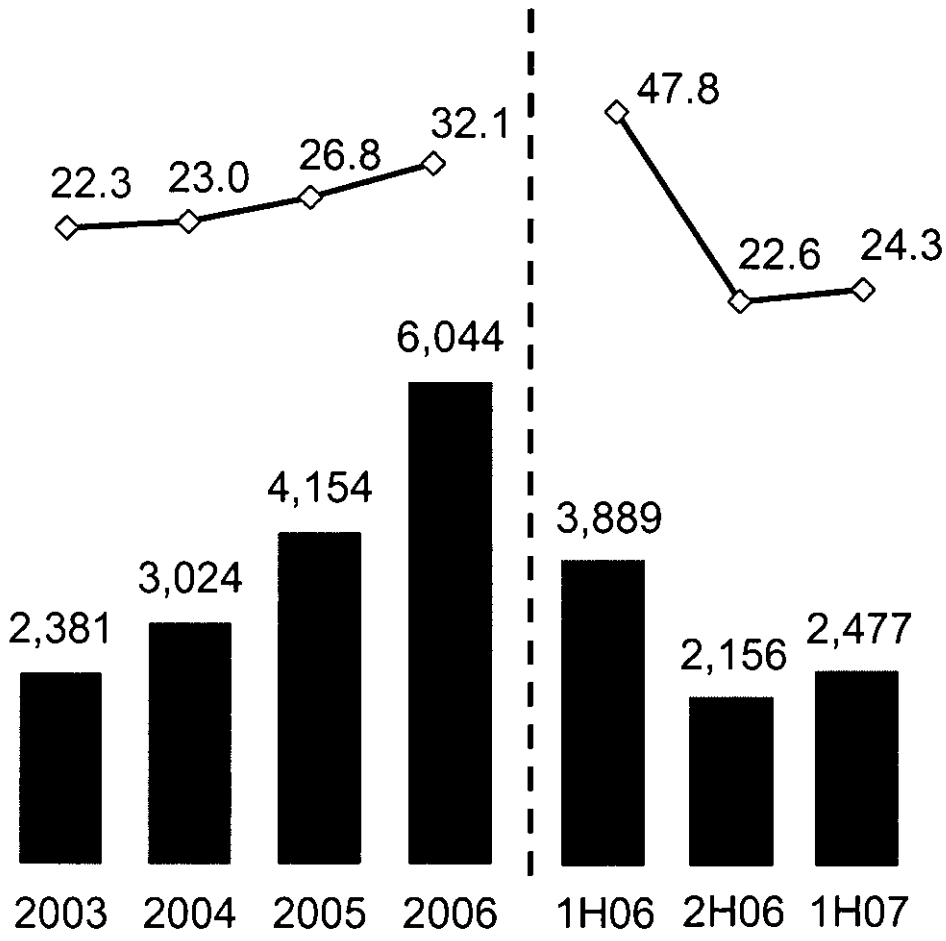


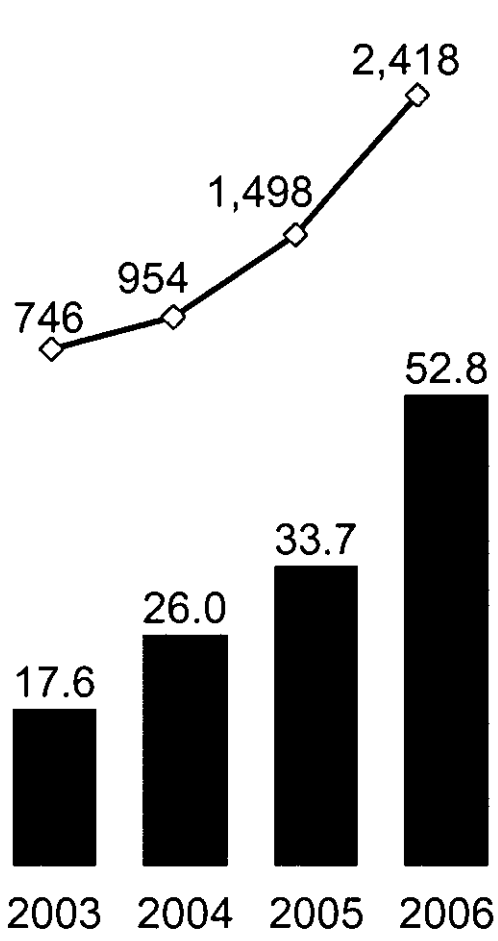
(1) Dividend and Interest on Own Capital in the last 12 months

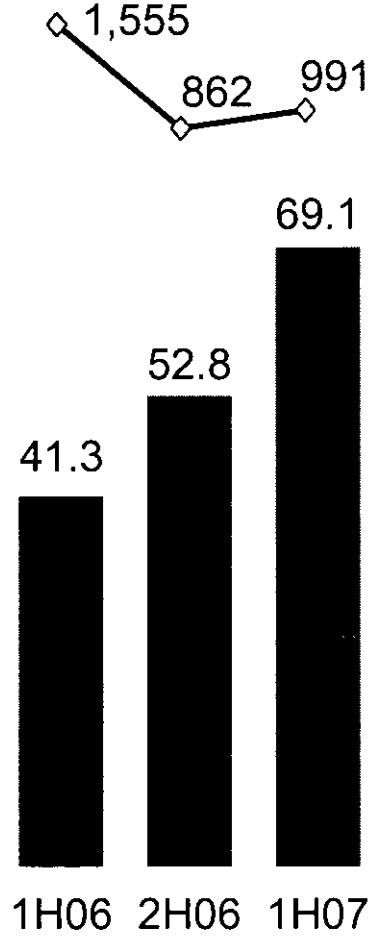
Share's Performance



Performance







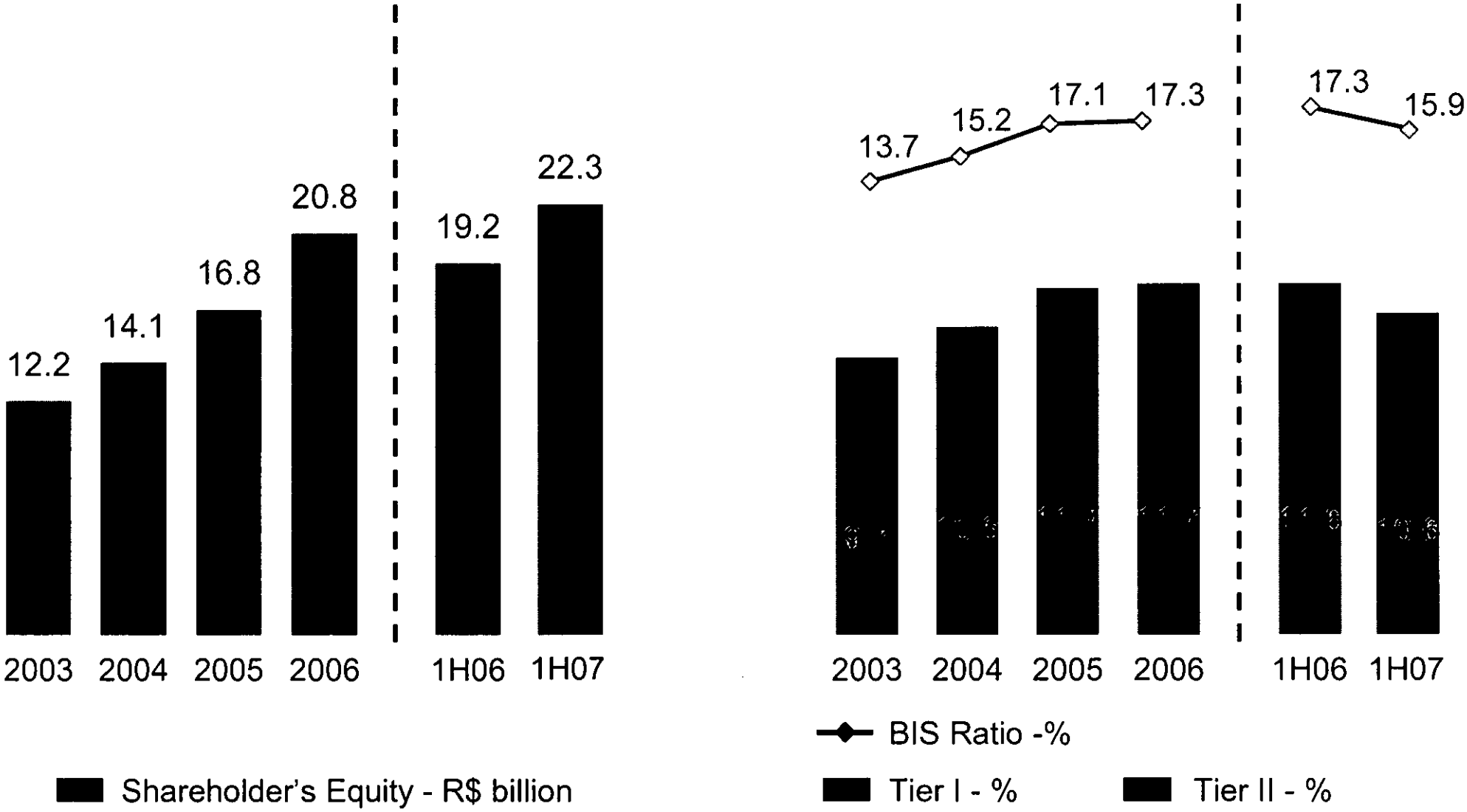
ROE - %

Net Income - R$ million

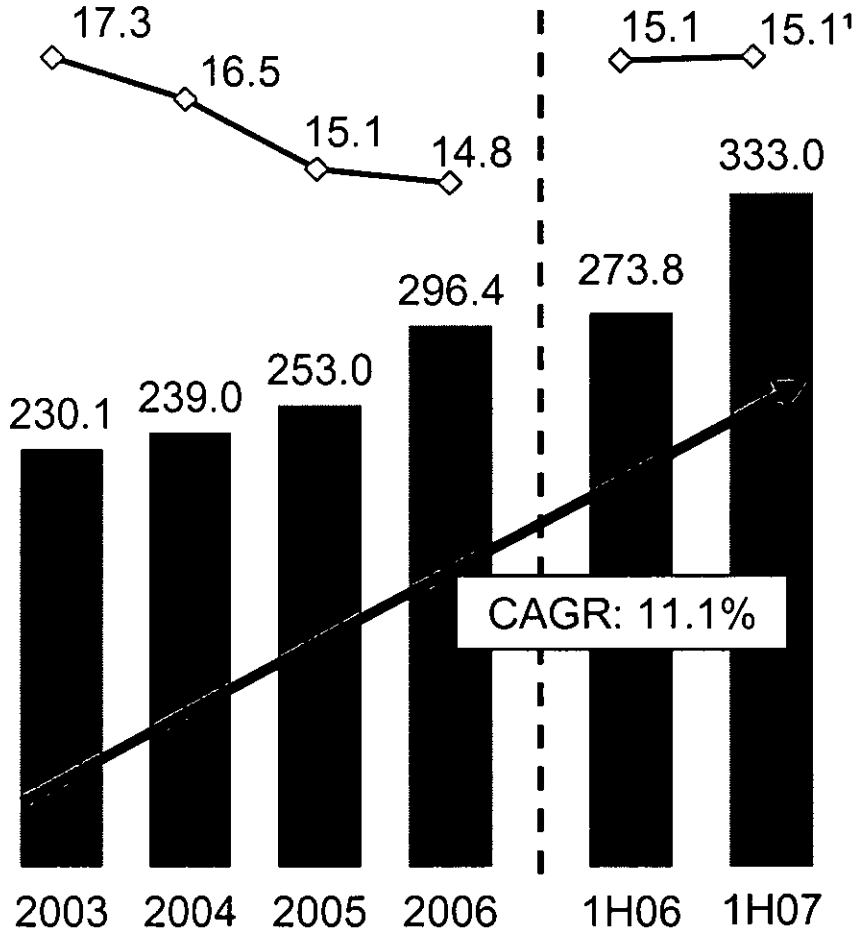
Dividends / Interest on Capital - R$ million

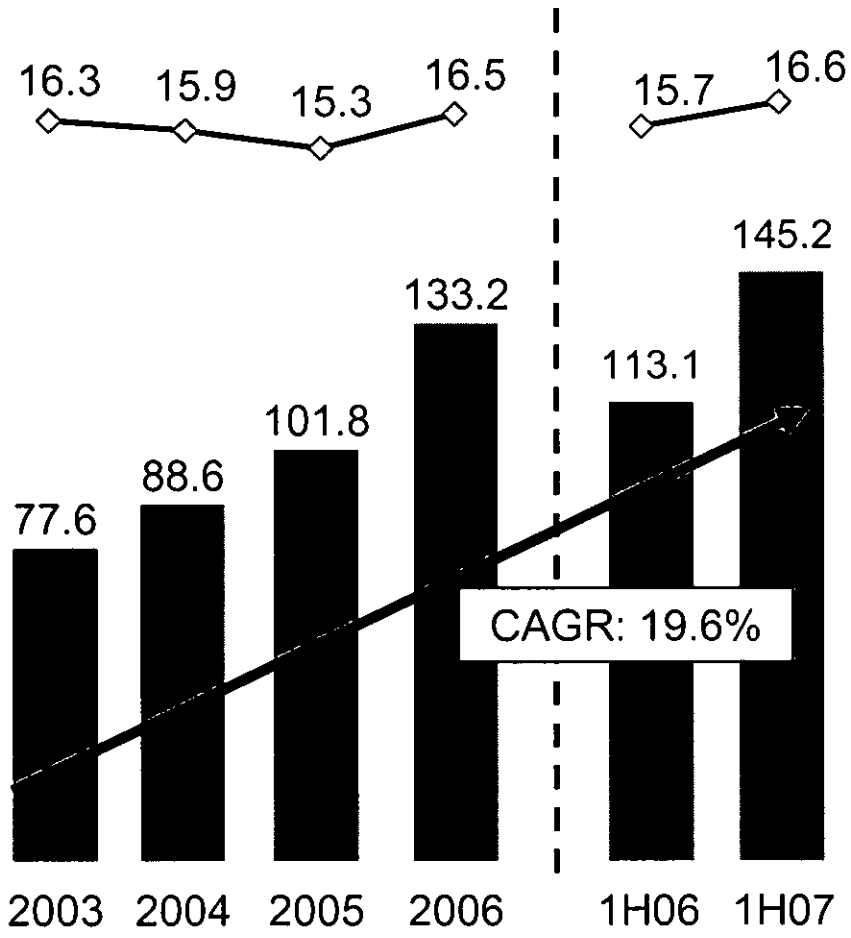
Market Capitalization - R$ billion

Capital Structure



Highlights

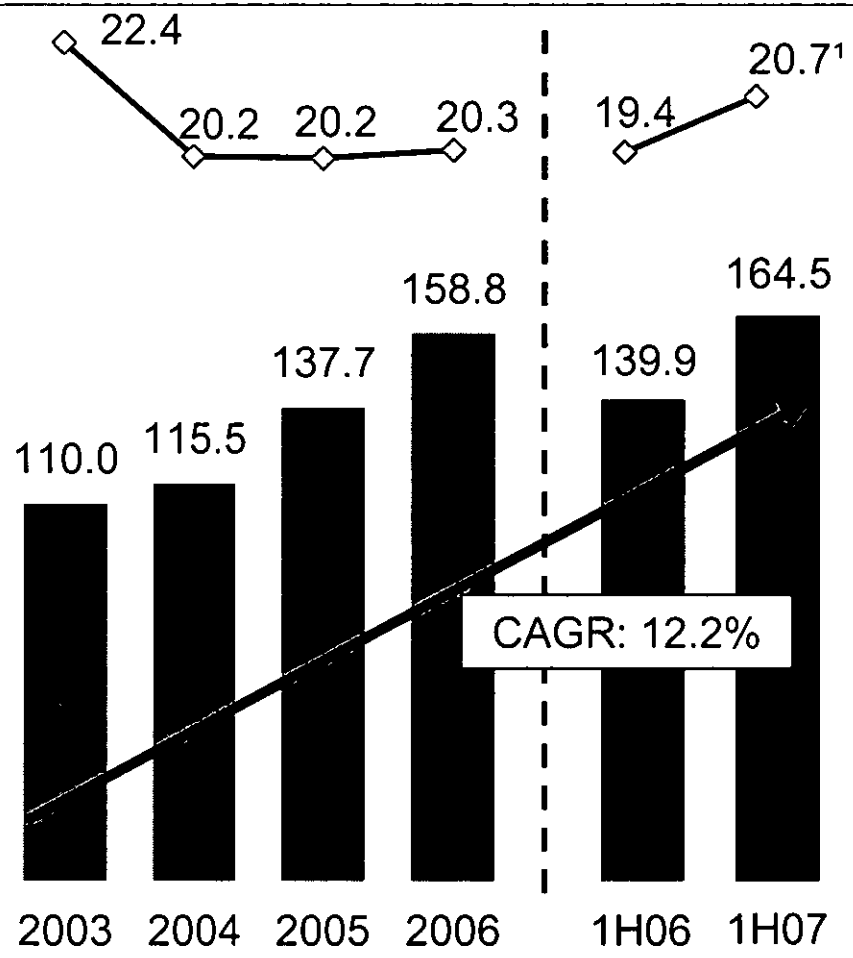


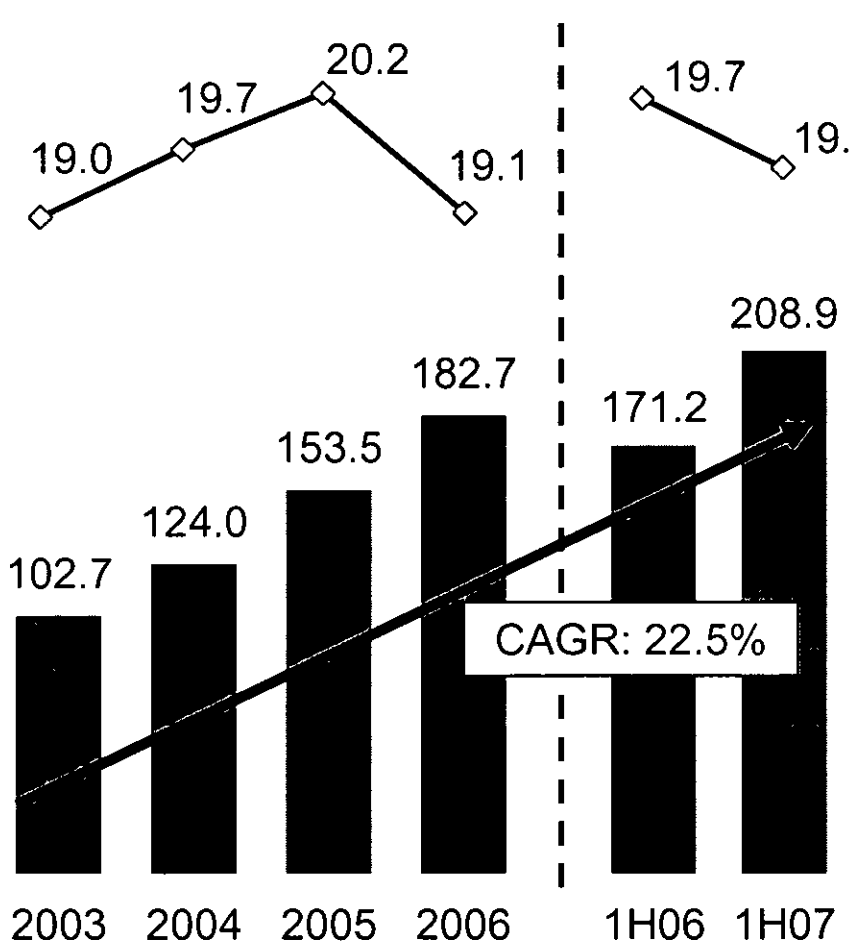


(1) As of March/2007

(2) Domestic Portfolio

Highlights

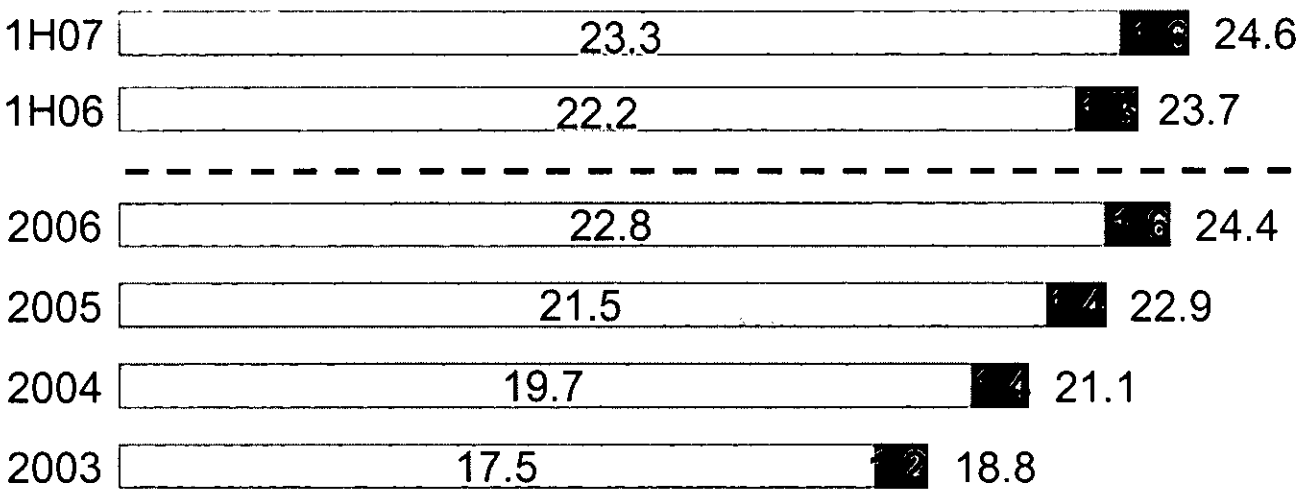




(1) As of March/2007

Highlights

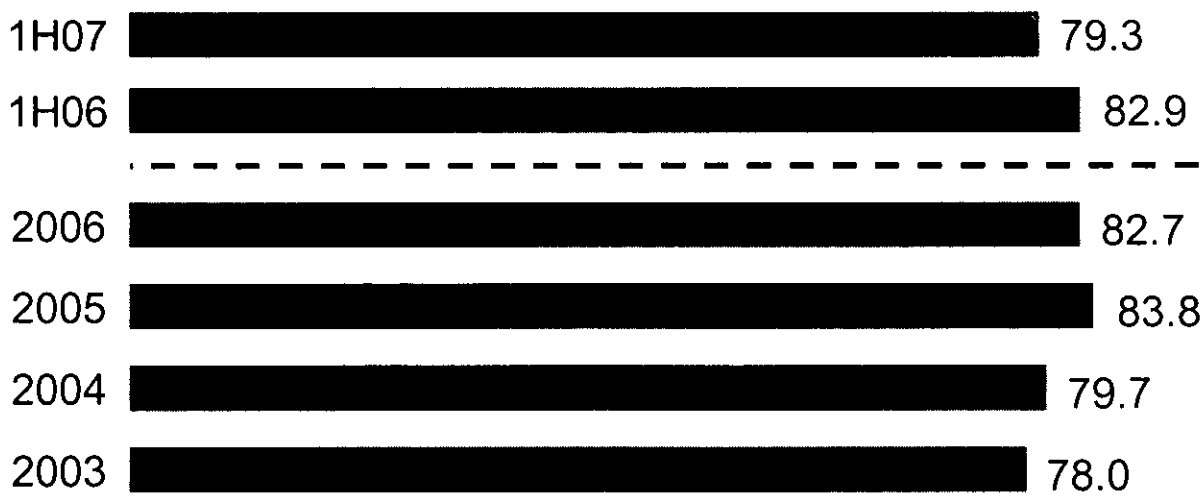
Customers - million



CAGR:

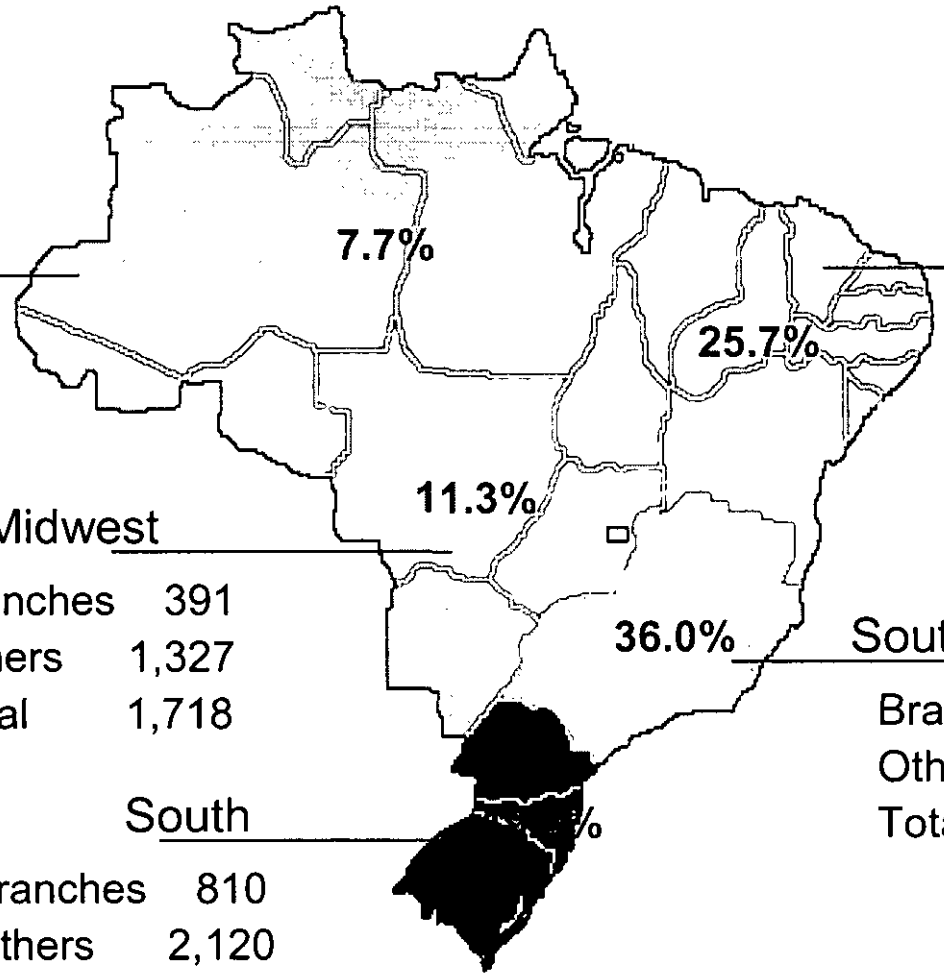
- 8.5%
- 8.5%

Employees - thousand



Infrastructure and Technology

Distribution Network



North

Branches	242
Others	917
Total	1,159

Northeast

Branches	995
Others	2,895
Total	3,890

Midwest

Branches	391
Others	1,327
Total	1,718

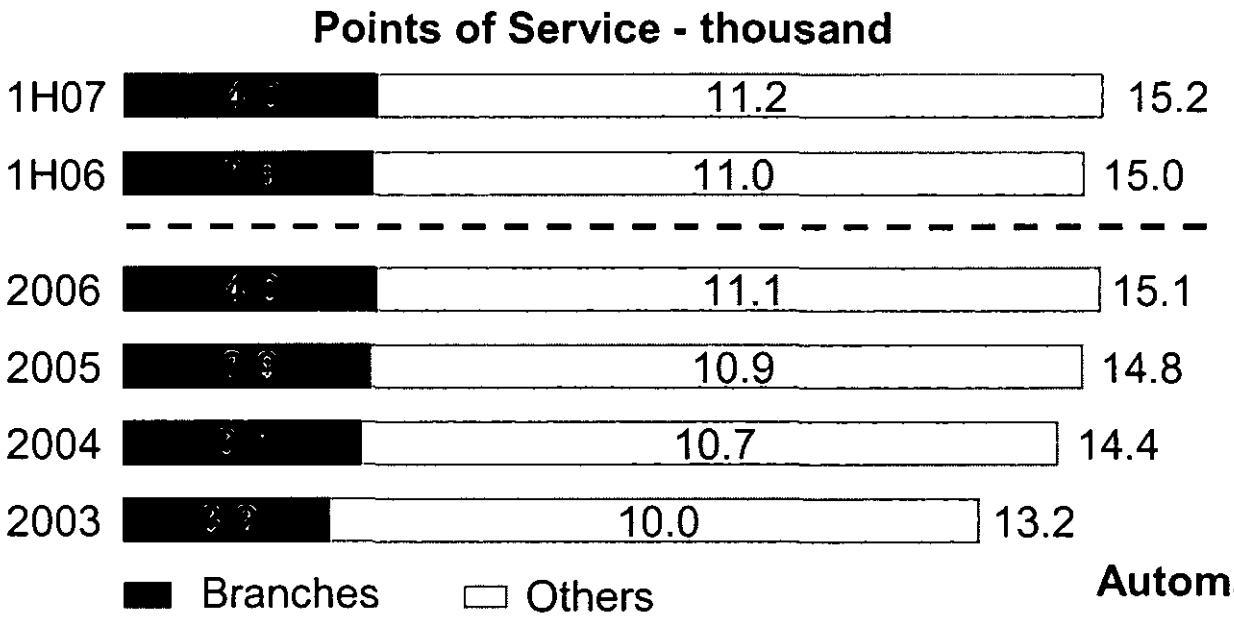
Southeast

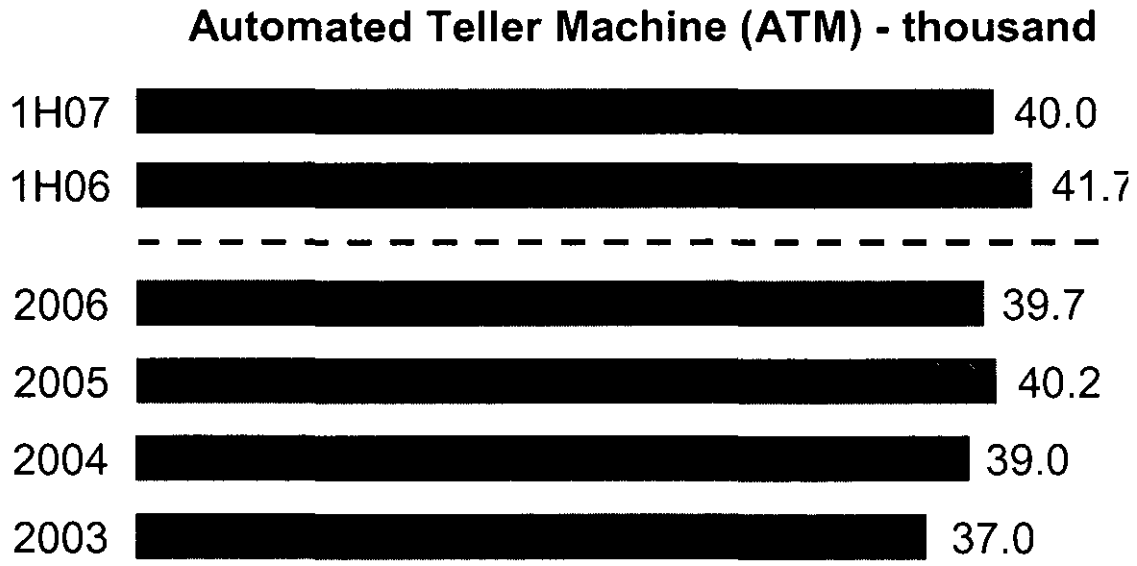
Branches	1,539
Others	3,923
Total	5,462

South

Branches	810
Others	2,120
Total	2,930

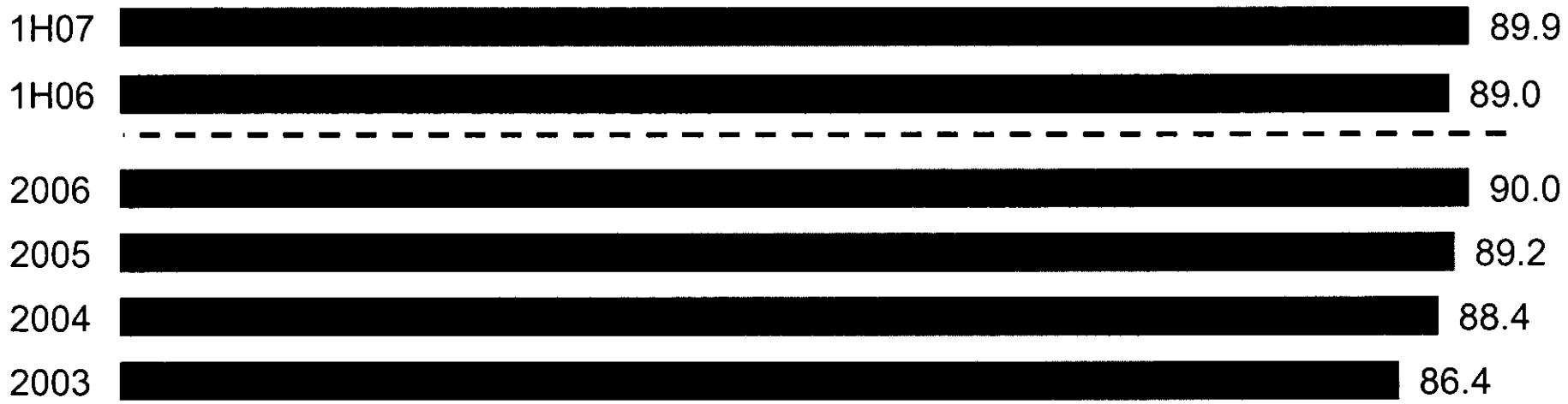
Infrastructure and Technology



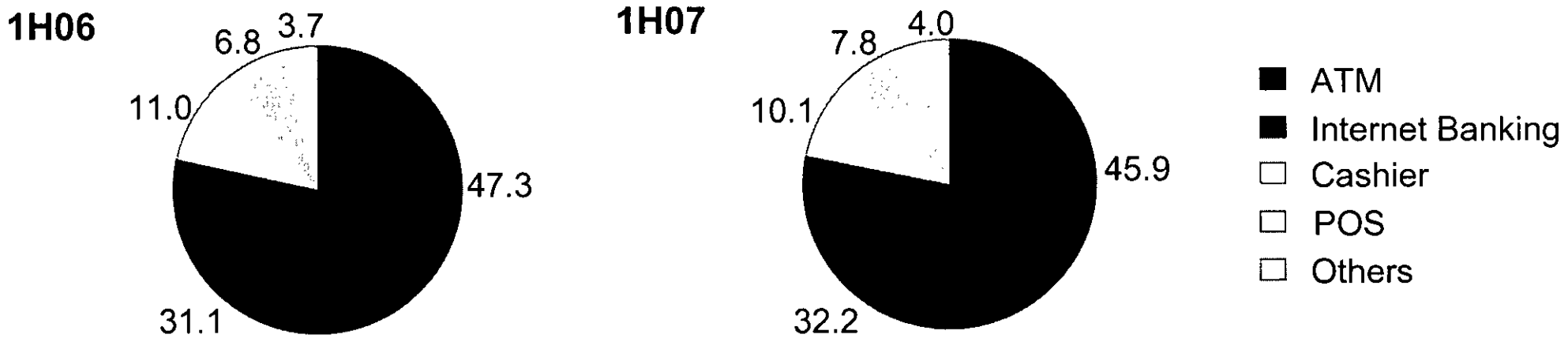


Infrastructure and Technology

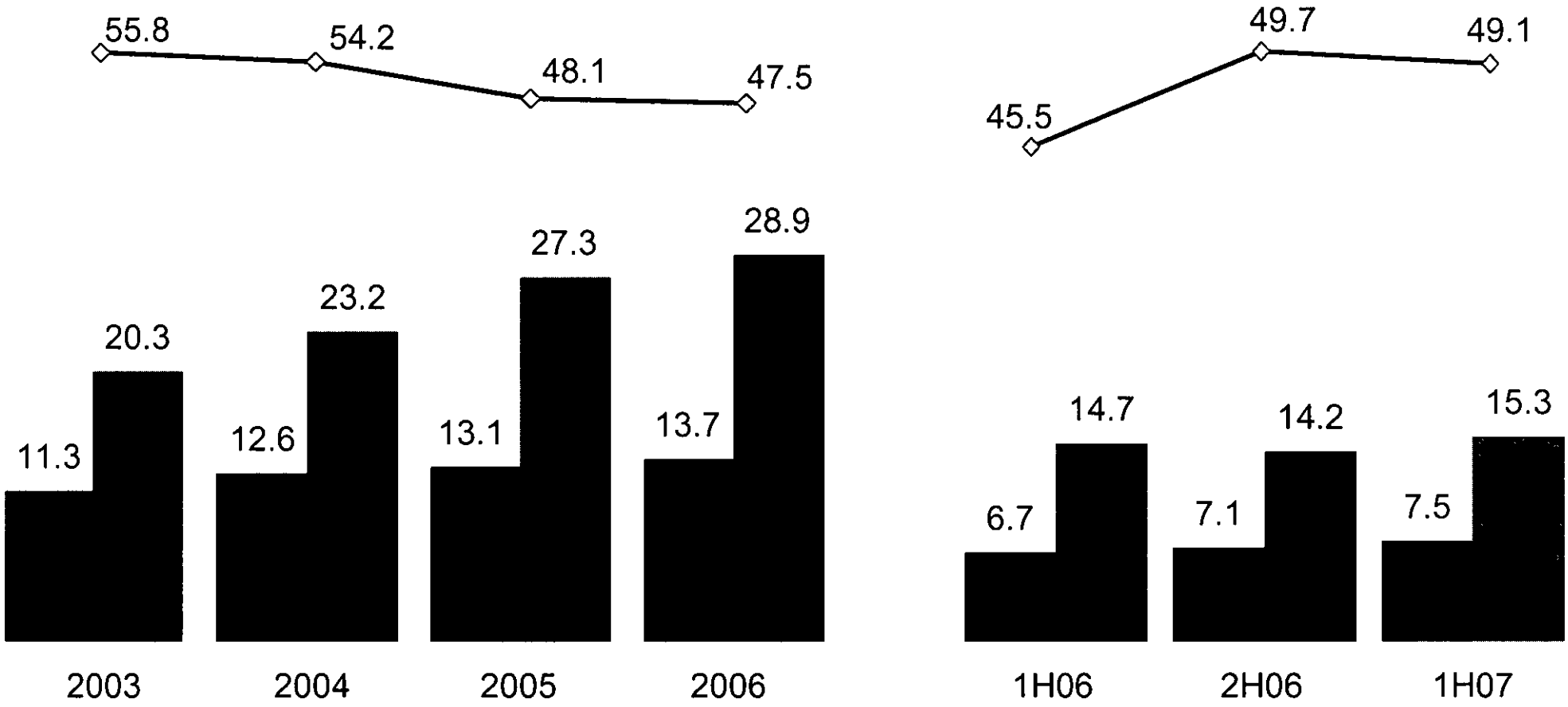
Transaction in Automated Channels - %



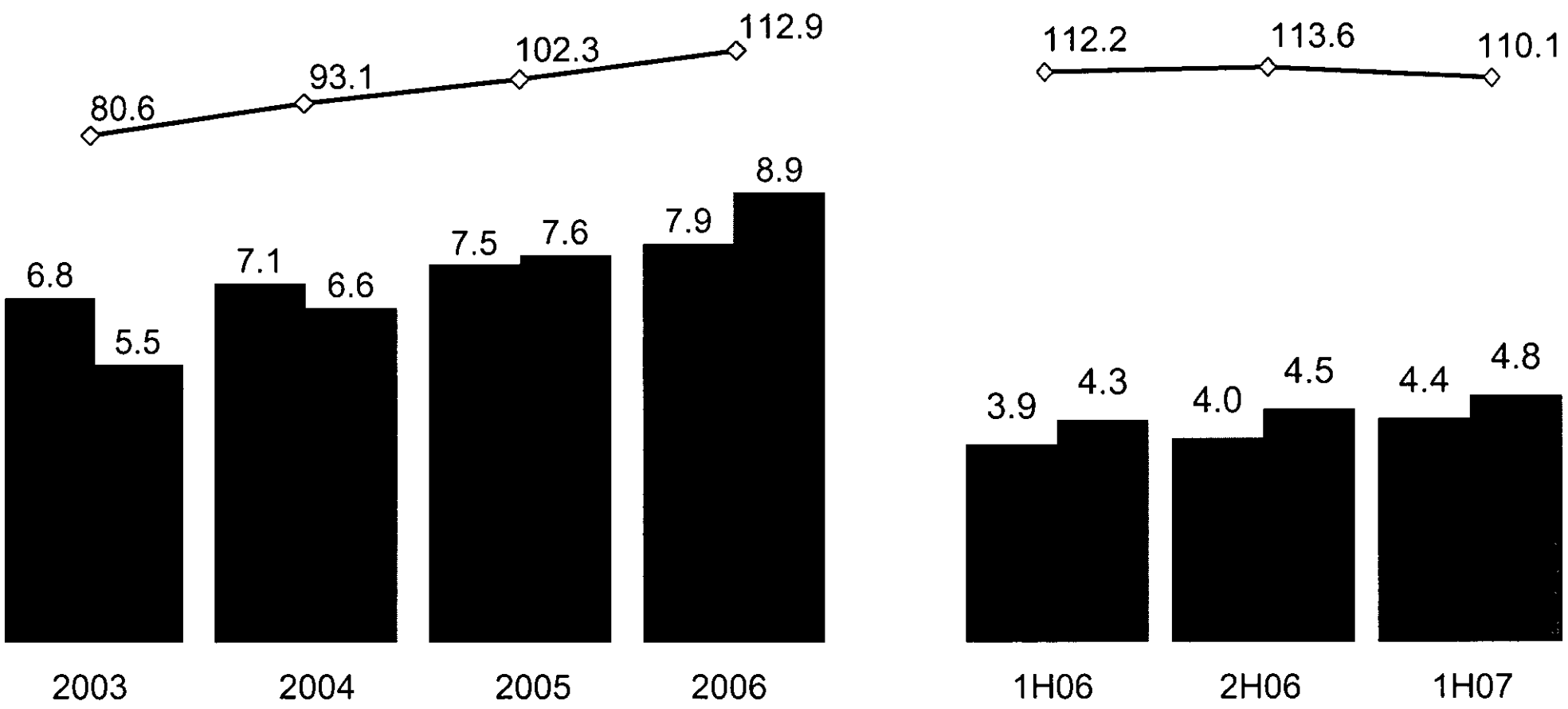
Breakdown of Transactions - %



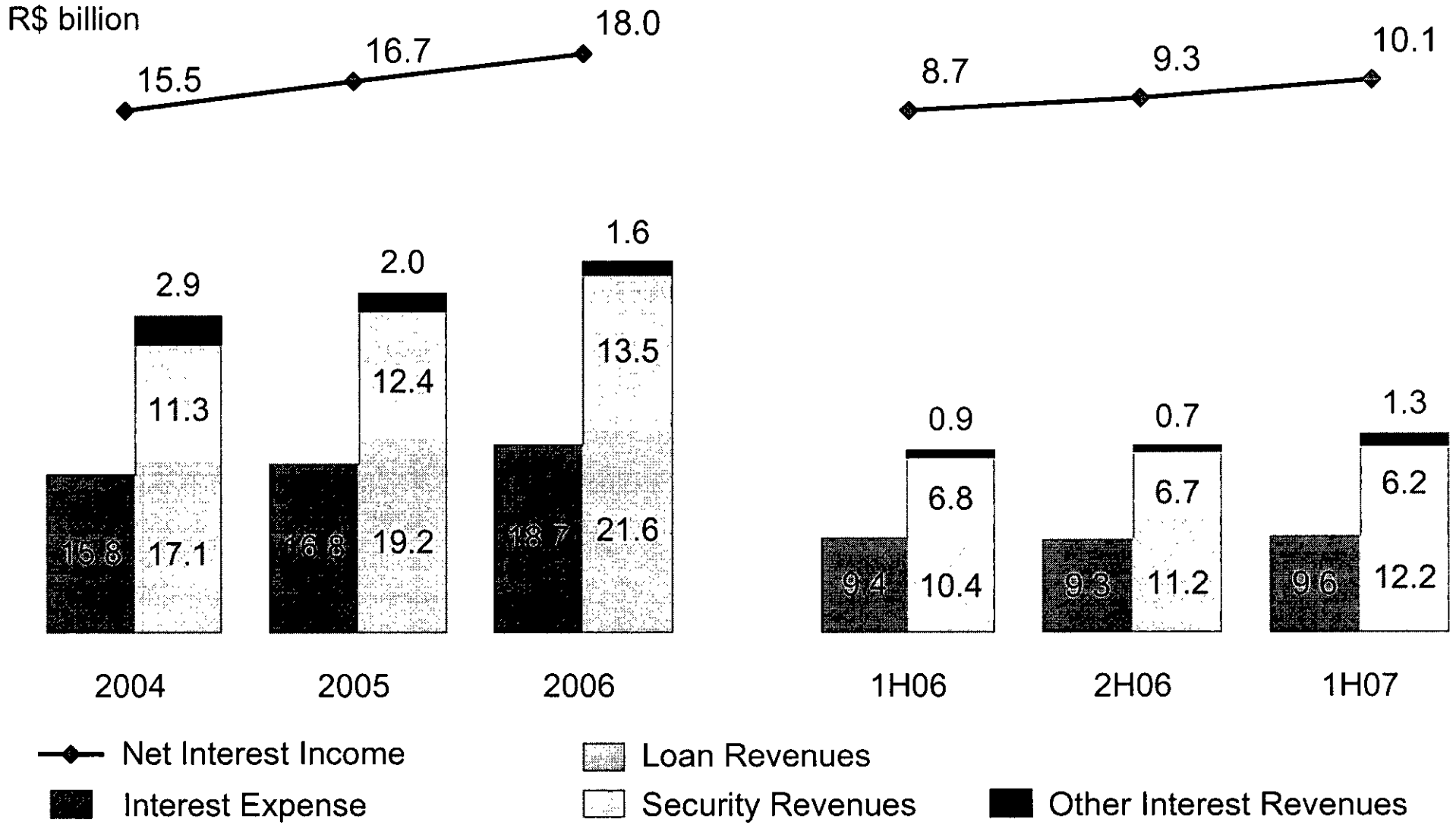
Productivity



Productivity

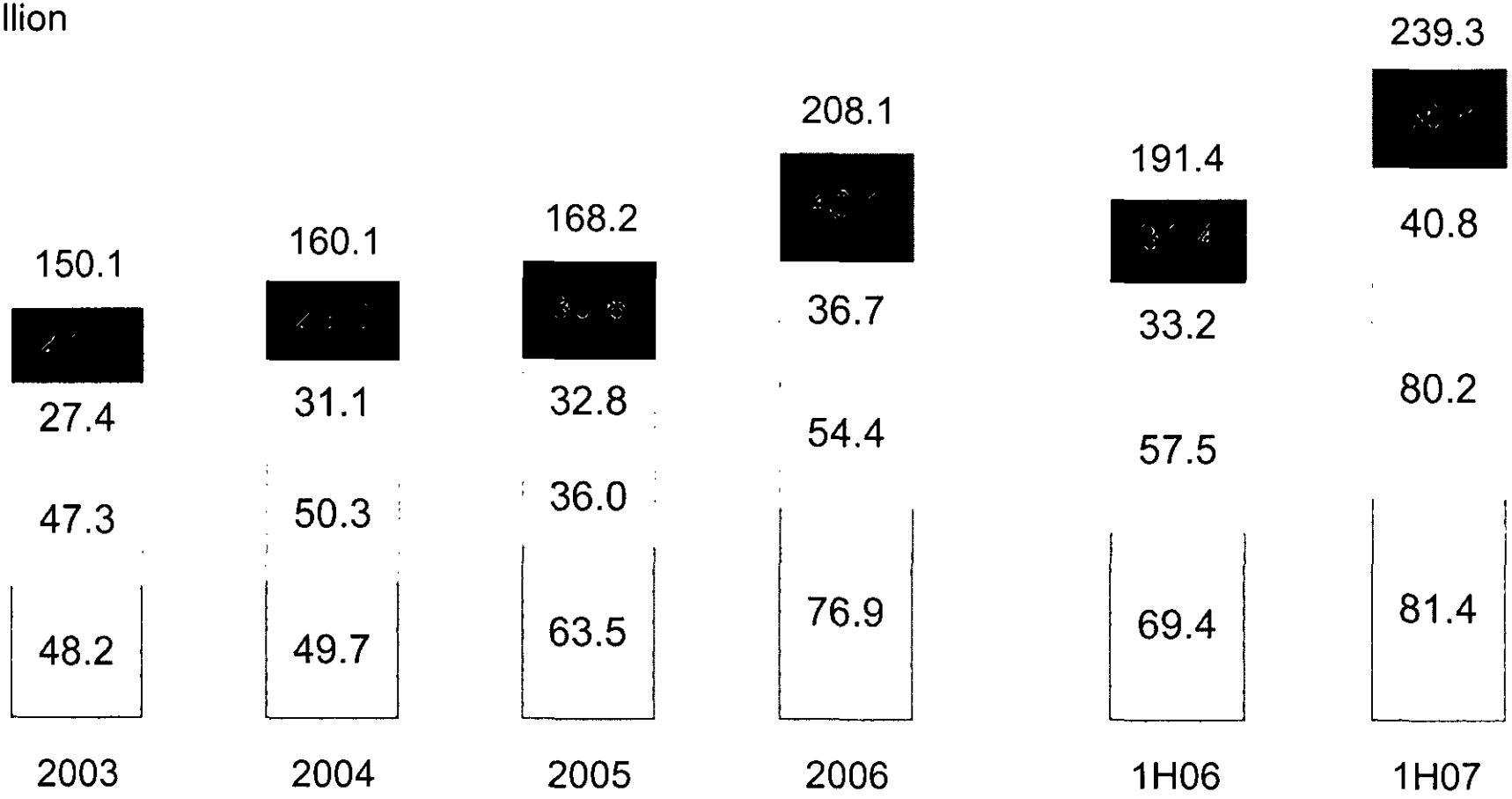


Net Interest Income



Funding

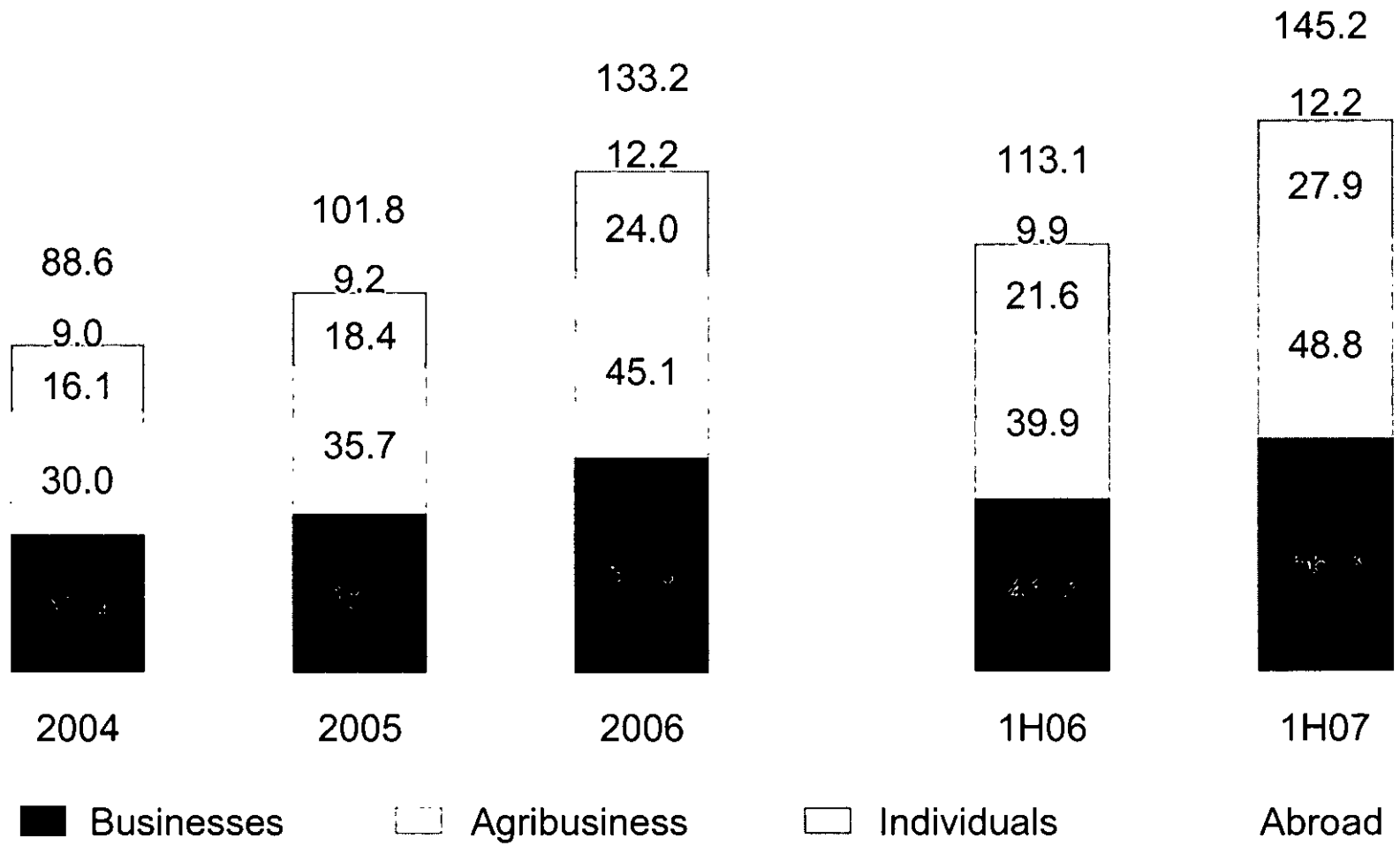
R$ billion



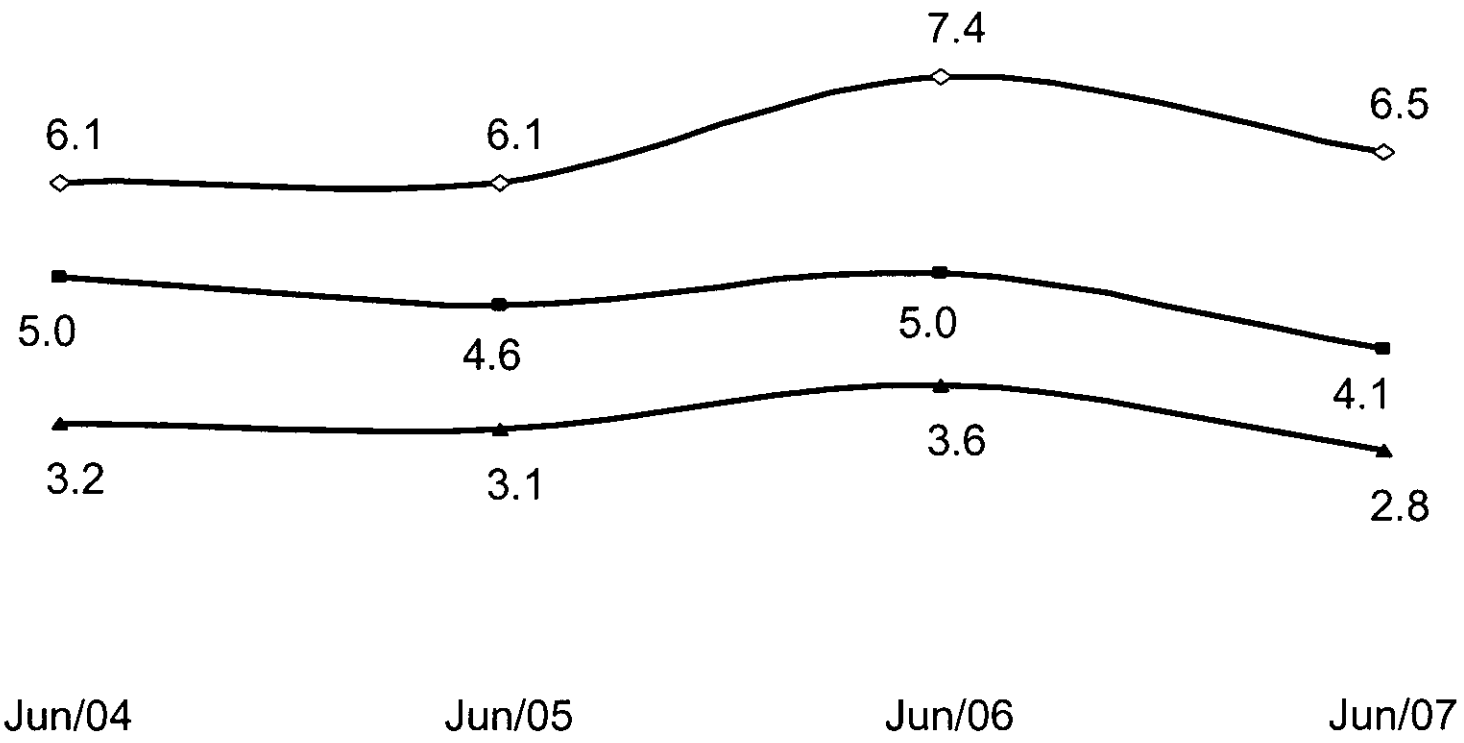
(1) Include Interbank Deposits, Investment Deposits and Money Market Borrowing

Loan Portfolio

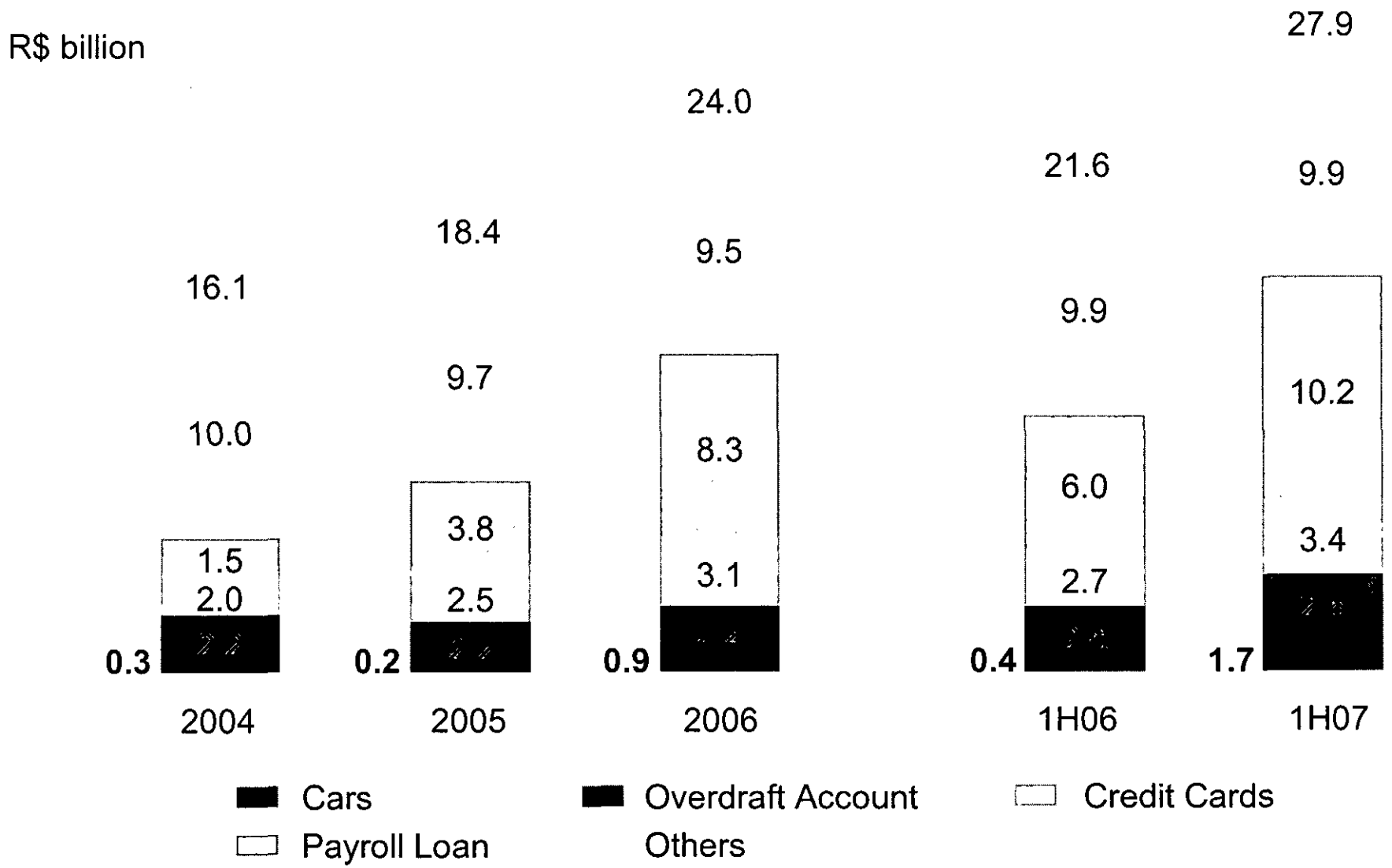
R$ billion



Delinquency

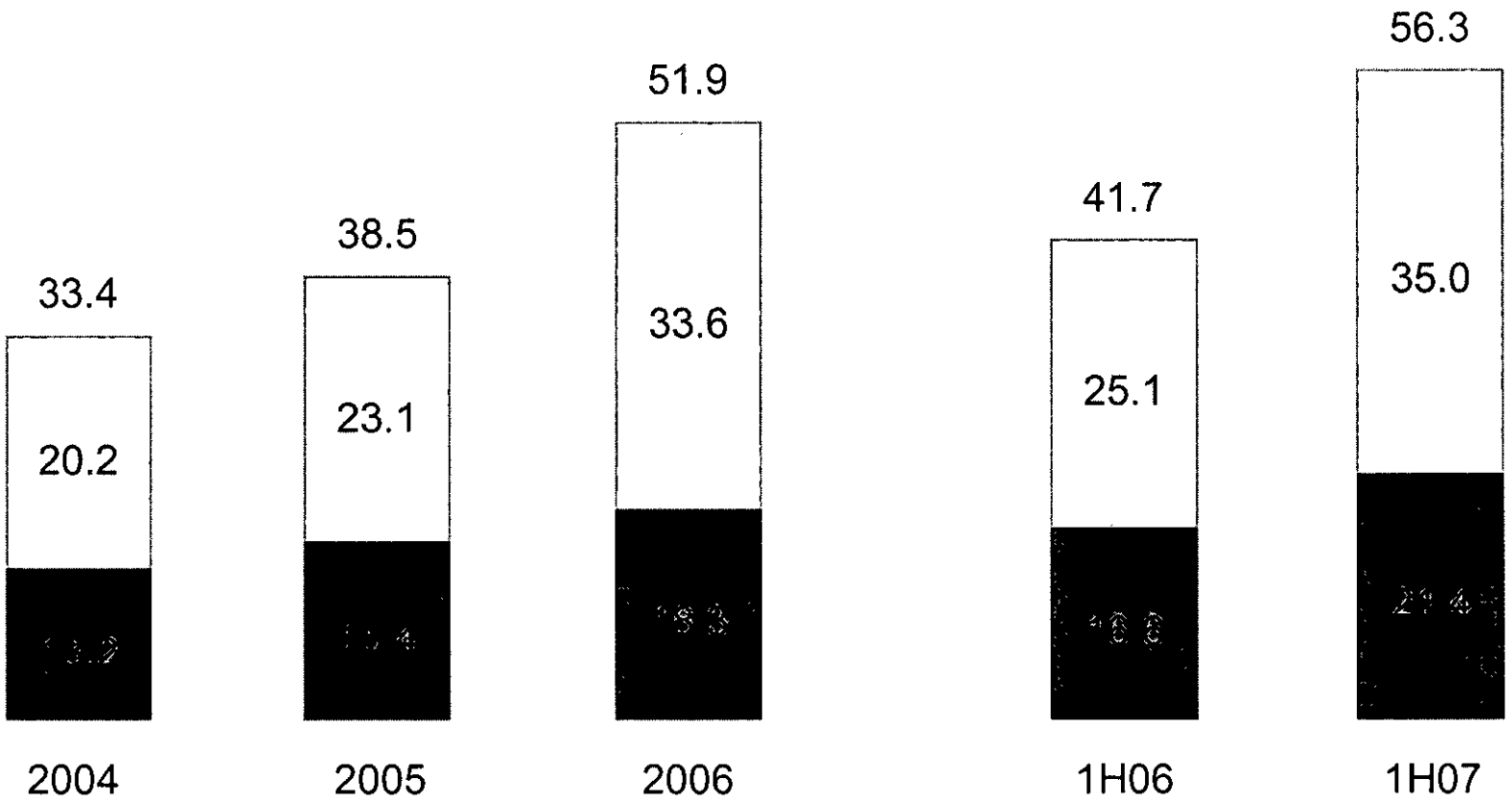


Loan Portfolio - Individuals



Loan Portfolio - Businesses

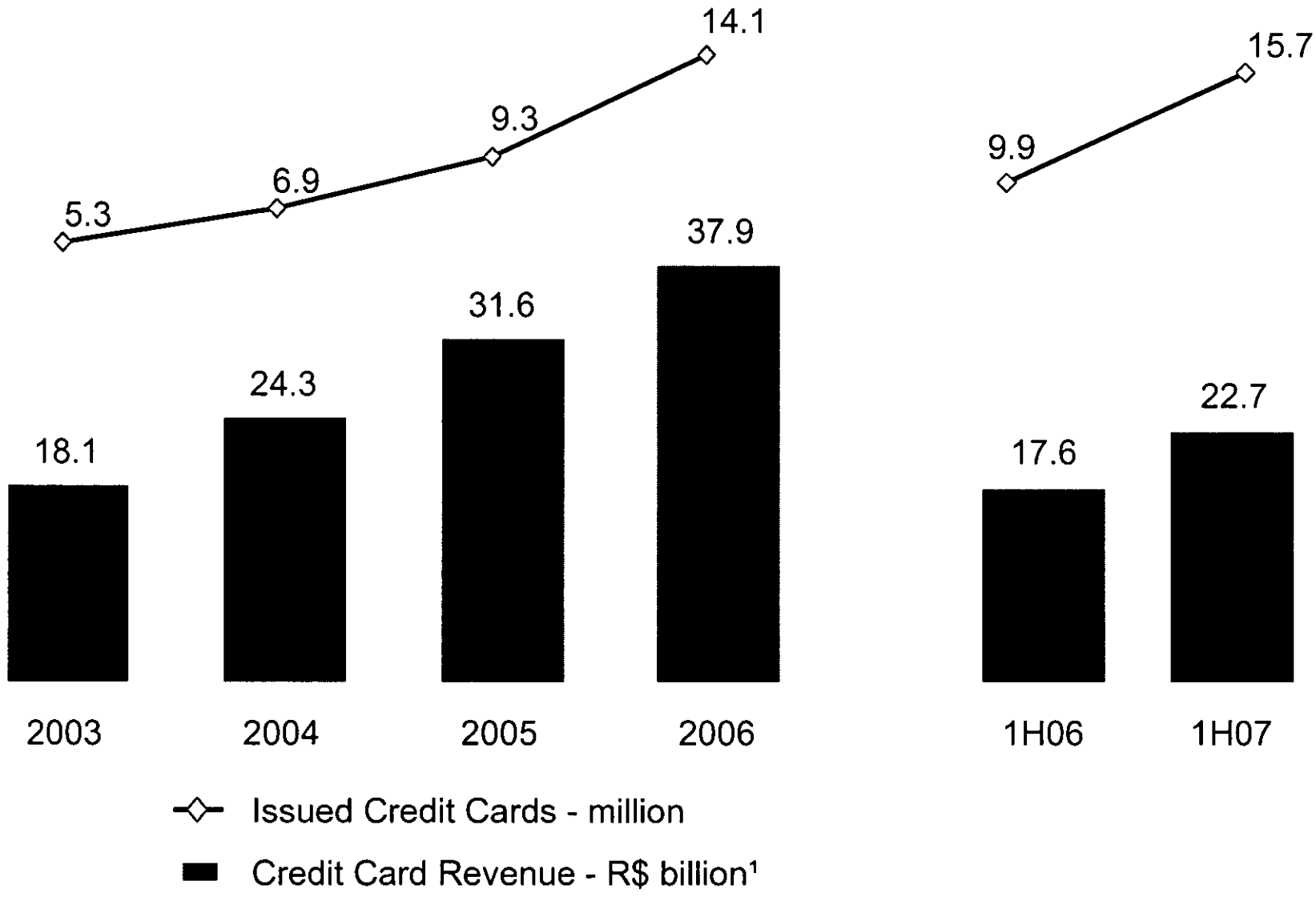
R$ billion



Loan Portfolio - Agribusiness



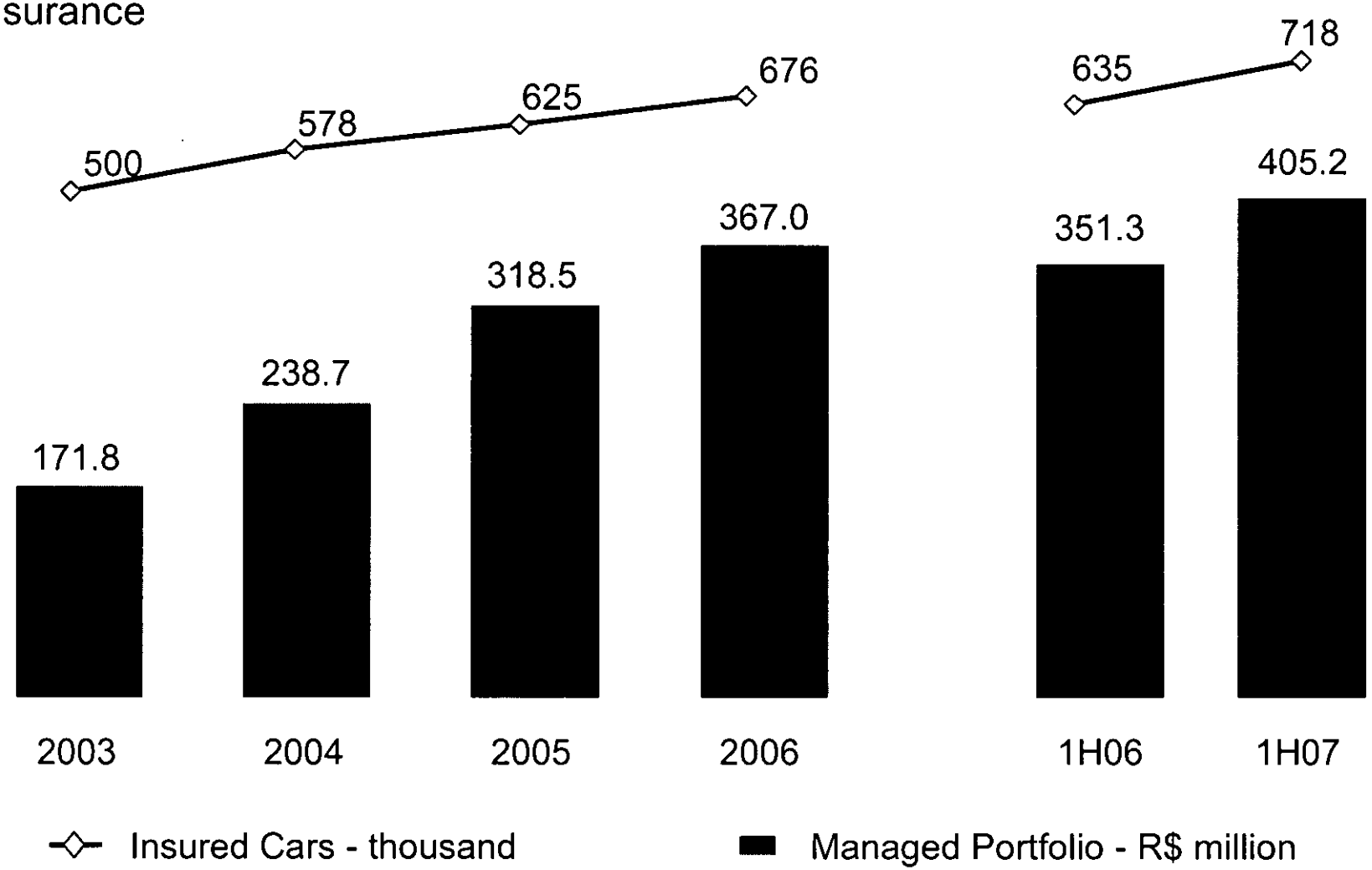
Retail



(1) Debt cards included

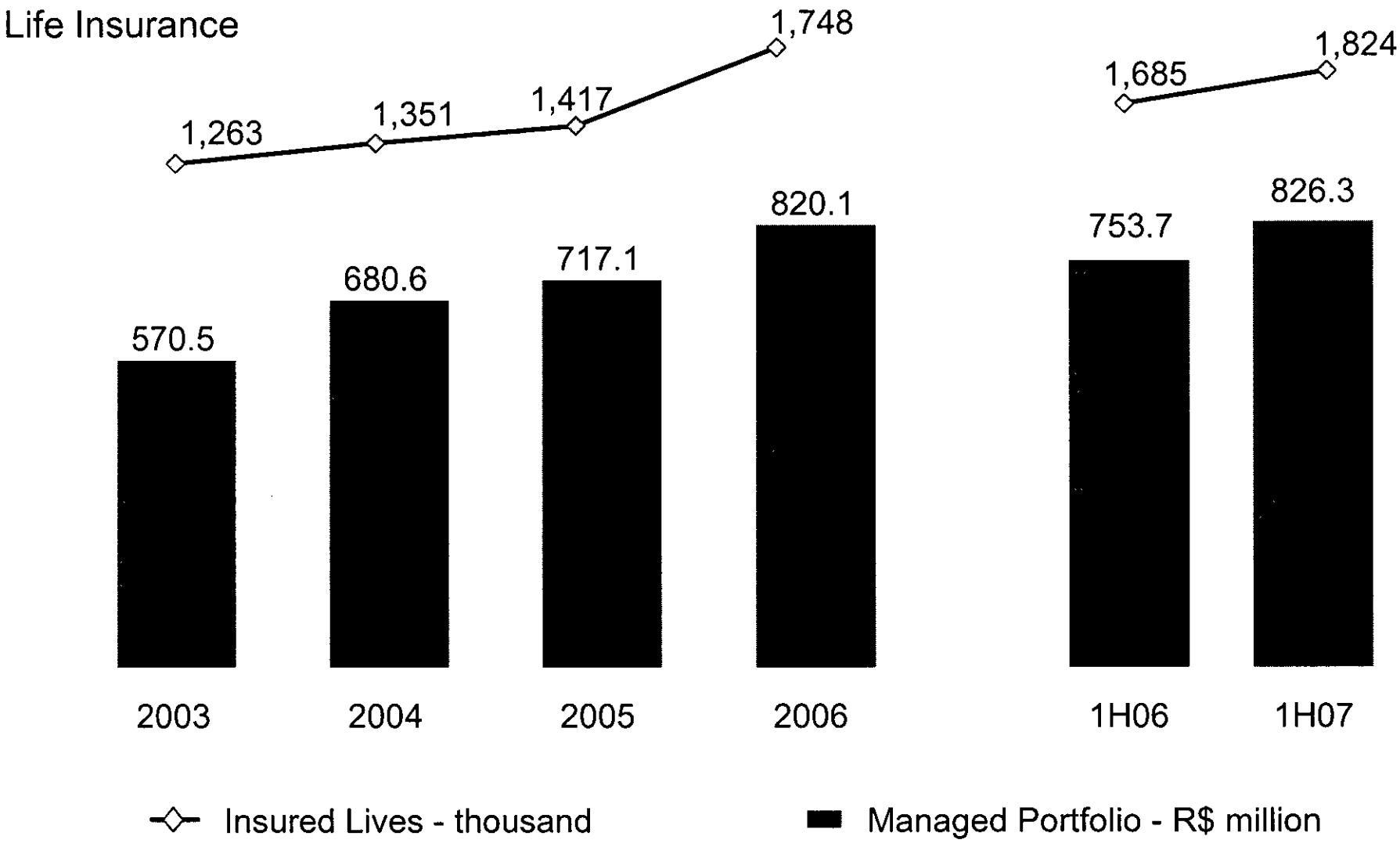
Insurance

Car Insurance

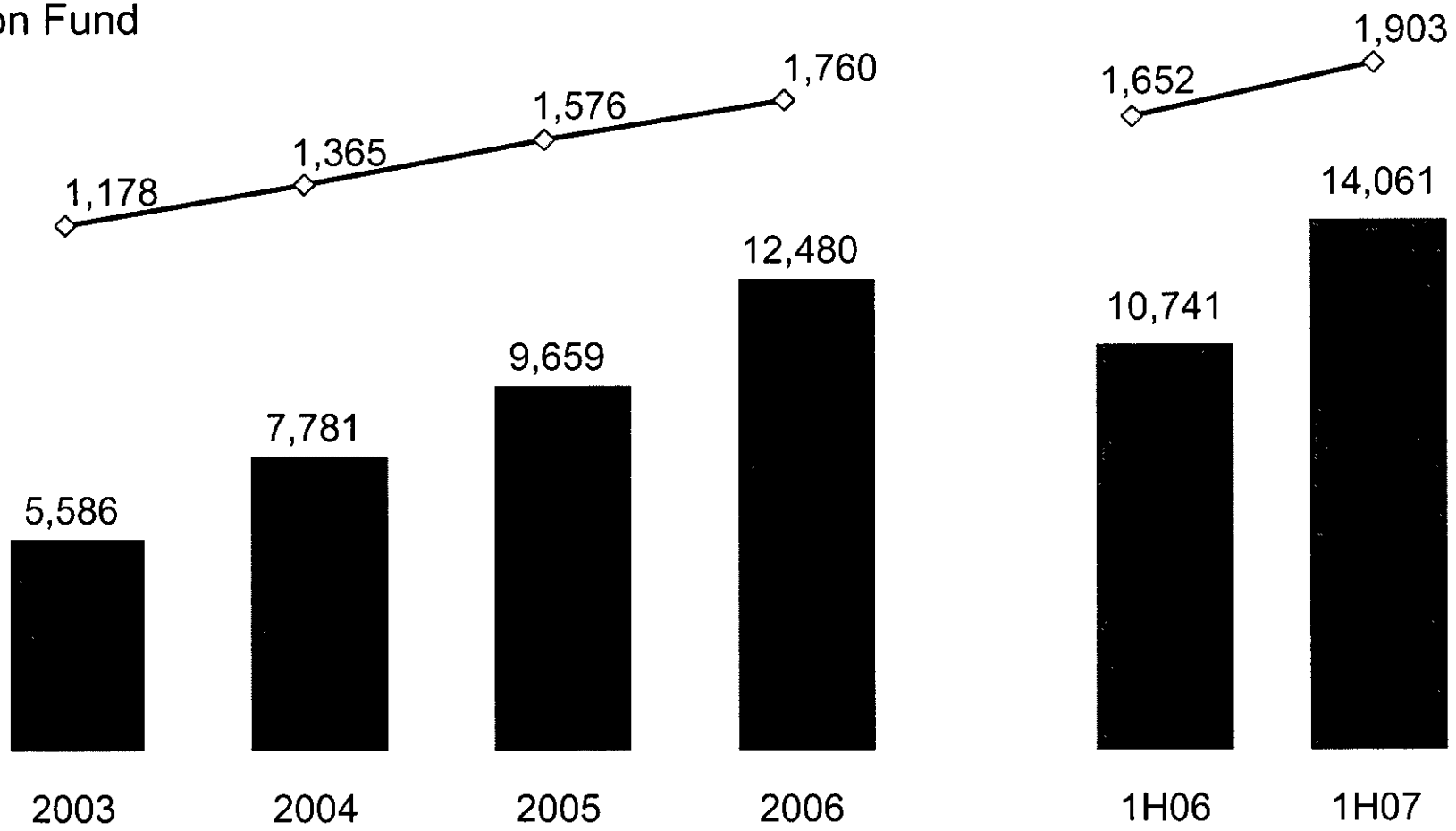


Insurance

Life Insurance

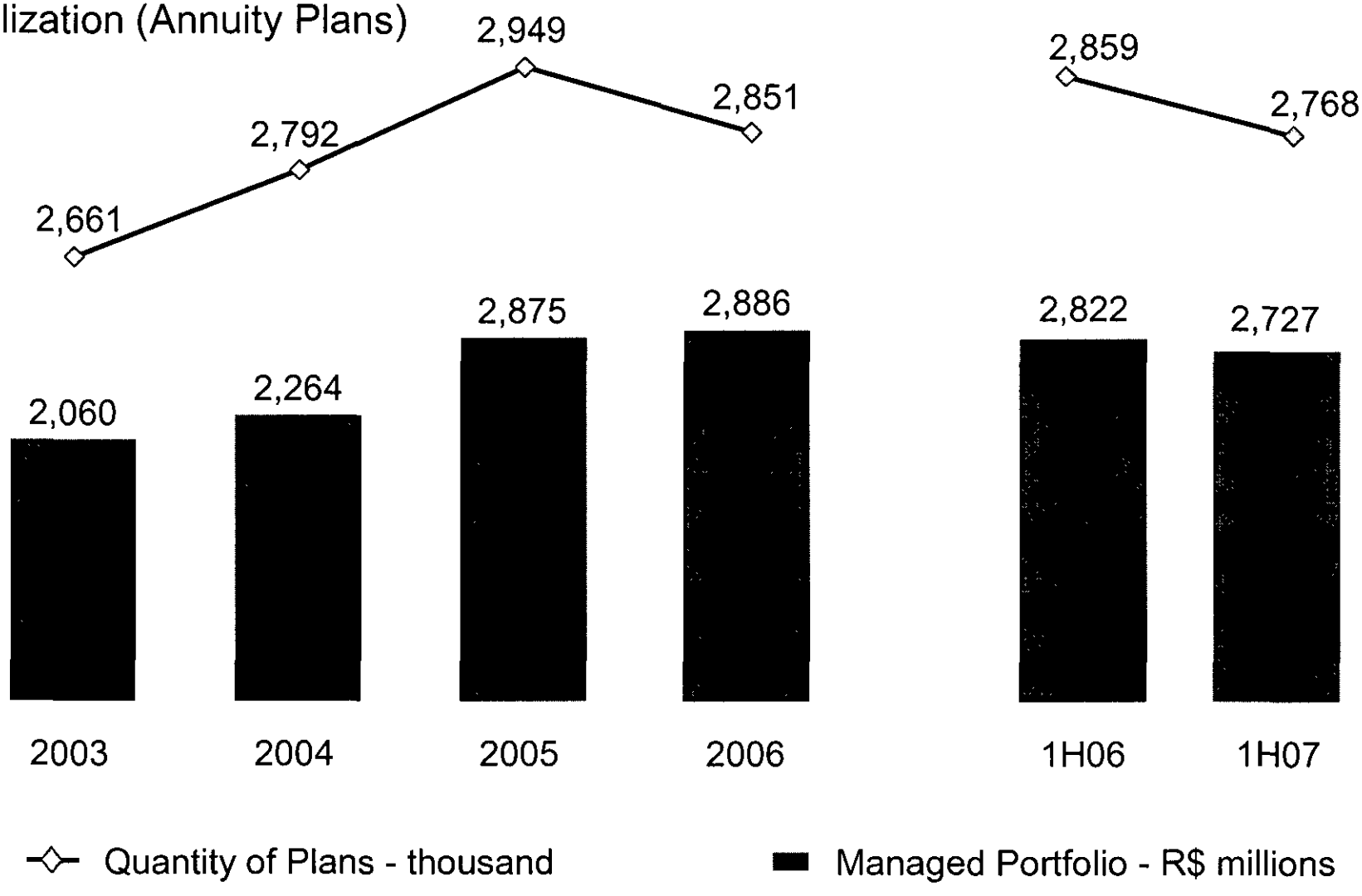


Pension Fund



Insurance

Capitalization (Annuity Plans)



Sustainable Regional Development

- Strategy for job and income generation in a sustainable way which began in 2003.
- Support to environmentally correct, socially fair, economically viable and culturally diversified productive activities.

[illegible]	13.6	105.4	313.8	230.0	477.6
[illegible]	16.8	70.6	230.9	149.1	307.3
[illegible]	428	1,482	2,502	1,693	3,586
[illegible]	1,370	4,062	6,052	5,469	9,788
[illegible]	642	1,503	2,788	1,830	3,343
[illegible]	120	375	1,020	710	1,529
[illegible]	40	70	70	70	70

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For further information access www.bb.com.br/ri

(E3) 4th Quarter 2007 Conference Call Transcript

[*Please see 4th Quarter 2007 Conference Call Transcript enclosed in the following pages*]

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2008 APR 23 P 3:19
OFFICE OF INTERNATIONAL
CORPORATE FINANCE

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2008 MAR 23 P 3:10
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CORPORATE FINANCE

International Conference Call
Banco do Brasil S.A.
4th Quarter 2007 Earnings Release
February 27th, 2008

Operator: Good morning, ladies and gentlemen, thank you for standing by. We will now begin Banco do Brasil´s 4th quarter 2007 results conference call. At this time, all participants are in a listen-only mode. Later we will conduct a question and answer session and instructions will be given at that time.

If you should require any kind of assistance during the call, please press the star followed by zero. As a reminder, this conference is being recorded and live broadcasted with a slide presentation on the Bank's website, at Investor Relations site where questions may be sent through e-mail.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Banco do Brasil's management and on information currently available to the company. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties, and assumptions because they are related to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Banco do Brasil and could cause results to differ materially from those expressed in such forward-looking statements.

With us today we have Mr. Aldo Luiz Mendes, CFO; Mr. Milson Martiniano Moreira, Controlling Director; Mr. Pedro Carlos de Mello, Accountant and Mr. Marco Geovanne Tobias da Silva, Investor Relations Manager.

First, Mr. Aldo will comment on the company's 4th quarter 07 big figures. Afterwards, Mr. Geovanne will present more details of the 4th quarter 07 results. At last, the executives will be available for a question and answer session. It is now my pleasure to turn the call over to Mr. Aldo. Mr. Aldo, you may now begin.

Mr. Aldo Luiz Mendes: Ok, thank you. Good morning, this is Aldo speaking. Thank you all for joining us. As usual in this conference call will have the presentation of the results highlights followed by a Q&A session. Geovanne will present the slides soon, but before that I want to highlight some figures of our performance. In 2007, without the extraordinary effect we had a net income of R$ 5.7 billion and a 25.5% ROE. In the fourth quarter our net income amounted R$ 1.2 billion. We ended the year with more than 160 billion in our loan portfolio, with highlights to loans to individuals and SMEs, which registered respectively growths of 33 and 34% in 2007.

Talking about individuals we reached an 18.5 market share in payroll loans with a balance of around R$ 12 billion and an increase of 43.3%. In the car loans business that we started recently and which will help us to get a large market share we achieved R$ 2.9 billion at the end of the year. Another good result was brought by our business with cards, which revenues and base increased 30% and 23% respectively in 2007.

Looking forward to the 200 years that we will celebrate in 2008, we are deeply committed to strategies that allow us to have a sustainable business, such as the launching of new specific products on loans, cards and insurance to different kinds of public; the raise in the number of operations with the public sector and its employees; the increase in the business with non-account holder customers through partnerships with large companies; growth in the mortgage business; the maintenance of our leadership in innovative solutions in automated channels and the social and environmental commitment of the company. Now I would like to invite our IR Manager, Marco Geovanne, to give us more details on the results. Please Geovanne.

Mr. Marco Geovanne Tobias da Silva: Thank you Aldo, good morning to you all, this is Geovanne speaking. Let us start from slide 2, where we present our recurrent net income. We can see that it was 56.8% higher than the same period last year, which means that in absolute terms we came from R$ 3.7 billion of recurrent net income in 2006 to R$ 5.7 billion in 2007.
The return on equity achieved 25.5%, totally in line with our expectation of mid-20s ROE.
In the fourth quarter net income amounted R$ 1.2 billion, 10.8% lower than the third quarter and 0.4% below the same period of 2006. However, it is important to remember that when we compare the net income of Q407 with the same period of 2006 this reduction is explained by a lower tax rate in Q406. As you may remember, up to 2006 Banco do Brasil used to pay dividends and interests on shareholders' equity bi-annually; therefore the tax benefit of the interest that belongs to the second half of 2006 was entirely accounted in Q406's results. As a consequence, the tax rate achieved 14% back then.
From 2007 on our dividend policy changed to quarterly payments; as a result, the tax benefits from interests on shareholders' equity in Q407 covered only three months; therefore, the tax rate was higher than the same period of last year and achieved 26%.

On slide 3 we have the annual comparison of the main non-recurrent items that helped building 2006 and 2007 results. While the 2006 results were positively affected by non-recurring effects of R$ 2.4 billion with highlight to tax credits, 2007 results were negatively impacted in R$ 690 million that came mainly from the one-off expenses to finance the early retirement plan and the one-off expenses to promote a capital injection in Caci - Banco do Brasil employees' health care plan.

On slide 4 we can observe the main items that have contributed to build the recurrent net income in the fourth quarter when compared to the previous quarter until we get to the bottom line, the net income. On the positive side I would like to highlight here that

we can see earnings of R$ 322 million in the net interest income + R$ 92 million in fee income and R$ 86 million from other positive effects.
In the negative side there was some increase in administrative expenses and provisions for credit risks; the balance brought a decrease of R$ 121 million to the recurrent net income in the period, which added to the non-recurrent expenses with the health care plan I mentioned by Caci and also from the expenses from the early retirement plan totaled a net income of R$ 1.270 billion. We will have the chance to explain later and to give you a breakdown on the increase on the increase in our administrative expenses.

On slide 5 we can observe the evolution of the net interest income, with an increase in operations revenues and the stability in the interest expenses, both in the quarter and in the year period. Besides, there was a reduction in revenues from securities in the year to year comparison due to our macroeconomic scenario with decreasing rates.

Moving on to slide 6, the graph on the left part of the slide shows us a 200 basis points reduction in the average Selic rate since December 2006. On the other hand, Banco do Brasil's spread dropped only 64 basis points, totaling 7.8%, totally in line with our expectations and confirming the strong resilience of our spread to cuts in the benchmark rate.
On the right hand side of the slide we can see the evolution of our loan book spread. We can see that spreads for individual loans remained the most attractive ones if compared with the other books. With the increase in operations with lower risk and lower rates - such as payroll deductible loans and car loans - and also with the decrease in the benchmark rate for the past 12 months the portfolio is operating in lower levels in terms of spread when compared to the same period last year. There was a reduction in the average spread in the individuals portfolio from 31.8% to 26.6; however, this is still a very attractive spread and explains our strategy of growing faster our loans to individuals book.

On slide 7 we will see that the changes in the mix of our assets are the main reasons to maintain our spread at the 7.8%. The line graph shows us a relation between Banco do Brasil's funding interest-rate and the Selic. We can see that this relation has been stable while the investment rate went up compared to Selic and presented a positive behavior.
In the other graph we will show you the evolution of our assets long exposure, dividing here between floating-rate assets and fixed-rate assets. We can see that according to this bar chart there has been a reduction in floating-rate assets, that reduced from 22.9 to R$ 15.1 billion as a result of the decrease in the benchmark rate. On the other hand, Banco do Brasil focused on the growth of fixed-rate assets, mainly credit from 29.9 billion to R$ 62.4 billion of long exposure to fixed rates assets to better protect our margins.

Moving to slide 8 we can see that our loan book reached R$ 160.7 billion, a 20.7% growth rate when compared to December. This growth rate was below the average industry mainly due to: first, the decrease in the balance denominated in reais of our loan book abroad, due to the appreciation of real over dollar, 6.6% decrease, and also a lower increase in the agribusiness portfolio that was only a 15% increase.

In the quarter the average portfolio grew by 7% and I would like to highlight here loans to businesses that increased by 9.7% and totaled R$ 65.5 billion. For the past 12 months the growth in this book was 26.1% and it is also important to remember that loans to businesses they are representing nowadays 41% of the total portfolio. It is also worth to mention that the most, the biggest part of this portfolio that grew the most were definitely loans to SMEs, which operations grew by 34.4% in the year.
Another highlight with regards to our credit book was definitely the individuals portfolio that reached R$ 32 billion balance, a 33.4% increase when compared to the same period last year and a 8.4% increase in the quarter. The share in the total portfolio of our loans to individuals increased from 18% as of December 2006 to 19.9% at the end of 2007 and as I mentioned before the agribusiness loans totaled R$ 51.9 billion, a growth of 15% in the year and of 7.1% in the quarter. This portfolio lost its share in the overall book that came down from 33.8% share to 32.3% and this lower performance in the agribusiness book was due to seasonality.

Moving on to slide 9 we have the breakdown of our individuals book which represents, as I mentioned before, almost 20% of the total loan book in Banco do Brasil. The highlights here are definitely payroll deductible loans and car loans and also credit card operations. The payroll loans reached a balance of R$ 11.9 billion at the end of 07, a strong growth of 43.3% when compared to December 06 and 7.9% in the quarter. Only in terms of disbursement the total volume of payroll loans amounted R$ 13 billion in 2007, which means a monthly disbursement of an average R$ 1.1 billion per month. With this result Banco do Brasil kept its leadership in the payroll deductible loans market, with 18.5% market share. I would like to remind you that is part of our main targets to achieve at least 20% market share in this market, in the payroll deductible loans market.
Another highlight is in the individuals portfolio ... in the individuals portfolio, sorry, due to the strategy adopted by Banco do Brasil to tap the car loans market. This is a brand new market for us that will celebrate two years, ok? And we grew for the past 12 months 227%; in the quarter there was a 31.5% growth and we amounted R$ 2.9 billion balance in the car loans book, being R$ 730 million from partnerships with auto dealers, including here the partnership with Localiza. In car financing I remind you that we ran over ... we achieved a balance above our target that was R$ 2.2 billion at the end of the year and for 2008 our target is to achieve a R$ 6 billion balance in the car loans business.
Well, besides these operations I cannot forget to mention here credit card loans, which grew 39.5% in the 12 months and 17.8% in the quarter, reaching a R$ 4.3 billion balance. I will have the chance to discuss later the numbers of the credit card business, but this increase definitely reflects the tremendous growth we promoted in the turnover of that business and also in the number of activated cards.

Now moving to slide 10, according to Central Bank rules and the numbers disclosed by the Central Bank we make here a comparison between the credit risk of Banco do Brasil and the average industry. We can observe that in the line graph at the top of the slide the average risk in Banco do Brasil's loan book remains stable at 5.4%. Banco do Brasil prefers to remain very conservative in its provisioning policy and as you can see in the

graph below, in terms of coverage Banco do Brasil has a 204.5% coverage ratio over past due loans for more than 90 days, while the average coverage ratio for the banking industry is around 169%. It is important to remember that we are not considering in these calculations here the additional provisions we have accounted in our books. If we had to include these additional provisions the coverage ratio of Banco do Brasil would go up to 242%.

On the next slide we can see in the left graph the provision expenses/total book dropped quarter to quarter, achieving a 3.7% average rate. Here it is worth to mention that as in the fourth quarter there is a higher volume of contracts in the agribusiness portfolio due to the plantation season. As a consequence, the total amount of provision expenses grew significantly in the fourth quarter as part of the growth in our credit book.
Also on slide 11 we can see that in the bottom graph on the right hand side of the slide there has been a stability in the number of past due loans ratio over book, ok? This provision, the provisions in our book represent 6.4% of the total book, while past due loans over 60 days are at the 3.3% range, which means that we cover more than 1.5 times the past due loans for more than 60 days with the provisions we have accounted in our books. When we make the Q407/Q406 comparison we can observe a slight increase in past due loans/book; however, when you compare to Q307 there was an improvement in past due loans due to the renegotiation that we promoted in the agribusiness portfolio according to the authorization from the Central Bank and this negotiation is expected to end on February 2008.

On slide 12 we would like to show you here the balance of our provisions we have accounted in the book. Here we divided according to required provisions to compare with the Central Bank rule and also with additional provisions. The required provisions amounted R$ 8.7 billion and the additional provisions of R$ (inaudible 21.52) billion. These additional provisions are in the book to face (inaudible 21.57) that might happen in the agribusiness book.

Moving on to slide 13 we can see that our deposits are still growing in a very good pace. The highlight here goes to savings deposits and demand deposits. At the end of 07 we had total deposits of R$ 188.3 billion that represented an 18.5% growth rate when compared to December 06 and a 9.4% increase in the quarter.
Demand deposits registered the best performance, an increase of 28.1% in the past 12 months and 32.5% compared to the previous quarter. This performance reflects also a very specific characteristic of our economy in December, when the economy is very liquid due to Christmas bonus, vacation bonus as well. On the other hand, the savings deposits grew by 25% in 12 months and 4.6% in the quarter. Time deposits they are still responsible for most of our deposits base, however showing a small increase, 11.2% in 12 months and 2.2% in the quarter.

With regards to fees I would like to discuss on slide 14 that we posted an 11.4% growth rate for the entire year in fees. This was a little below our expectations and mainly due to purchase of payrolls that we decided to reduce the fee to retain customers and also due to a higher competitiveness in the asset management business. These two would

explain why we are missing the target of fee growth between 12 to 15% for the entire year.
With regard to the quarter numbers we reached a R$ 2.6 billion of fee income, a 13.3% growth rate when compared to Q406 and 3.7% in the quarter, driven mainly by the growth in the cards base and also due to new contracts in insurance and pension plan products that usually there is seasonality and we usually see an increase in insurance and pension plans products sales.
It is worth to highlight that in the fourth quarter we stopped receiving fees from the Social Security system, about R$ 7 million per month, and that fees related to cash withdrawals and deposits were accounted in another different line in the PNL, in other operational revenues and expenses.
Customer fees grew 11.9%, whereas the customer base increased by 6.7%. Here it is important to mention that the behavior of our revenues is reflecting the measures adopted by the bank in order to grow its business such as payroll for the good part of the contracts that are set in the negotiation a reduction in the so-called credit opening fee and also due to lower fees in the credit card business due to the competitiveness of this sector.
We would also like to mention that our future service revenues ... the future fee base must be affected by the new regulation in the banking industry and because of that for the entire 2008 period we are expecting fee growth to be single digit, around 8%.

Moving to slide 15 we can observe the evolution in our asset management business and also in our customer base. At the end of 07 we reached R$ 220 billion in assets under management leading to our leadership in Latin America with 18.3% market share. The raise in the balance of assets under management was 20.5% in the year and 6.5% in the quarter. However, it is important to mention that we lost some market share due to the increase in competitiveness in this particular segment and this is one of the reasons why we have to become more aggressive in reducing fees in this business, helping us to decrease the fee growth rate for the entire asset management business in Banco do Brasil.
On the right-hand side of the slide we show you the evolution of our customer base. There was an increase of 1.6 million account holders in the period that totaled 26 million account holders at the end of 07. It is important to remind you that besides our account holders we are promoting an organic growth in our base and we have also other clients and when we brought the concept of banking consumers we could add up to these 26 million account holders around 7.2 million savings account holders; 3.6 million Social Security beneficiaries that receive their benefits through Banco do Brasil; and also 3.3 million non account holders customers that make banking business with Banco do Brasil but do not hold accounts with us. This would total a 39.1 million bank consumers base in Banco do Brasil, the largest one among Brazilian banks.

On slide 16 we can see that the added value for our insurance business reached R$ 1.2 billion in 07, a 6.8% increase when compared to 06.

Moving to slide 17 we observe the contribution of business with cards. Here we have the added value of these operations that presented a 14.9% increase, totaling R$ 2.3 billion in 07. In the quarter the growth was 20.2%, around R$ 657 million.

Bringing you other numbers with regards to our credit card business I would like to show you on slide 18 that the increase in the added value of cards is directly linked to the strong expansion in the cards base and also due to the growth in the total revenues of this business. From December 06 to December 07 we reached 69.1 million cards, of which 20.2 million are comprised of credit cards and 48.9 million comprised of debt cards. In the year 12.7 million new cars were issued, being 6.1 million credit and 6.6 million debt. Regarding revenues, turnover, with credit and debit cards we reached R$ 49.3 billion of turnover, a 31.9% growth in 12 months.

Slide 19 shows us the behavior of our administrative expenses. It is important in the next two slides; we would like to explain better the performance of these expenses that to a certain extent meet the estimates of our market analysts. There was, when we look to the overall amount of administrative expenses in the year, we were very profitable and very happy with this performance because administrative expenses showed a 3.3% increase, below the inflation. However, in the quarter there was a 10% increase. For the sake of estimating we would like to discuss this in the next two slides to give you a breakdown of what effectively happened in personnel and other administrative expenses in the fourth quarter.

Talking specifically about personnel expenses we have in slide 20 the analysis of changes between the third and fourth quarters. The increase of 10% in these expenses, which means around R$ 177.4 million extra expenses in the fourth quarter was a result: one, of R$ 82 million increase due to the salary raise we granted to our employees. Just to remember, we ended September with a salary negotiation with the unions that granted around 6% increase in the overall salaries for banking employees - this was for the entire sector, ok?
Besides that, there was another R$ 53 million increase in personnel expenses due to a change in what we call occupational accident insurance. This insurance represented, used to represent up to June 1% of the average payroll of a bank - this was for the entire industry, ok? - and there was a change from the Social Security system that increased this rate from 1 to 3%. As a result, we had an increase of R$ 53 million in this line.
And the last effect was also the increase in the number of employees. The average workforce increased by 2,800 employees in the period that corresponds to a R$ 51.3 million increase in personnel expenses. This workforce increase was necessary to replace those employees that left the company by June, around 7,000 employees left the company in the early retirement program and we were able to replace them only in the fourth quarter, since in order to join Banco do Brasil we must promote a public exam and it took us the entire third quarter to make all these actions to allow us hire these people in the fourth quarter.
It is worth to highlight that half of the amount of the expenses with occupational accident insurance are related to the months of June to September, so the effective impact of

this increase in the occupational accident insurance in the fourth quarter, R$ 53 million, should be deducted by 26.5 million that was related to the June to September period.

Moving to slide 21 I would like to give you a breakdown of the changes that we had in other administrative expenses. There was an increase of R$ 157 million in this slide, 72 million that we could consider as non-recurrent expenses that could be classified as non structural expenses. These expenses, this breakdown we have around R$ 32 million of contributions we did to the Foundation of Banco do Brasil, around R$ 24 million of the Foundation, credit to the Foundation Banco do Brasil - and usually every fourth quarter Banco do Brasil makes a kind of capital injection in its Foundation to finance all the projects carried out by the Banco do Brasil Foundation - and another R$ 8 million that was made to the children and teenager Rights Fund. Of course that these donations also have tax impact.

Besides that, we cannot forget that in order to face the increase in business along the third quarter Banco do Brasil had - and in the fourth quarter as well - had to hire temporary workforce to help us make all the transfers from the payrolls we bought from the state of Minas Gerais and from the state of Bahia as well. Since we had 7,000 people leaving the company by June there was a deficit of employees during the third and fourth quarters and we were still expecting people to be hired. So in order to help us do these transfers not to jeopardize the services we had to hire temporarily some workforce. As a result, we had to account R$ 21 million of extra expenses.

And finally there was a non-recurrent expense of R$ 19 million of marketing expenses. We had TV campaigns - 10 million was directly linked to our offering, we made in Brazil an advertising campaign in Brazil to incentivate Brazilians to participate in our offering and a result of that was that 25% of the offering was allocated to individual investors here in Brazil and R$ 9 million was another marketing campaign, the startup of celebration for our 200 years anniversary and we had a massive TV campaign here in Brazil starting all the facilities to celebrate these 200 years anniversary that will happen in October 08.

If we do not consider R$ 72 million of non structural expenses, instead of a raise of 10% in the quarter in our other administrative expenses we would see an increase of 5.4% in other administrative expenses, totally in line with our expectation of increasing in line with inflation and this increase was mainly arising from third parties' service such as security and other contracted services in the quarter, due to the organizational growth that we promoted ... the organic growth, sorry, that we promoted in our business.

It is important to remember that we had to create three specific areas in Banco do Brasil to address mortgage market, to address car loans market and also credit card business. Differently from our peers, Banco do Brasil has promoted his growth organically and in order to do that we must create areas in the company to start targeting new businesses, but the expenses of the creation of these areas we will see upfront in the PNL while the revenues that will be generated by these businesses we will see throughout the quarters.

On the other hand when we compare this strategy to our peers, usually they make acquisitions, the goodwill will be amortized throughout time, however the revenues of these businesses that they buy will start being accounted immediately because usually

they by, they do not start off, they buy existing companies that are already generating value.

Moving to slide 22 we can see that fee income and personnel expenses ... a comparison with fee income and personnel expenses. Here is important to notice that the coverage ratio of personnel expenses, the fee income/personnel expenses even with all the non-recurrent impact was above 100%. If we adjust that excluding the one-off expenses with the retirement plan, early retirement plan, and the capital injection in the health care plan we would have a coverage ratio of 128%.

Moving to slide 23 we can observe that our cost/income ratio also deteriorated due to these one-off expenses. If we put apart these non-recurring items we would have accounted a 46.9% cost/income ratio. It is important to remember that the target for 08 is to end the year with a 45% cost/income ratio.

Moving to slide 24 we show you our leverage capacity, our BIS ratio ended the year with 15.7%. With this ratio it guarantees a leverage capability for Banco do Brasil to grow its loan book by R$ 93.6 billion and by all the growth in our book our loans/deposits ratio continues to be very competitive and very attractive at 85%. So there is no capital or even fund constraint for Banco do Brasil to finance the growth of its assets and we are estimating for the entire year of 08 to grow our loan book by 25 to 30%.

Moving to the last slide of our presentation I would like here to discuss with you the annual guidances we gave to the market and what we reported and also the annual guidance for 2008. With regards to our net interest ... margin, financial margin/over earning assets the guidance we gave last year was to be around 8% and we ended 07 at 7.8%, in line with our guidance. For 2008 our expectation is to maintain this ratio between the range from 7.5 to 8%.
The guidance for provisions to credit risk was achieved in the most positive way. Provision expenses/average book represented 3.7% of the average portfolio annualized, the target was ... the guidance, sorry, was between 3.7 to 4% and for 2008 we expect to maintain this average provision/ book for the entire year between the range 3.7 to 4%.
Fee income. The guidance was to have a fee income between 12 to 17%. We missed this guidance due to increase in competitiveness in the banking industry, some measures that we had take to become more attractive to customers, to gain market share and that slightly grew by 11.4%. However, due to the new regulatory environment in the banking industry, specifically with regards to fee income we are reducing our guidance to a single digit one and we expect in 2008 an 8% growth rate in fee income.
In administrative expenses, administrative expenses the annual performance came below our guidance, we were expecting to be leveled with inflation and it came up 3.3%. For 2008 we are expecting to have our expenses growing between 7 to 10% specifically due to adjustments we must make in order to face the increasing competitiveness in the sector.

With regard to return on equity our guidance was mid-20, we ended 2007 with 25.5%, aligned with the guidance and for 2008 we are sustaining the same guidance – mid-20s as well.
Loan book. Loan book the guidance was to grow between 25 to 30%, we missed this guidance due mainly to the performance in the agribusiness book that grew only by 15% - the expected target for this book was 20%, not 15 - and also due to the decrease in the real denominated balance in the loans booked abroad due to the appreciation of real over dollar. However, with regards to individuals and business we believe that we practically achieved the guidance. The guidance for individuals was between 35 to 40% growth rate in 07, we ended the year with 33.3% growth rate. For 08 the guidance we are adjusting from 30 to 35% growth rate.
Businesses our guidance will be maintained, we were expecting 25 to 30%, we ended 07 with 26.1% increase in this book and we will sustain that to 2008.
With regard to total deposits we were in line with the guidance to grow between 15 to 20, we ended 07 with 18.5% growth rate. For 08 we sustain the guidance at the range of 15 to 20%.
And finally with regard to credit cards we outperformed the guidance, the guidance was to end the year with credit card activity with 16.5 million credit cards and we ended 07 with 20.2 million credit cards activated. The guidance for 08 will be 25 million credit cards by the end of 08.

Well, those were the figures, the results we wanted to share with you; we could now open the floor for the Q&A. Thank you.

Q&A Session

Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. If you would like to ask a question, please press the "star" key, followed by the "one" key on your touch-tone phone. To remove yourself from the questioning queue, press the "pound" key. Excuse me. Mr. Carlos Firetti with Bradesco would like to ask a question. Please, Mr. Firetti, go ahead.

Mr. Carlos Firetti: Hi everyone, I have a question related to the expense side. You gave us a good detail on the G&A expenses and personnel, but I would like to focus a little bit more on other lines like your legal risk expense. I would like to know what would be a good number to use in order to forecast this line more correctly for 2008 since I think you had some non-recurring expenses in this line associated with the past economic plans in Brazil.
And also another question related to the other operating expenses and income lines. This line had an increase in the fourth quarter - I know there is some seasonality regarding to the update of some provisions - but I also would like to have from you what do you think is a reasonable growth to assume for this line going forward? That is it, thank you.

Mr. Silva: Thank you Firetti, this is Geovanne. As a matter of fact, trying to estimate these legal risk expenses is a little bit hard especially because the ranges we make provisions are zero, 50 or 100% - not as gradual as it is, for instance, when we are provisioning for credit risk. Definitely in the fourth quarter of 07 there was an increase due to R$ 100 million we accounted to face economic plans. According to our Controlling Director we are paying a very close attention to this legal environment and you should expect for 2008 the level of legal risk ... it is hard to try to assess a number, but probably I think the numbers we have since the third quarter, fourth quarter of 07 would be a good ... you could start with these numbers - average of 350 million - this for the sake of estimate.
But once again, this is a very difficult line to try to assess because we do not have the control on the decisions taken by courts and whenever there is a litigation going on if this decision is denied in the first court and goes to a higher court it is approved at the higher court I you will have to write provisions 50% of the litigation, ok? Probably - it will be a kind of guess - but you should expect something around R$ 300 million for the quarter. I think it would be conservative, between 300 to 350 due to all the changes we are doing, we are expecting to happen in the country.
However, it is important to highlight here that with regards to labor claims Banco do Brasil is taking some measures to reduce the volatility of this. What we are doing? We are ... all the employees that are leaving the company nowadays they must sign a formal agreement with the company and according to this agreement - this is also approved by the court - and the employee has no longer write to start any labor claim in the future. Because sometimes when you lay off people they take like 3, 4, up to 5 years to start a labor claim, so you do not have the exact control of the amount of labor claims you will have in the future, because you do not know whether your employees will start a legal claim against you or not. However, with this agreement, this formal agreement we are signing – and all the people that left the company in the early retirement plan they had to sign this agreement - we did that in order to reduce the volatility of this line.
With regard to civil claims it is unpredictable, because every customer that gets stuck in the revolving door to enter in our branches can start up a legal claim against the bank asking for moral hazards and other kinds of damages, but for the sake of estimate I think that between 300 to 350 per quarter would be a good guess - but we must wait for the upcoming quarters to see if this trend will be confirmed or not.

And the other one has to do with other operating expenses. It is important to mention here that there is a deliberation, a rule from the Brazilian FCC and this is applicable for all companies, public companies in Brazil. All companies they must assess what will be the future liabilities for pension plans and health care plans for their employees and you must account that when you publish your fiscal year numbers. That is why the fourth quarter usually comes with a higher volume of other operating expenses and we have the explanatory note number 24 giving the exact idea of the actuarial assessment of all of our future liabilities.
Aldo perhaps could share with us some ideas that we are starting to discuss. In order to reduce this volatility we are starting to discuss with Previ if we could use part of the surplus to mitigate or even to completely reduce to zero the future liabilities that we

would have due to actuarial changes in pension plans for those employees which responsibility is responsibility of Banco do Brasil or to the health care plan as well.

Mr. Mendes: Yes, this is something that we did in the past, in 1997 when there was a surplus in Previ. Part of Banco do Brasil's actuarial obligations were transferred to the pension plan and our part in the surplus at that time was used to support this expense. We are discussing to do the same now with Previ and the idea is let us transfer some actuarial obligation that we have in our balance sheet to the pension plan and the pension plan will use the part that we have in that surplus to support this expense.
But we cannot do this by ourselves, we have to achieve an agreement because the law is very clear, we can do both with the surplus: we can reduce the contribution or we can increase the benefits. So anything different from these two options, two possibilities, has to be achieved by a consensus, a negotiation with the pension plan and we are in the middle of a negotiation with the pension plan trying to achieve this objective.
And I cannot forget to mention that with regard to other operational expenses we do have a breakdown of these expenses in the explanatory note 15 in our balance sheet. I do not have the flow we are expecting for a specific kind of expense, but I will try to bring that in the next call, for the first quarter results.
But I would like to highlight here if you look in that explanatory note there is a specific expense that we call in Portuguese VRM. All the payrolls that we are buying from municipalities and state governments we amortize the price we pay throughout time as long as the contract stands and these contracts will be effective until 2012 and we have already started to amortize the payrolls we paid and that is why when we compare to 06 there was an increase of R$ 157 million in other operating expenses due to the level of amortization of these disbursements we did for governments – municipalities and state governments - when we pay to buy their payrolls. But I will try to bring that on the next call, Firetti.

Mr. Firetti: Ok, thank you very much.

Operator: Thank you. Our next question comes from Maria Laura Pessoa from Unibanco would like to ask a question. Please go ahead.

Ms. Maria Laura Pessoa: Hi all, I have two questions. The first is related to the increase in CSL contribution; what kind of effective tax rate do you expect for this year? What is the effective increase that you foresee?
And the second one is you just mentioned regarding the rise in expenses and part of it related to the hiring of additional personnel to meet for the recent acquired payroll from the employees of Bahia and Minas Gerais state. I wonder when the bank will start really to pay the salaries? As far as I am concerned I think Bradesco is already ... still paying the employees of Bahia state and so when do you expect these benefits, I mean, the client base to be ready for you to start exploiting the opportunities that come around with this client base? Thank you.

Mr. Mendes: Hi Maria, this is Aldo. As far as I know, Banco do Brasil is paying all employees of state of Bahia and state of Minas Gerais. If there is someone receiving

from other of the former banks it must be an exception, because Banco do Brasil is already paying everybody, ok?

Ms. Pessoa: Ok.

Mr. Mendes: And with regards to your first question, Maria Laura, I would like to ask the help of our Controlling Director, because as I recall the expectation was to increase our tax rate by, I think 3 ... sorry, 300 basis points if I recall quite well. Despite the increase of 600 basis points in the social contribution, the impact in the increase of the tax rate would be lower due to some specific deductible expenses that we have in our balance sheet and we would have also to update all the tax credits that have accounted that were accounted considering a 9% rate of social contribution over profits and it will be adjusted to 15%.
We have an explanatory note showing the size of our provisions that must be built to update our CSL; it is explanatory note 18.8. We have differences in provisions around R$ 23.4 billion, so what we are talking about is the potential activation of 6% over R$ 23.4 billion of deferred tax credits due to differences just because of that. So we are not expecting a considerable increase in the tax rate, it could go up to 30%, 31% due to this change in the CSLL. Pedro, Nilson, if you want to add some comments please feel free.

Mr. XXX: ...rise in terms of increase in tax rates it could be something between 200 basis points to 300 basis points, ok?

Ms. Pessoa: Ok, thank you.

Operator: Thank you. Our next question comes from Isabel Guerra with Banco Fator would like to ask a question. Please go ahead.

Ms. Isabel Guerra: Hi everybody, I have a doubt regarding the personnel expenses. I know most of your old employees left the company in the second quarter but you hired other ones; they would cost less than the persons who left the company. So how can I adjust this number? If I have a comparison with the total fourth quarter of 2006 - excluding all the effects, excluding the increase of the unions, some things like that - I want to know, regarding the personnel expenses only, I want to know if it will be a lower cost or a higher cost? Could you explain it a little bit more, please?

Mr. Silva: Ok Isabel. First of all you must bear in mind that the bulk of the employees that left the company they left by June, so in the third quarter there was some blank - I do not know if I can say that in English, but ... - we did not have time to hire new personnel to replace the old ones that left. Usually a new one costs one third of an old one in the same position and this was one of the reasons why we had to hire temporary workforce to help us in the business during this time and at the end of the day it increased other administrative expenses.
And if you compare personnel expenses in the third quarter 07 with the previous quarter there was a reduction in these expenses due to these people that left the company. The new ones they added something around R$ 82 million in terms of expenses; however,

when we compare to the same period of 2006 there was an increase of 4.9%. This was definitely mainly due to the salary raise we granted to the personnel; the fourth quarter of 07 is fully impacted by the 6% salary raise we granted for temporaries in Brazil, so this is a major reason why we have a higher expense number. You should have made the adjustments - I do not have this calculation here - but definitely you should deduct from the R$ 1.9 billion de 61.3 million that was ... sorry ... no, no ... the contribution was after the insurance; in order to be compatible you should take that apart to see effectively the kinds of savings you are expecting. According to our estimates - Nilson you could help me with this answer – we were expecting from 2008 on to save around 150 million up to R$ 200 million per year in the personnel expenses line due to the replacement of the old ones to new ones. Is this number correct Nilson? I do not recall quite well ...

Ms. Guerra: Would you mind to repeat the number please?

Mr. Silva: I think it was 150 to R$ 200 million, this was the expected savings in personnel expenses that we were expecting due to this replacement of old ones to new ones. Nilson, do you remember this number?

Ms. Guerra: Ok, if I hadn't had ...

Mr. Silva: I am asking my people that are in Brasilia to help me better answer your question.

Mr. Milson Martiniano Moreira: Geovanne it is ok, after taxes.

Mr. Silva: After taxes, around R$ 150 million savings due to the replacement, ok Isabel?

Ms. Guerra: Ok. If I compare the numbers fourth quarter of 2006 to 2007 if I had not had the salary raise, using the same base without the extraordinary items, may have a reduction number? May I have a reduction in this number?

Mr. Silva: Yes, definitely because the numbers I have here – it is on table 17 in our in our MD&A - as of Q406 the total amount of personnel expenses was R$ 1.846 billion, as of December 07 R$ 1.936 billion. The salary raise was 6% and the increase resulted in 4.9%, so the increase was below the average salary raise we granted.

Ms. Guerra: Thank you very much.

Mr. Silva: You are welcome.

Operator: Thank you. Our next question comes from Daniel Abut with Citi would like to ask a question. Please go ahead.

Mr. Daniel Abut: Thank you very much. I have a couple of questions, the first one thank you for the guidance that you offered in page 25. If I could ask you what is your basic macro assumptions behind this guidance in terms of both, a GDP growth what you are expecting for 08 and more importantly interest rate, what is your base case, Aldo, for Selic to the end of the year? That is question one.
Question two, you give guidance for provision for credit risk more or less in line to what we have seen recently, 3.7% to 4% range. There is some explanation that you give in your press release that in the first quarter there is going to be, I believe, R$ 450 million coming from some initial studies regarding January related to agribusiness portfolio. I was wondering if, when we think about provisions, for the first quarter alone we should think about the normal 3.7 to 4% + this 450 as a onetime thing or the 450 would be included in the overall 3.7 to 4% guidance you are giving?

Mr. Silva: Thank you Daniel, hold on a second. Just to check, the first question you wanted to understand the guidance for the Selic rate and for what?

Mr. Abut: And GDP growth, what is underpinning this loan growth and NIM assumptions for 08?

Mr. Silva: NIM assumptions for 08?

Mr. Abut: No, no. Selic and GDP growth that you use in order to come up with your loan growth assumption and your net interest income assumption. Selic and GDP growth.

Mr. Silva: We are working with this basic scenario of maintaining Selic by the end of 08, 11.25. The fact why we are reducing our guidance to net interest margins from 7.5 to 8% is that we expect to grow faster the car loans book, which average spread is at 14% and also continue to grow faster payroll and they definitely will help decreasing the net interest margin in the individuals portfolio, besides a higher increase in the agribusiness book.
Agribusiness book has already posted a reduction in its net interest margin close to 6% - it used to be close to 7 - due to the lower rate we are charging now and lower equalization revenues as well. Equalization revenues dropped from (inaudible 01.08.15) billion and probably, depending on how risk performs, it could ... our expectation is throughout time to go back to the historical level of R$ 600 million per crop.

Mr. Abut: And GDP growth, what are you assuming for 08?

Mr. Silva: 5% Daniel.

Mr. Abut: Ok thank you, that would take care of the first part of the question; if you could address the second one on provisions, Geovanne?

Mr. Silva: With regards to provisions?

Mr. Abut: ... that 450 million that you explain in the press release.

Mr. Silva: The 3.7 is (inaudible 01.09.00) in this 400. If by any chance we have to make some adjustment it could go up to 4%. If you make calculations moving from 3.7 to 4%, it would be something close to R$ 400 million increase in provisions for NPL. But anyway if by any chance we have to make this kind of adjustment we would definitely use a part of the additional provisions we have.

Mr. Abut: So the 450 is not a final number yet, is just preliminary - it may or may not happen? Is that what you are saying?

Mr. Silva: The 450?

Mr. Abut: Yes.

Mr. Silva: For the first quarter of 08?

Mr. Abut: Yes.

Mr. Silva: Yes, because it will depend ... we have up to February 29th for the outstanding balance of loans that are still under renegotiation to be restructured, we have something close to R$ 400 million. So the final date will be February 29th and that is why it is a possibility, because so far we do not know effectively how much of that was restructured or not.

Mr. Abut: Understood, very clear, thank you Geovanne.

Operator: Thank you. Our next question comes from Tito Labarta with Deutsche Bank would like to ask a question. Please go ahead.

Mr. Tito Labarta: Hi, good morning. Just a follow-up on the agricultural exposure. I could notice that the EDH on that book increased slightly in the quarter, just give us a sense of what you are expecting that portfolio any deterioration in asset quality and also what kind of loan growth on the agricultural segment? Thank you.

Mr. Silva: The agricultural segment has seasonality; usually the potential season starts in August. However, with the restructuring of some installments we are postponing it to the fourth quarter. We expect for 08 a 20% growth rate.

With regards to risk, as you may see in the numbers we posted as of December the ... risk concentration was at 11.8, now it is that a 13.8. I think that it will still remain at 13.8, we are not expecting a faster improvement in this risk because we have been very conservative as we have been mentioning in our calls. We rolled over these loans for a five-year period, (inaudible 01.11.31) people start paying this back you know we will not start improving the risk profile and that is why we will continue to make more provisions to this book in order to strengthen the quality of our balance sheet. However, the

numbers of delinquency rate are very under control, the only problem is that provisions tend to remain higher in this book due to this average higher risk profile and we will not improve it as long these people do not start paying us back.

Mr. Labarta: Ok, thank you.

Operator: This concludes today's question and answer session. Mr. Aldo, at this time you may proceed with your closing statements.

Mr. Mendes: Thank you. I would like to invite you in the name of Banco do Brasil board of officers to join us next Monday March 3rd in the fourth meeting with analysts and investors in Sao Paulo. In this opportunity BB's board will be presenting our performance and perspectives. More information available with our IR team and I would like to add to that we will be participating in a number of conferences. For instance we have to end our call due to the time and the people that did not have the chance to make questions they can either send us an e-mail or call us and we will also be participating in the Citibank conference in New York at the end of March, in the Deutsche conference this week in Rio de Janeiro and in Merrill Lynch conference in mid-March in Bahia. So thank you all for the attention and if you need any further information please contact our IR team as Geovanne mentioned. Thank you, bye.

Operator: That does conclude our Banco do Brasil's conference for today. As a reminder, the material used in this conference call is available on the Bank Investor Relations' website. Thank you very much for your participation. You may now disconnect.

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(E4) 3rd Quarter 2007 Conference Call Transcript

[Please see 3rd Quarter 2007 Conference Call Transcript enclosed in the following pages]

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International Conference Call
Banco do Brasil
3rd Quarter Earnings Results
November 14th, 27

Operator: Good morning ladies and gentlemen, thank you for standing by. We will now begin Banco do Brasil's Third Quarter 07 Results conference call. At this time, all participants are in a listen-only mode. Later we will conduct a question and answer session and instructions will be given at that time. If you should require any assistance during the call, please press the star followed by the zero. As a reminder, this conference call is being recorded and live broadcast with a slide presentation on the Bank's web site, at Investor Relations site where questions may be sent by e-mail.

Before proceeding, let me mention that this conference call will discuss Banco do Brasil's 3rd quarter results with analysts and investors only. The participation of journalists is not allowed

With us today, Mr. Aldo Luiz Mendes, CFO; Mr. Nilson Martiniano Moreira, Controlling Director; Mr. Pedro Carlos de Mello, Accountant and Mr. Marco Geovanne Tobias da Silva, Investor Relations Manager. First, Mr. Aldo will comment on the company's 3rd quarter 07 big figures. Afterwards, Mr. Geovanne will present more details of the 3rd quarter 07 results. At last, the executives will be available for a question and answer session. It is now my pleasure to turn the call over to Mr. Aldo. Mr. Aldo, you may now begin.

Mr. Aldo Luiz Mendes: Ok, thank you. Good morning, this is Aldo speaking and I would like to thank you all for joining our conference call today. Let me remind you that we are in a quiet period imposed by CVM, therefore we cannot do projections or forecasts regarding the future behavior of Banco do Brasil's performance. As usual, Geovanne and I will present the results, highlights and after that we will be glad to answer the questions you want to pose. Geovanne will give you a presentation in a moment but before I want to highlight some figures of the third quarter results.

We recorded a net income of R$ 1.4 billion and considering the extraordinary effect the net income grew to 1.6 billion in the third quarter, an increase of 15% in relation to the same period of 2006 and 27.7% higher than the previous quarter. In the first nine months net income was 3.8 billion; without the extraordinary effect net income achieved R$ 4.6 billion.

The main extraordinary effects were first, the restructuring of the healthcare plan managed by BB employees' assistance fund Caci, which implied the account of extraordinary expenses of R$ 266 million net of taxes. And the early retirement plan PAA for employees over 50 years of age and 15 years of contribution to Previ, which resulted a nonrecurring expense of 93 million net of taxes.

Our loan portfolio grew 27.5% from September 2006 to September 2007 reaching R$ 150.2 billion with highlight to operations with business - mainly those in the wholesale segment, which grew 35% in 12 months and those to individuals, which rose 27.3%. The delinquency remained under control guaranteeing stability of allowance for loan losses and proving the quality of the portfolio.

It is also worth to highlight the growth of 21.6% in loan operation revenues and 10.9% growth in service revenues. Now I would like to invite our Investor Relations Manager Marco Geovanne to provide you more details on the third quarter results. Geovanne, please proceed.

Mr. Marco Geovanne Tobias da Silva: Thank you Aldo, good morning to everybody. Let us move to slide 2 where we present the net income, which had a positive trend as we can see. In the third quarter 07 we reached a net income of R$ 1.364 billion, 50.3% higher than the reported in the same period last year and 27.7% higher than the last quarter. In order to understand the real performance of Banco do Brasil it is necessary to separate some nonrecurring effects that happened in the period.

Banco do Brasil posted a R$ 1.582 billion as a recurring net income that responded to a 31% return on equity. In the same period last year the recurring net income was R$ 832 million with a 18% return on equity. The growth of our recurring net income was of 90.2%. Comparing our recurring profit to the previous quarter, our net income grew by 8.1%. Observing the performance in the first nine months of the year we had an increase of 92.2% in our recurring net income amounting to R$ 4.646 billion that corresponded to a 29.2% return on equity.

Moving on to slide 3 we can see the main drivers that built the recurring net income in the third quarter of 07 comparing to the previous quarter and the net income. In the positive side we can observe earnings of R$ 82 million in other operating income and R$ 61 million in fee revenues and also the reduction in tax expenses.

On the negative side we had an increase in administrative expenses and a decrease in the net interest income. Besides that the balance had an additional R$ 118 million in 3Q07 of recurring net income that computes a one-off expense regarding our healthcare plan called Caci and also the early retirement plan, totaling our reported net income of R$ 1.364 billion.

In slide 4 we can observe the evolution of our net interest income with the increase of loans and securities revenues and also a growth at interest expenses in the quarter, besides the reduction in securities revenues when compared to the first nine months of the previous year. At this point it is worth to highlight that in the quarter we announced the increase in the loans and security revenues contributed to the growth of the financial intermediation income. Although the reduction of R$ 51 million in the net interest income in the quarter derived mainly from the lower volume of revenue from recovery of loans - there was a reduction of R$ 84 million in this item - and also from the revenues from equalization for the agricultural loans - another reduction of R$ 63 million in this specific

item - and a negative impact of the market to market of our securities that generated an expense of R$ 41 million. Without these effects the net interest income would be around R$ 5.344 billion, an increase of 2.6% when compared to the previous quarter.

Moving on to slide 5, in the left graph we can see the reduction of the spread from 8% to 7.5%, a 50 basis points reduction against a reduction of the Selic rate around 80 basis points - we will explain this behavior with details later. The graph on the right side of the slide presents the behavior of the spread by kind of loan book; we can observe that the spread in the individuals portfolio is still the most attractive one, especially when compared to the other portfolios. With the drop of the interest rate in the past 12 months and also the growth in the volume of loans to individuals - specifically payroll loans - has generated this downward trend in our spread in the individuals loan book.

On slide 6 we can see that the mix changes in the bank's portfolio were the main driver to the stability of our net interest margin. The line graph shows us that the relation between funding interest-rate over Selic rate is steady with a small growth in the last quarter. On the other hand, the relation between interest rate over Selic has been increasing steadily: in the last quarter this ratio grew 240 basis points for the past 12 months.

In the bar chart on this slide we would like here to describe our domestic long net exposure. We can see that the improvement in the ratio between investment rate and Selic rate is a consequence of the higher exposure in fixed-rate assets. It is worth to highlight here that in the third quarter of 06 our exposure in floating-rate assets was R$ 27.7 billion and it dropped to R$ 14.6 billion, a decrease of almost 90%. On the other hand, our exposure to fixed-rate assets - our net exposure to fixed-rate assets - grew 160 basis points ... 160%, sorry, in the same period from R$ 19 billion to R$ 49.4 billion.

That brings us to slide 7, where we can see that our loan book that has been the main driver for this change in the mix and the consequence increase in the exposure to fixed-rates assets reached R$ 150.2 billion, a 26.9% growth when compared to September 06. In the quarter the portfolio grew only by 3.4% but I would like to highlight here the performance of our individuals loan book that increased in the quarter 5.7% amounting R$ 29.5 billion.

It is important to mention that this smaller growth in our overall book was a consequence of the performance in our rural loan book; the agribusiness operation totaled R$ 48.4 billion and dropped 0.7% in the quarter. I would like also to highlight that from September 06 to September 07, both individuals and agribusiness loan books grew by 27.3% and 20.1% respectively. I would like to call your attention to loans to businesses that reached R$ 59.7 billion, a 34.3% growth rate in 12 months and 5.9% growth rate in the quarter.

Moving on to slide 8 we give you a breakdown of our individuals loan book. The highlight in this portfolio is definitely the payroll loan and car loans; payroll loan reached R$ 11 billion at the end of September, it is the biggest part of our individuals loan book,

it reported a 49.8% increase when compared to September 06 and an 8.3% increase when compared to June 07.

Another highlight in the individuals loan book is a result of our strategy to start tapping the car loans market; the evolution of our car loans portfolio, which rose 250% in 12 months and 29.4% and compared to June 07, reached R$ 2.2 billion of volume being R$ 428 million coming from partnerships with auto dealers, multi-brand stores including here our partnership with Localiza.

Well, besides those operations results it is also worth to highlight the credit cards business. Credit card loans grew by 28.6% in 12 months and 5.7% in the quarter, totaling R$ 3.6 billion.

On slide 9 based, on the Brazilian Central Bank numbers we would like here to compare the average risk of Banco do Brasil and the Brazilian banking industry. We can observe that in the line graph that the average risk of Banco do Brasil's loan book is stable at 5.4%, still below the average risk of the industry that is around 5.8%. Banco do Brasil has kept its conservativeness in provisioning for credit loss and because of that our coverage ratio that measures provisions, required provisions over past due loans for more than 90 days stayed at 202.8%, while this ratio in the industry is at 167.7%.

Moving on to the next slide we can see on the left part of the slide that provision expenses has been decreasing significantly, it has decreased 13.9% when compared to 3Q06 and 1.6% when compared to 2Q07. It is also worth to notice here that the provision expenses over total book dropped and reached the level of 3.7%. Also in this slide we can observe that in the right part of the slide the past due loans over total book there was an increase especially in loans that are past due for more than 15 and 60 days; it is important to mention that this increase here was a reflex of loans in the agribusiness book that are being restructured, the installments that were subject to be paid in this third quarter after authorizations from the Monetary Council they will be postponed to the end of the previous loan that was restructured last year - we are talking about R$ 1.2 billion of installments that will be transferred to the end of the term and because of that these loans are under restructuring and our credit system did not allow was to suspend the effect of these overdue. As a result we have this increase in past due loans for more than 15 and 60 days; however, we believe that with the restructuring this ratio tends to go back to its level of 3% past due loans for more than 60 days and 4% past due loans for more than 15 days.

Moving on to the next slide, slide 11, in slide 11 we can see the total volume of provisions that we have accounted in our balance sheet. We ended September with R$ 9.7 billion in provisions for credit losses; in 8 billion in the required provisions according to the rule of the central bank and R$ 1.6 billion in the form of additional provisions.

On slide 12 we bring some numbers regarding our deposits base. Given the strong franchise of Banco do Brasil we were able to increase significantly our deposits that reached the volume of R$ 172.2 billion at the end of September, an 18.8% growth when

compared to September 06 and a 4.6% growth when compared to June 07. Demand deposits grew 19.3% in 12 months and 5.1% in the quarter totaling R$ 38.7 billion.

Savings deposits showed us the best performance rising 27.2% in the past 12 months and 7.3% in the quarter. The total volume of savings in Banco do Brasil nowadays is at R$ 43.8 billion.

With regards to time deposits they are still the largest part of our deposits base and they grew by 15.7% for the past 12 months and 2.7% in the quarter.

On slide 13 you can observe the fee income performance. Fee income totaled R$ 2.5 billion in September, a 2.5% increase when compared to June; for the past 12 months total fees grew by 10.9%. I would like to highlight here product fees that grew by 8.1% and clients fees that grew by 10.3%.

On slide 14 we bring you some numbers about our asset management business and also about our customer base. With an 18.1% market share our asset management portfolio reached R$ 206.9 billion, a 14.5% growth in 12 months and a drop of 1% in the quarter. It is important to mention that the drop that happened in the quarter was a result of a cash out, especially investment fund for government-owned entities.

In the right part of the slide you can see the evolution in our customer base. Banco do Brasil ended September with 27.2 million current account holders, given 23.6 current accounts being from individuals and 1.6 million from businesses.

On slide 15 we can observe that our insurance business, the value added of our insurance business totaled R$ 294 million; here we include insurance, pension plans ... there was a drop of 7% in this added value when compared to the previous quarter, however we see an increase of 16.7% when compared to the same period of last year.

In the credit card business on slide 16 we can see that the value added from this business totaled R$ 542 million, a 9.4% increase for the past 12 months and a drop of 3.2% in the quarter.

Moving on to slide 17 we can observe a strong expansion in the number of credit cards. This is very important to highlight, in the period Banco do Brasil was able to add to its credit card base 6.4 million new credit cards, a 56.1% increase. Regarding credit and debt cards revenues we also had an important increase, 30.6% in 12 months and 7% in the quarter.

On slide 18 we bring you some numbers about our administrative expenses that are under control, we had a growth of 4.7% in fees expenses when compared to 3Q06 and a 3.1% growth when compared to 2Q07. The personnel expenses fell 2.5% when compared to the same period last year, this was a consequence of our early incentivated retirement program. On the other hand when compared to the previous

quarter there was an increase of 2.7% that is explained mainly by the salary raised by the bank in this quarter.

Other administrative expenses grew 14.1% and 3.5% respectively in 12 months and in the quarter as a consequence of our business strategy; Banco do Brasil has been focusing its growth on organic growth and it means that we need to expand our branch network, make more contracts of surveillance, security, transportation and this explains this increase in our other administrative expenses.

Moving on to slide 19 we show you the number of our headcounts. We ended this quarter with 80,000 employees, there was a reduction of 3.6% in the number of headcounts when compared to the same period last year and practically remained stable when compared to the previous quarter. It is important to remind you that the 7,000 people that left the company in the incentivated retirement program will probably be replaced by new employees.

Also in this slide you can observe the maintenance of Banco do Brasil's points of service. Banco do Brasil has been working in developing and strengthening its automated channels to provide more access to its products and services through auto-services; these channels already respond for more than 90% of our clients transactions

On slide 20 we can see some productivity ratios. When we look at our coverage ratio that measures fee income over personnel expenses we have reached on a recurrent basis 130% coverage ratio; however if we take into consideration the reported net profit this ratio would be 107.2% - this difference is due to the non-recurrent expenses, the one-off expenses we had to account in this period in the 2Q07, in the 3Q07 regarding the early retirement plan, the incentivated early retirement plan.

Moving on to slide 21 we give you some information about our cost/income ratio. On a recurrent basis there was a significant improvement in our cost/income ratio, we improved our ratio from 46.5 to 45.5%; however, when we take into consideration also the one-off expenses that hit our results in 2Q07 and 3Q07 you will see a deterioration in our cost/income ratio that went up to 50.8%. But once again this is a one-off impact.

Finally, slide 22 shows us our BIS ratio that dropped from 17.7 to 15.7% as a result of the growth we promoted especially in our loan book. Still Banco do Brasil accounts a very sound BIS ratio that is significantly above the minimum required by the Central Bank that is 11% and with this BIS ratio Banco do Brasil is entitled to leverage its loan book buy almost R$ 89 billion.

Well, these are the main information we would like to share with you during this call, we could now open the floor for Q&A. Thank you very much.

Q&A Session

Operator: Ladies and gentlemen, we will now begin the question and answer session. If you would like to ask a question, please press the "star" key followed by the "one" key on your touch-tone phone. To remove yourself from the questioning queue press star, then 2. Sir, our first question comes from Daniel Abut from Citi.

Mr. Daniel Abut: Good morning. Geovanne, a question on loan growth. You explained very well on page 7 that part of what made the 3.4% growth, quarter on quarter loan growth no too impressive was that you actually reduced the rural portfolio; having said that and that is true, if you look at the segments that are growing and have been growing for the while the most - individuals and SMEs - the growth that you posted this quarter was about half the rate that we saw at some of your main competitors, main private sector competitors even though one could argue that individuals it could be, or should be easier for you to grow faster than them because you are coming from a lower base. Could you comment what happened in those two sectors that are so important for the future and what slowed you down on this quarter compared to your main peers?

Mr. Silva: Thank you very much for your question Daniel. As a matter of fact, if you separate the impact that was caused by the agribusiness book in our loan book in the quarterly comparison, we would have reached a 5% growth rate, around 5% growth rate in our loan book.

What happened effectively, why 5% was almost half the size of the growth our peers had was mainly due to acquisitions they did. As everybody knows, whenever you make acquisitions you grow faster than when you are growing just organically. We do understand that this is part of the game, they have been doing acquisitions for a long time, this is a way of growing faster than us; however, we believe that Banco do Brasil has the strength to sustain a very consistent growth organically and we do consider that 5% growth rate on a quarterly basis is extremely positive for us.

And it is important to add that Banco do Brasil is focusing its strategy on the growing the individuals loan book and specifically regarding individuals loan book our main focus is payroll, that presented an 8.3% growth rate in the quarter and auto loans that had 29.4% in the quarter. As a matter of fact when we look Banco do Brasil all these non-mandatory loans to individuals in the quarter comparison Banco do Brasil grew by 6.2%, while the average industry grew at 5.6%. We believe that once you separate the recent acquisitions from the peers because it is unfair to compare growth, organic growth with acquisitions increase, ok? We believe Banco do Brasil is doing a very good job.

Mr. Abut: Thank you Geovanne. If I could follow up with a question on the asset quality from you, you said that most of what drove the increase in the NPL ratio was this issue of the agribusiness portfolio that is going to be restructured and therefore the numbers will come down. Could you comment briefly on your other segments? What happened on delinquency if you look at your individuals portfolio or your SME portfolio? Do they show stability compared to the prior quarter, a decline, an increase? Could you comment on the other segments?

Mr. Silva: Well, according to Central Bank numbers if you look in our individuals loan book our past due loans for more than 15 days they represent in Banco do Brasil 10.9% as of September 07 while the industry recorded a 13.3% ratio. Past due loans for more than 90 days in Banco do Brasil this ratio was 6% while the industry reported 7.1%.

With regards to businesses the ratios are the following: past due loans for more than 15 days for Banco do Brasil 3.2%, for the industry 3.7; and for more than 90 days past due in Banco do Brasil 2.1 as of September 07 and the industry 2.3.

Mr. Abut: But in general I believe that for the industry the numbers have been more or less stable if you compare the numbers for September; have they been the stable as well for Banco do Brasil in those segments that you have just commented?

Mr. Silva: The numbers I have here - for instance as of June 07 in the business portfolio, ok? In the business portfolio past due loans for more than 15 days it was 4% in the industry, it dropped to 3.7; for Banco do Brasil it was 3.3, it went down to 3.2, ok? Past due loans for more than 90 days for the industry in June 07 was 2.5%, it dropped to 2.3; and for Banco do Brasil it was 2.3 and it dropped to 2.1; individuals - let me see here in the chart what have here, could you hold on a second please?

Mr. Abut: Sure.

Mr. Silva: Ok. Individuals past due loans for more than 15 days for individuals it remained ... well, there was a small drop, it went down from 13.5% to 13.2% for the average industry - past due loans for more than 15 days - in the bank it went up from 10.7 to 10.9, still below the industry; past due loans for more than 90 days in the industry it was 7.1 in June, it remained flat at 7.1 in September; in Banco do Brasil it was 5.8 in June, it went up to 6% as of September, still below the industry.

Mr. Abut: That is very useful Geovanne, thank you very much.

Operator: Our next question is from Juan Partida of JP Morgan.

Mr. Juan Partida: Hi good morning. I have a question regarding your provisions/loans ratio. Ahead of the quarter the guidance was 4%, the actual number was closer to 3.3% and given that you expect additional restructurings in your agribusiness portfolio should we expect a lower number than 4% going forward at least for a few quarters? And related to that, what is the coverage that we should expect for the agribusiness portfolio going forward? Meaning do you expect additional reversals in provisions in the near future?

And finally a question regarding your auto loan portfolio. In the release I see that the portfolio ended the quarter, the third quarter, at 1.8 billion in your slide - let me see if I can find that - slide number 8, I am sorry, you have a number that is 2.2 billion; what am I missing? Maybe it is the result of one of your alliances with third parties, if you could explain the difference between the two numbers? Thank you.

Mr. Silva: Hi Juan. First of all I would like to apologize for you all because for the sake of time when we released the numbers this was a mistake, effectively the number, the correct number, is 2.2. We did not have time to revise it, but we have already updated our reports on the Internet and they are now with the right number. The end of September with a total balance of R$ 2.2 billion in car loans, not 1.8 that was in the previous file that was sent to you, ok? Our controlling later, after we released the numbers, we were fetching up the numbers and we realized that in the English version - only in the English version - the number was not updated, ok? I am going now to pass to Aldo to answer your first question.

Mr. Mendes: In terms of delinquency you can expect a ratio provision/loan portfolio something around 4%; so we reported 3.7 and we are waiting 4% for the next period.

Mr. Partida: Ok, so will there be any impact next quarter from this restructuring of the agribusiness portfolio that Geovanne mentioned?

Mr. Silva: Juan, we do expect this to be solved to in the right time. It is important to remember that they have ... a part of the loans could be restructured up to October 30th and there is another part up to December 17th, but you cannot forget that we are increasing credit card loans, we are increasing auto loans, so in general I think for the sake of conservativeness 4% is a very good number. If provision charges go below that good, good for investors, good for shareholders, ok? But we will keep a very tight control on this situation.

It is important to remember that despite the lower level of provision charges there was an increase in delinquency mainly due to the problem of our system that did not allow us to separate the operations that are being restructured, the installments that are being restructured and they considered these installments as passed due; once they are restructured they will become normal again and this tends to reduce this delinquency, this pick up in delinquency that you saw in the third quarter.

Mr. Partida: That is helpful, thank you very much.

Operator: Our next question is from Victor Galliano, HSBC.

Mr. Victor Galliano: Yes, hi. Just a quick one on the early retirement program and the employee reductions that we have seen and just to get a better feel of what ... you have 7,000 employees that have retired or retired early from the company. When you say you are going to replace these can you give us some sort of indication in terms of the cost, about the cost of the new employees? Overall cost including benefits and health benefits, etc., what the ratio is new employees to old employees, or what the discount is effectively you are expecting to see for the new employees coming in?

Mr. Mendes: Ok Victor, thanks for your question, Aldo speaking. Generally speaking the cost of the new ones is something around the one-third of the old employees what we expect in terms of economy.

Mr. Galliano: Ok and that includes benefits?

Mr. Mendes: Yes, that is all included.

Mr. Galliano: Ok and just on this in terms of the extraordinary costs that we have seen coming through specially in Q2 and Q3 do you expect these extraordinary charges to continue into Q4, or are they pretty much done now?

Mr. Silva: It is important to remember that a part of the employees that joined the early retirement program in the second Q, but Banco do Brasil allowed also those employees that would be 50 years old by December as well, so you should expect - as we saw in the third quarter - you should expect employees that joined this program leaving the company during the 4Q07, so we should probably have some one-offs again in the fourth Q, but we are not expecting a significant amount because the bulk of this number happened in second Q.

Mr. Galliano: Ok and so in terms of your earlier retirement you can expect to be more in terms of healthcare-cost restructuring; is that pretty much done?

Mr. Silva: In the healthcare plan we released a material fact announcing what was the capital injection that Banco do Brasil was planning. There was this one, pre tax was something around R$ 400 million ... R$ 450 million, sorry, and we are expecting for 07, 08 and ... sorry, for 08, 09 and 010 R$ 50 million per year as part of those restructuring programs of the healthcare plan.

Mr. Galliano: Ok, so it is significantly smaller.

Mr. Silva: It is 50 million. It is small, smaller than this one, ok?

Mr. Galliano: Much smaller.

Mr. Silva: Much smaller, yes.

Mr. Galliano: Ok great, thank you.

Operator: Ladies and gentlemen as a reminder if you would like to pose a question please press the star key followed by the one key on your touch-tone phone. To remove yourself from the queue press star, then 2. Our next question is from Dean Smith, Nevsky Capital.

Mr. Dean Smith: Hi, I have just got a question on the equalization payment. I think they have come off a little bit in the quarter, but actually if you analyze those equalization

payments it comes to quite a bit in excess of the 900 million to 1 billion that we were probably anticipating. Could you give us a bit of guidance on where things are after the equalization payment and how they are going to look going forward?

Mr. Silva: Thank you Dean. As we mentioned previously, for the 06, 07 crops the amount of equalizations that we managed to negotiate with the government considering the pickup in risk last year in the agribusiness book was R$ 1.4 billion. For the 07, 08 crops the final negotiations ended up at something between 900 to R$ 1 billion, ok? It is important to mention that we are expecting from now on to see a reduction in the volume of equalization revenues. In the third quarter we started to see a drop in this kind of revenues when compared to the previous one, ok? And it is important to mention that in the third quarter we are in between, is when we end the previous crop and we start a new one. So here we still have a part of this equalization revenue covering the loans that were granted during the second quarter with that higher level of equalization revenue; the final negotiations we reached with the government for the 07, 08 crop - something around 900 to R$ 1 billion - will guarantee Banco do Brasil a 15% return on equity, ok?

Mr. Smith: Thank you. Just a follow-up question on the breakdown of the net interest income. I have just noticed that the income from financial derivatives moved from positive 318 in the second quarter to negative 149 in the third quarter. Could you elaborate on that movement in the quarter, whether we saw some underline benefit elsewhere within the net interest income?

Mr. Silva: Banco do Brasil in terms of derivatives has a very conservative approach. We have more than US$ 1 billion of assets abroad and we make some derivatives to offset this exposure and usually our global risk meeting does not allow Banco do Brasil to have a net exposure that would demand for work extra capital to be allocated to face that. Given this information, usually in terms of derivatives results ... the results of derivatives tends to be really small in our net income. However, the only difference is in the tax expenses; depending on how we do our derivatives and where we do it, it could generate tax benefits or tax burden.

For instance, in the 2Q07 we had a derivative over the counter and there was a change in the IRS rule that did not allow us to use the losses we had in this derivative to reduce our tax rate. As a result last quarter we had, we paid more than 40% of tax rate. In this quarter, in the third quarter, we were able to cancel both derivatives that were over the counter and because of that we were entitled to be benefited by this tax benefit and if you look in the reported income statement the tax rate ratio dropped to 16%.

In order to better understand what would be the recurrent tax ratio, we reallocated the income statement and we do believe that it would be the best for the sake of estimating something around 26 to 28% tax rate. It is something quite feasible for Banco do Brasil. But in general it is important to highlight that derivatives - although this volatility you see in the lines - tend to be a very small impact in the net income of Banco do Brasil given this conservativeness we have when addressing derivatives in the company, ok?

Mr. Smith: Fantastic, very useful.

Operator: Our next question is from Daniel Abut, Citi.

Mr. Abut: Quick question on the BIS ratio Geovanne; it is being quite stable for Banco do Brasil, pretty much at the same level of the prior quarter. For some of your competitors we saw a big decline this quarter after the effective new Bacen rules, particularly for effective exposure. I wanted to confirm that you have already applied all the new rules and that there is no something that will come in the next quarter that will produce some of the effects that we saw with your peers – I mean, are these 15.4% calculated according to all the rules, all the new rules and you simply reflect that you have much left exposure to some of the things that affect your peers more?

Mr. Silva: You mean the rules regarding the FX?

Mr. Abut: Yes, there were some new capitalization rules that cost some of your peers a big decline in this ratio because yours was stable; is it simply because you are less exposed or that are some rules that you are going to apply only in the next quarter?

Mr. Silva: No, all the rules they are applicable at the time they are issued, so the rules are for everybody. We are - how can I say - they are applied the same for us; the only difference is that in the case of our peers their exposure was higher than ours, their appetite for risk is higher than ours. We are more conservative, here in Banco do Brasil we use derivatives just to reduce the volatility caused by FX exposure in the net income, we do not speculate with FX in Banco do Brasil.

Mr. Abut: Thank you Geovanne.

Operator: This concludes today's question and answer session. Mr. Aldo, at this time you may proceed with your closing statements.

Mr. Mendes: Thank you all for the attention and if you need further information about Banco do Brasil please do not hesitate to contact our IR team or to visit our website. Goodbye to you all and thank you very much.

Operator: That does conclude our Banco do Brasil's conference call for today. As a reminder, the material used in this conference is available on the bank's investor relations website. Thank you very much for your participation, you may now disconnect.

(E5) 2nd Quarter 2007 Conference Call Transcript

[Please see 3rd Quarter 2007 Conference Call Transcript enclosed in the following pages]

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International Conference Call
Banco do Brasil S/A
2nd Quarter Results
August 15th, 2007

Operator: Good morning, ladies and gentlemen, thank you for standing by. We will now begin Banco do Brasil's 2nd Quarter 07 Results conference call. At this time, all participants are in a listen-only mode. Later we will conduct a question and answer session and instructions will be given at that time.

If you should require any kind of assistance during the call, please press the star followed by zero. As a reminder, this conference is being recorded and live broadcasted with a slide presentation on the Bank's website, at Investor Relations site where questions may be sent by e-mail.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Banco do Brasil's management and on information currently available to the Company. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties, and assumptions because they are related to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Banco do Brasil and could cause results to differ materially from those expressed in such forward-looking statements.

With us today, Mr. Aldo Luiz Mendes, CFO; Mr. Nilson Martiniano Moreira, Controlling Director; Mr. Pedro Carlos de Mello, Accountant and Mr. Marco Geovanne Tobias da Silva, Investor Relations Manager.

First, Mr. Aldo will comment on the company's 2nd quarter 07 big figures. Afterwards, Mr. Geovanne will present more details of the 2nd quarter 07 results. At last, the executives will be available for a question and answer session. It is now my pleasure to turn the call over to Mr. Aldo. Mr. Aldo, you may now begin.

Mr. Aldo Luiz Mendes: Good morning, here is Aldo speaking. I would like to thank you all for joining our conference call today. As usual, Geovanne and I will present the results, highlights and after that we will be glad to answer the questions you want to pose. Marco Geovanne will give you a presentation but before I want to highlight some figures of the second quarter results.

As a consequence of the suspension of the contributions to Previ and the Early Retirement Plan we posted R$ 1.68 billion net income in the second quarter, which represents a ROE of 20.9%; excluding the extraordinary effect, the recurrent net income was R$ 1.464 billion, 126% higher than the second quarter of 2006 and 3.9% higher than the last quarter.

Now let me highlight some important aspects of our results. The annualized net interest margin remains at 7.9%, in line with our expectations for 2007. Our loan portfolio grew 28.4% in 12 months. The second quarter provision expenses decreased 13.6% in relation to the first quarter and on the administrative expenses side we estimate a 3.360 million in 2008 with the suspension of the contribution to Previ and the Early Retirement Plan.

With all that said we expect to surpass 25% of recurring return on equity in 2007 and to maintain our leadership in the Brazilian banking market. Finally I inform that the amount of 427.4 million will be distributed to the shareholders as dividends and interest on shareholders' equity related to the second quarter of 2007, following our commitment to pay it on a quarterly basis and the payout of 40%. I would now like to invite our Investor Relations Manager, Marco Geovanne, to provide you more details on the second quarter results. Geovanne please go ahead.

Mr. Marco Geovanne Tobias da Silva: Thank you Aldo, good morning to everybody. Let us move to slide 2 where we can see that both the recurrent net income and the return on equity show positive trends. In the second quarter we delivered a R$ 1.4 billion of recurring net income that corresponded to 29.4% return on equity; in the same period last year we posted a R$ 647 million recurring net income that corresponded to a 14.2% return on equity, a growth of 126.2% in 12 months.

Analyzing the performance of the first half we verify that the recurring net income grew 84.4%, totaling R$ 2.9 billion in the first half of 07 and corresponded to a return on equity of 29%.

Moving to slide 3 we reached a couple of significant milestones that contributed to the net income. On the one hand we had a higher interest rate income that provided us a R$ 355 million income and a decrease in the currently expenses, which allowed us to save R$ 195 million. On the other hand there were some growth in lines such as other administrative expenses, provisions for legal risk and tax expenses. The balance was an increase on the recurring net income in the quarter around R$ 55 million; however, when we book the effects of the Early Retirement Plan and the suspension of the contributions to Previ - the pension fund of Banco do Brasil's employees - the total net income reached R$ 1.058 billion.

On slide number 4 we can see that loan revenues grew and interest expenses remained flat. Besides that the revenues reduced when compared to the last half, to the previous half of the same period of last year. In this point there is one thing that I would like to bear in mind in today's presentation: all revenues that seemed to be flat were offset by asset gains that were also accounted in the interest income.

Going to slide number 5 the graph on the left side shows us our net interest margin that remained flat at 7.9%, despite the drop in the Selic rate. In the next slide we will explain the performance of our spread in a better way. The graph on the right side of the slide shows us the net interest margin by kinds of portfolios. We can see that the net interest margin of the individual loan book remained stable; the stability was due to a mix of

businesses as we can see by the additional volume in the individual loan book that compensates the drop in the net interest margins of both agribusiness and businesses book.

On slide 6 we can see that the mix changes in Banco do Brasil's portfolio were the main drivers to maintain our net interest margin stable. The line graph shows us that the relation between funding expenses and the SELIC rate remains steady, while the interest rates of our investments is in a positive trend. In the last quarter the relation between the rate, this rate, and the SELIC increased by 330 basis points.

In the bar chart at the bottom side of the slide we can see that the domestic loan net exposure ... we can see that there was an improvement in this ratio when we compare fixed-rate assets exposure to floating-rate assets exposure as well. As you can see floating-rate exposure in the second quarter of 06 reached R$ 23.8 billion, quite above the R$ 21.9 billion fixed-rate exposure and when we move forward we will see on the second quarter of 07 that the exposure to floating rates dropped significantly, from 33.8 billion to R$ 12.7 billion, while the exposure to fixed-rate assets increased from 21.9 to R$ 46.4 billion, confirming the trend of the change in the mix of our assets focusing very strong on the growth of our loan book.

Moving to slide 7 we can observe our loan book that reached R$ 145.2 billion, a growth of 28.4% in the year. That performance guarantees us our leadership in the credit segment, with a 16.7% market share. In this quarter the portfolio grew by 3.5%; individual loans operations increased 6.8% and reached R$ 27.9 billion; agribusiness loans amounted R$ 48.8 billion, a 4.3% growth rate. In a year the portfolios grew by 29 and 22% respectively. Individual portfolio kept its relative share in the total book, while the agribusiness portfolio decreased its share from 35.3 to 33.6%.

It is important to mention here that business portfolio reached a R$ 56.3 billion balance that represented a 35.3% growth in 12 months and 2.1% growth when compared to the last quarter. These operations corresponded to 38.8% of the total loan book. I would like to highlight here that in this period the focus of the business portfolio was in the corporate market and this segment showed a drop of 2%, while SME grew by 10%; the drop of 2% in the large corporate loan book was due to the payment of specific debt that at the end of the day generated a lower increase in the overall loan book.

On slide 8 we have some breakdown of the individual loan book that corresponds to 19.1% of the total loan book in Banco do Brasil. The highlight of this portfolio were definitely payroll and car loans. Payroll loans achieved a R$ 10.2 billion balance in the quarter, a growth of 68.4% in the year and 8.9% in the quarter. With this performance Banco do Brasil got the leadership in this market, with a 17.6% market share. We are working hard and expecting to surpass the R$ 13 billion balance in the payroll loan book by the end of this year.

The second highlight came from Banco do Brasil's strategy to the individuals' loan market. Car loans portfolio grew 320% over the year and 33.7% over the quarter, amounting R$ 1.7 billion; of this amount R$ 219 million were from partnerships with car

dealers, multi-branch stores including here the partnership with Localiza. As we said before, some decisive actions were taken to surpass the R$ 2 billion balance that is our target for the end of this year in the car loan book.

Well, besides these operations it is worth to highlight that credit card loans grew 28.9% in a year and 7.9% in the quarter, reaching a balance of R$ 3.4 billion.

Skipping to slide 9, according to the numbers of the Brazilian Central Bank we compare Banco do Brasil's and the industry's credit risk. In the line graph on the top of the slide it is possible to see that the average risk of Banco do Brasil's credit portfolio is still at 5.4%, 60 basis points below the banking industry rate;

However, we prefer to stay conservative with regards to provisions. As shown on the bar chart at the bottom of the slide, Banco do Brasil's coverage ratio is at 221.9%, covering past-due loans for more than 90 days, while the market ratio is around 166%. It is worth to highlight here that additional provisions are not accounted in this ratio; if they were accounted the coverage ratio of Banco do Brasil would achieve 269%.

Turning the page to the next slide, slide number 10, the graph on the left side of the slide illustrates provision expenses. Provision expenses decreased by 29.6% in the year and 13.6% in the quarter. It is important to note that provision expenses over total book has fallen systematically quarter over quarter and reached a 4.1% in the last quarter. Also in slide 10 we can see that in the graph below in the right bottom part of the slide there was some instability in the delinquency ratios of Banco do Brasil. The provisions of our book represented 6.5% of the total loan book and past-due loans for more than 60 days kept its 2.8% ratio; it means that we had twice as much coverage with provisions.

The next slide, slide number 11, we give you some breakdown of our provisions that are accounted in our balance sheet. We accounted in June R$ 9.4 billion in provisions for non-performing loans; R$ 7.8 billion represented required provisions according to the Central Bank rule 2682 and we accounted also a R$ 1.7 billion of additional provisions.

Going to slide number 12 we give you some information about our funding base. I would like to highlight here savings and demand deposits. In the quarter total deposits achieved R$ 164 billion, an increase of 17.6% over the same period last year and 2.4% over the quarter. Demand deposits grew in line with total deposits in 12 months and 3.5% in the quarter, more than total deposits. Savings, by its turn, presented a very good performance and the grew by 22.9% when compared to the same period last year and by 4.9% when compared to the previous quarter.

On slide 13 we can observe that fee income totaled R$ 2.4 billion in the quarter; in 12 months fees from cards increased by 14% and reached 30% of the share of the total fee income base. Fees from customer relationships from customers grew by 8%, while the customer base grew by 5.1%. At this point it is important to highlight that our fee income reflects the bank's strategy to increase its market share in business such as payroll, where we have some flexibility in reducing fees to zero. Besides that, credit card

revenues brings us some need to reduce also credit card annuity fee; moreover I would like you to bear in mind that with regards to the performance of our service fees in the future, we should take advantage of the entrance in certain businesses that are characterized by a higher volume of fees, such as car loans and mortgage.

As outlined on our first quarter conference call with still expect to grow our fee base around 13 to 15% for the entire year of 2007.

Moving on to slide 14 we can see the development in assets under management and also in our customer base. We achieved at the end of June more than R$ 200 billion in assets under management, allowing Banco do Brasil to maintain its leadership in Latin America with 19.1% market share in this kind of business. Our portfolio reached a R$ 208.9 billion of assets under management, an increase of 22% over the year and 8.2% over the last quarter.

The graph on the right side of the slide shows us the customer base, that achieved almost 25 million account holders. I would like to remind you that we have a different concept of customers nowadays; if we expand this concept to those banking customers we would have to add to our account-holders base an extra number of customers of 6 million savings' holders, 2 million pensioneers and also 2 million of non-account holders, totaling 36 million banking clients in Banco do Brasil.

In slide 15 we show you the results of our insurance business. Our insurance business added R$ 316 million in revenues to our second quarter results, a 28.9% increase when compared to the same period last year.

Slide 16 shows the value added by our credit card business. This business added R$ 559 million to our revenue base, a 23.1% growth rate when compared to the same period last year and 10.1% when compared to the previous quarter.

On slide 17 we can see that the value added by credit cards is directly linked to the strong expansion in the number of credit cards issued by the bank. Since 2006 we have issued more than 6 million new cards, it means a growth of 59.1%. I would like also to highlight here the turnover of our credit and debt cards. Total revenues of these cards achieved more than R$ 1.5 billion, an increase of 29.9% in the last 12 months.

In the slide 18 we present the performance of our administrative expenses that are in line with the growth in our business. Banco do Brasil is very conservative with cost control and because of that these expenses grew by 0.5% when compared to the previous quarter and by 2.6% when compared to the same period last year.

Personnel expenses decreased by 6.9% in 12 months and 2% over the quarter as a result of the Early Retirement Plan, of the incentive plan for earlier retirement.

Other administrative expenses grew by 9.9% year on year and 8.5% quarter over quarter as a result of the organic growth of our business.

Moving on to the next slide we can see the impact of the savings expectations from the Early Retirement Plan and the suspension of the contributions to the benefit plan number 1 of Previ. The Early Retirement Plan resulted in 6.9 thousand employees joining the program; these employees they were above 50 years old and they had at least 15 years of contribution to Previ.

This plan brought a one-time negative impact of R$ 445.9 million after taxes in the second quarter; to 2008 we are expecting savings of R$ 158 million also after taxes including here the replacement of these employees that left the company by new ones.

The suspension of the contributions to Previ impacted positively the quarter in R$ 50 million after taxes. We expect savings of around R$ 200 million for 2008 on, after taxes. However it is worth to remind you that the suspension agreement may be revised every 12 months to analyze the surplus of Previ and to decide if they will maintain contribution at this new level or will increase again.

At this point another important thing to mention is that until the end of this year, considering here fund, capital raised and other one-time expenses we are estimating a R$ 450 million of expenses that will be transferred to Caci, that is the healthcare plan of Banco do Brasil's employees due to its restructuring. It is important to mention that this program of restructuring Caci is still under approval by Banco do Brasil's employees and as long as it is approved we will see this impact of R$ 450 million before tax throughout the second half of this year and we are forecasting 3 other R$ 50 million installments to be paid annually - 2008, 2009 and 2010 - these numbers also before tax.

Slide 20 shows the impact of the Early Retirement Plan in Banco do Brasil's headcounts, which reduced 4.5 and 3.8% when compared to the second quarter and to the first quarter ... second quarter of 06 and first quarter of 07 respectively. Still in this slide we see the stability of the numbers of our points of service as a consequence of our strategy to expand the automated access to our products and services by our customers. Nowadays 90% of our clients' transactions are held through automated channels and by doing that we are trying to maximize the sales workforce and also increase the productivity and to refine the bank's segmentation.

Moving to slide 21 we can see the relation between fee income and personnel expenses. It is important to mention that the coverage ratio of personnel expenses/fee income even considering here the negative impact of the Early Retirement Plan expenses was above 100%; even more, if we disregard the Early Retirement Plan expenses we will see that the coverage ratio increased by 230 basis points, achieving 130%.

On slide 22 we show the cost/income ratio of Banco do Brasil, which was also negatively impacted by the Early Retirement Plan expenses. Although it is worth to mention that we kept our performance in this ratio, if we disregard the Early Retirement Plan expenses there was respectively an improvement in our cost/income ratio.

Finally to recap on slide 23 we show our Basel ratio. The BIS ratio dropped to 15.9% as a result of the booking of tax credits that we can discuss later during the call. But important thing is that this level of BIS ratio is above the minimum required here by the Central Bank that is 11% and entitles Banco do Brasil to leverage its loan book by more than R$ 88 billion - so there is no capital constraint for Banco do Brasil that would constrain the growth we are planning to our loan book around 25% this year.

Well these are the comments that I would like to draw about the results, we can now open the floor for Q&A.

Q&A Session

Operator: Ladies and gentlemen, we will now begin the question and answer session. If you would like to ask a question, please press the "star" key, followed by the "one" key on your touch-tone phone. To remove yourself from the questioning queue press star, 2.

Excuse me. Mr. Jorg Friedemann with UBS Pactual. You can go ahead, sir.

Mr. Jorg Friedemann: Thank you. Hello again gentlemen, my question comes about asset quality and provision expenses. As you mentioned during the call a stable credit risk allowed provision expenses to decrease in the last period. Going forward and maintaining this level of the asset quality stable you believe to be room for provision expenses as a percentage of the loan portfolio to continue coming down? Thank you.

Mr. Silva: Hi Jorg, this is Geovanne. We believe that going forward the trend is to maintain the average provision expenses, provision charges overbook around 4%, 4.1% annualized for the past 12 months. We don't expect this ratio to go below that.

Mr. Friedemann: Ok perfect, thank you.

Operator: Our next question comes from Tito Labarta of Deutsche Bank. Please go ahead.

Mr. Tito Labarta: Hi good morning, just a couple of questions. First on the expenses I noticed that the decrease in personnel expenses was offset by higher marketing expenses. I just want to get a sense on do you expect that to continue, what do you see a kind of overall sense for expenses going forward?

And then a further question just any update on the share offering from Previ and BNDESPAR any update on timing on that? Thank you.

Mr. Mendes: Hi Tito, it is Aldo. Yes, marketing expenses were responsible for this impact that we saw in the expenses as a whole in the bank during the last quarter, but we are expecting that these expenses will be in line with inflation; probably will see a peak and in the end of the year, which is very common.

Regarding the offering, Previ and BNDES - the two main shareholders of Banco do Brasil - the announced they are studying to offer something between 3 and 5% of Banco

do Brasil capital to the market. They are still looking for internal authorization as soon as ... as far as I am concerned, they don't have this authorization yet, but I am very positive about this. They will be, this authorization will be available very soon and I think the idea is to start the deal as soon as possible, but they do not have yet the internal authorization, but the idea is to offer something from 3 to 5% of the capital.

Mr. Labarta: Ok thank you.

Operator: Our next question comes from Daniel Abut of Citi. Please go ahead.

Mr. Daniel Abut: One question and one clarification and the clarification Aldo, on your opening remark, you mentioned that you believe that the ROE of the bank on a recurring basis can be sustained. Did I understand correctly you said 25%?

Mr. Mendes: 25%.

Mr. Abut: 25%.

Mr. Mendes: Yes.

Mr. Abut: The question is more to make sure she I am not missing any of the expected savings, expense savings that you expect in 08 related to the various things that don't have an impact I think you mentioned on the one hand that you expect a total of 368 million related to both the Early Retirement Program and the contingency provisions stop; but also, you also mentioned the Caci and that was a number that you gave before tax. You said 415 million is the effect for second half of 07; any idea how much of that will be in the third quarter, how much in the fourth quarter?

Mr. Silva: Could you repeat again the last part of your question? Daniel, this is Geovanne.

Mr. Abut: Geovanne, in the slide 19 of your presentation I think you provide some good information to quantify costs savings in 2008, both related to the Early Retirement Plan as well as the Previ contribution, but I want to make sure that nothing relates to those two that we are going to see in the second half of 2007; that is question number one.

And second I wanted to clarify again the expenses related to Caci's restructuring that you gave some figures but they are not in the presentation ... those numbers again I think you said R$ 415 million in the second half of the year before taxes, but you did not indicate how much of that may be third quarter, how much fourth quarter?

Mr. Silva: Well, the R$ 450 million before tax were expected to happen in this second half; this could be either in the third or in the fourth quarter depending on the timeframe that our employees will agree or not with this proposal, ok?

Mr. Abut: 450?

Mr. Silva: 450 before taxes, ok? The net impact after tax it would be around R$ 325 million and it was disclosed in our material fact that we released recently about Previ and Caci together, but this is a one-time off, this is not recurrent, is just one-time off. What we mentioned about Previ and the Early Retirement Plan are effective savings from 2008 on, on a perpetuity basis ok?

Mr. Abut: But some of those start to accrue in the second half of 07 as well, right?

Mr. Mendes: Yes, we will have in the second half savings with the Early Retirement Plan and with the contribution of Previ, but they are from now on not extraordinary, they are recurring as well.

Mr. Abut: All right and finally the Caci ...

Mr. Mendes: ... it will help to reduce the burden of this one-time off expenses in the second half.

Mr. Abut: The Caci expenses, correct. And on Caci you also said 50 million before tax in 2008, 2009 and 2010?

Mr. Mendes: Yes, 50 million each year. You cannot forget that numbers we gave you with regard to the Early Retirement Plan savings and Previ's savings from 2008 on this for the entire year, so the benefit of the savings in the second half tends to be half of this number.

Mr. Abut: I understood, very clear, thank you.

Mr. Mendes: Ok.

Operator: Our next question comes from Mr. Henrique Navarro from Banco Santander. Please go ahead, sir.

Mr. Henrique Navarro: Hi good morning. My first question is on Besc. I would like to know when do you expect the incorporation to happen and what is the impact on Banco do Brasil? Is it going to have some stock dilution?

And the second question is on real estate portfolio. As soon as Banco do Brasil gets the authorization to start working with real estate, how much do you think Banco do Brasil can achieve as a total portfolio with this segment? Thank you.

Mr. Silva: Excuse me, I could not hear your name, could you repeat again please?

Mr. Navarro: Yes, my first question ...

Mr. Silva: No, your name please.

Mr. Navarro: Henrique Navarro.

Mr. Silva: Sorry Henrique, because I could not hear the guide saying your name, sorry.

Mr. Navarro: Ok.

Mr. Silva: The first question regarding Besc and the second one regarding real estate.

Mr. Navarro: Perfect.

Mr. Mendes: Henrique is Aldo. Regarding Besc we are starting valuation of companies of both banks, we have already surpassed the legal phase, so lawyers gave us the comfort to do the transaction and now we are in the process of valuation. Both Banco do Brasil and Besc are public companies, companies that belong to the government. We need to do a public bid in order to contract, in order to hire the company that will do the valuation of the two companies, so this process takes some time and I expect that by the end of the year we can have the relation regarding the two companies, the valuation of the two companies and the relation of assets Banco do Brasil and Besc to offer to the general meeting. The idea is that we are going to change Banco do Brasil by Besc the ratio of shares of Banco do Brasil and Besc. But we need before that the valuation, the valuation is in the process.

Mr. Silva: And the second question regarding real estate you mean the mortgage Henrique?

Mr. Navarro: Yes, right.

Mr. Silva: Would you refresh your second question please?

Mr. Navarro: Yes, I would like to know how much Banco do Brasil can achieve in this portfolio, in this kind of loan portfolio as soon as you get the authorization to start working with this, because I believe that you are still trying to get the authorization from the Brazilian Central Bank, isn't it?

Mr. Silva: Well, for this year we are working with a partnership of Poupex and we think that we will be able to achieve R$ 350 million with Poupex. Given that we are in advanced conversations with the Central Bank with regards to the authorization to allow Banco do Brasil to start its own mortgage business. We are confident that from 2008 on we will be able to grow more aggressively this book if we get all the authorizations until the end of this year. Given that we expect that we will end 2008 - that is our main target - at around 2.5 to R$ 3 billion of loans to mortgage market, to the mortgage market.

Mr. Navarro: Ok many thanks.

Operator: Our next question comes from Mr. Daniel Mourão with Pactual ... sorry, with Unibanco.

Mr. Daniel Mourão: Good afternoon gentlemen this is actually Carlos Macedo with Unibanco. A quick question with respect to the tax rate, the effective tax rate in the quarter; I noticed it was close to 34 and the bank distributed a lot of interest in capital during the quarter. I was just wondering what will be the recurring tax rate we can use in our projections for the bank and if there was something that pushed tax rates, the effective tax rate this quarter specifically?

Mr. Silva: Ok Luiz Carlos thank you, this is Geovanne. There recurring tax rate that we guide the market, we gave as guidance, is something around 27 to 29; effectively, despite the tax benefit that we had in the quarter from interest on shareholders' capital there was one specific derivative operation that there was a change in the regulation of the IRS of Brazil that at the end of the day generated this derivative generated some losses and these losses were not deductible and because of that we did not have time to cancel these derivatives. But in the second half of this year this impact is already canceled, because we managed to cancel all these derivatives that were causing this increase in our tax rate. So we are not expecting in the third quarter the same behavior to happen again.

Mr. Macedo: Ok thank you.

Operator: Ladies and gentlemen as a reminder, if you would like to pose a question please press the star key followed by the one key on your touch-tone phone now. If at any time you would like to remove yourself from the questioning queue press star, two.

Mr. Silva: We have a question here from Sebastian Sandovesk, from Merrill. The question is how exposed is Banco do Brasil to American (XXX 42.23) Investment?

Mr. Silva: Our exposure is zero, no exposure whatsoever to this kind of investment.

Operator: Mr. Aldo, may I take your next question?

Mr. Mendes: Yes.

Mr. Silva: There is another question here from Alexandre Coelho from Plus Capital: could you please comment on the potential impact of the current financial crisis on Banco do Brasil, more specifically what is the estimated impact on Banco do Brasil's cost of funding, ability to sustain its financing sources - for instance, subordinated debt, international lines, this kind of thing?

Mr. Mendes: Well, in terms of cost of funding usually during crisis Banco do Brasil is a kind of safe harbor and we collect demand deposits and savings deposits more frequently during this period than when we are in a good moment. So I would say that the impact can be positive to Banco do Brasil's funding in our bank.

The ability to sustain its financing sources, of course we have this ability because savings deposits and even demand deposits are seen as a safe harbor for investors.

Banco do Brasil is able to collect this and at the end of the day have a cheaper cost of funding.

Regarding international lines we have much more difficult moments in the past and the international lines and specific lines that were lines to support - export and import - they were not canceled for Banco do Brasil. Many partners of ours, many international banks, they sustained the lines to Banco do Brasil even though in the moments much ... moments worse than we have today. So I don't have any, any concern about that. If the number of lines they are open to Banco do Brasil now as they were opened to us in much more difficult moments in the past.

Operator: Mr. Aldo, are you ready for the next question from over the phone?

Mr. Mendes: Yes.

Operator: Thank you. Our next question comes from Ian Smith of Nevsky Capital. Please go ahead.

Mr. Ian Smith: Hi, just one question. The equalization payments relating to the agriculture loan book were very high during the quarter, so I was wondering if you could tell us how negotiations are currently going on or whether you can give us an idea on how those payments will progress during the 12 months ahead?

Mr. Silva: Hi Ian, this is Geovanne. We are still under negotiation, we have not finished yet but as we had anticipated in previous calls, we are expecting for the next 12 months to have a lower volume of equalization revenues due to the improvement on the scenario of the agribusiness here in Brazil - particularly due to the decrease in the risk profile of this book so we are expecting the preliminary numbers show something around 900 to R$ 1 billion of equalization revenues for the next 12 months. We don't have means now to try to assess what would be the numbers per quarter, but for the entire next 12 months we are expecting, we are very confident that we will be able to negotiate with the government something around, in between 900 to R$ 1 billion.

Mr. Smith: Thank you.

Operator: Our next question comes from Boris Molina of Santander. Please go ahead.

Mr. Boris Molina: Hi Aldo, hi Geovanne. My question is regarding market to market from your securities portfolio; in recent quarters you posted net income around 900 to R$ 1 billion and second quarter was particularly strong, so I was wondering where the recent volatility in the markets put a threat in the source of revenues in the next couple of quarters, so the question is basically have you seen something in the recent developments in the markets to make you believe that (inaudible 46:59) third quarter, a guidance on this respect? Thank you.

Mr. Silva: Hi Boris this is Geovanne. Could you hold a second please?

Mr. Mendes: Boris, it is Aldo. Yes, of course the volatility is giving us some losses in our portfolio of securities, but they are not material; we have posted 5 million loss in our portfolio of securities and as you know the total amount of this portfolio is something around R$ 6 billion, so is not material the loss that we have suffered until now.

Mr. Molina: Ok thank you.

Operator: Our next question comes from Daniel Abut of Citi. Please go ahead.

Mr. Daniel Abut: Just a quick follow-up on your guidance for loan growth; if I did not misunderstand by the end of the call you said 25%?

Mr. Silva: Yes, the average growth rate expected for the entire loan book is around 25% for the credit book, given something between 35 to 40% in the individuals loan book, something around 20 to 25% in the agribusiness book and SMEs around 25 as well and corporate in between 25 to 30%.

Mr. Abut: And I was wondering if that guidance is not conservative, because in this quarter you already posted 28% year on year, even though you had a contraction in the corporate side of the portfolio it seems to me it will well exceed 25% and I was curious on why you are sticking to a more conservative guidance?

Mr. Silva: Definitely we are more conservative and hopefully we will exceed this 25. The range is between 25 to 30, ok Daniel? So the 25 is the lower end of the margin we are foreseeing, ok?

Mr. Abut: Ok, understood.

Operator: Ladies and gentlemen, as a reminder, if you would like to pose a question, please press the star (*) key followed by the one (1) key on your touch tone phone now. If at any time you would like to remove yourself from the questioning queue, press star, 2. We have a question from Jorge Kuri of Morgan Stanley. Please go ahead.

Mr. Jorge Kuri: Hi good morning everyone. Sorry if this question has been asked before but I joined late to the conference call. Your quarter over quarter loan growth was 3.5% if I remember correctly, which is way below what your peers did – I think Unibanco did almost 10% quarter over quarter; Bradesco almost 7; Nossa Caixa I think around 7 or 8; can you give us some color on what are you seeing different from your peers that you are at least for this quarter growing at half the pace of what others are doing? Thanks.

Mr. Silva: Hi Jorge. The answer to this question is what happened in large corporate loan book. There was a 2% drop in large corporate due to specific operations that were paid to the bank. As a result of that, this caused the average to grow quarter over quarter less than was expected. However, it is important to highlight here the 10% quarter over quarter growth in SMEs loan book, the 6.8% growth quarter over quarter in

individuals loan book – these are the major books that we are focusing on, because these are the ones that bring us higher spreads.

Mr. Kuri: Thanks Geovanne.

Operator: Ladies and gentlemen, as a reminder, if you would like to pose a question, please press the star (*) key followed by the one (1) key on your touch tone phone now.

This concludes today's question and answer session. Mr. Aldo, at this time you may proceed with your closing statements.

Mr. Mendes: Ok thank you all for your attention. If you need further information about Banco do Brasil please don't hesitate to contact our IR team or to visit our website. Goodbye to you all and thank you very much.

Operator: That does conclude our Banco do Brasil's conference for today. As a reminder, the material used in this conference call is available on the Bank Investor Relations' website. Thank you very much for your participation. You may now disconnect.

(E6) 1st Quarter 2007 Conference Call Transcript

[Please see 3rd Quarter 2007 Conference Call Transcript enclosed in the following pages]

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Local Conference Call
Banco do Brasil Int'l
1st Quarter 2007 Results
May 16th 2007

Operator: Good morning, ladies and gentlemen, thank you for standing by. We will now begin Banco do Brasil's 1st quarter 07 results conference call. At this time, all participants are in a listen-only mode. Later we will conduct a question and answer session and instructions will be given at that time. If you should require any kind of assistance during the call, please press the star followed by zero. As a reminder, this conference is being recorded and a slide presentation is being transmitted simultaneously on the Company's web site www.bb.com.br/ir , at Investor Relations site, where questions may be sent by e-mail.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Banco do Brasil's management, and on information currently available to the Company. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties, and assumptions because they are related to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Banco do Brasil and could cause results to differ materially from those expressed in such forward-looking statements.

With us today, Mr. Aldo Luiz Mendes, Senior Vice-President of Finance, Capital Markets and Investor Relations; Mr. Nilson Martiniano Moreira, Controlling Director; Mr. Pedro Carlos de Mello, Accountant; and Mr. Marco Geovanne Tobias da Silva, Investor Relations Manager.

First, Mr. Aldo will comment on the company's 1st quarter 07 figures. Afterwards, Mr. Geovanne will present more details of the 1st quarter 07 results. At last, the executives will be available for a question and answer session. It is now my pleasure to turn the call over to Mr. Aldo. Mr. Aldo, you may now begin.

Mr. Aldo Luiz Mendes: Ok good morning, this is Aldo speaking. I would like to thank you all for joining our conference call today. As usual Geovanne and I will present the results highlights and after that we will be glad to answer questions you want to pose. By the way, all the information related to the first quarter results can be found on the bank's IR website, including the following presentation.

Before beginning I would like to call your attention to some figures of the first quarter that you can see in the slide number 1? No, there is no slide number 1. So let me call your attention to some figures.

Our net interest income grew 10.4% in the first quarter, if compared to the same period in 2006 it was flat in relation to the last quarter of 2006. Our net interest margin came in line with our estimates and reached 7.9% annualized. In 12 months the loan portfolio increased 33%; in the first quarter the growth of 5.4 was headed by business and individual loan operations.

In 2007 we will keep the focus on individual loans, looking for a growth around 35%. The emphasis on the segment is the payroll and car loans. You will see throughout this presentation that those lines had the highest growth in the first quarter among consumer finance line. Income kept growing in a good pace with a 13% expansion in the year, which met our expectation to 2007. Administrative expenses came under control, decreasing in relation to the first quarter of 06 and to the last quarter. As a result, BB's cost income ratio accounted 44.1%, only.

Before inviting Geovanne to proceed this presentation I would like to remember that since the first quarter of 07, dividends and interest on capital are being paid on a quarterly basis, so we will distribute the amount of R$ 563.5 million to the shareholders as dividends. The quarterly basis payment helps the prediction of the tax, which were around 25% in the first quarter. Now Marco Geovanne will provide more details on first quarter figures of Banco do Brasil. Geovanne, please.

Mr. Marco Geovanne Tobias da Silva: Thank you Aldo, good morning to you all. Let's go straight to slide number 2. I would like to begin showing you Banco do Brasil's net income performance. In the first quarter we posted R$ 1.4 billion of net income, 50.2% higher than the recurrent first quarter 06 and 12.9% higher than the last quarter.

We also highlight the return on equity trend, which reached 29.4% this quarter. The net interest income and the fee income evolution, which will be detailed later, and mainly the significant improvement in the operational efficiency following the administrative expenses reduction, were the main drivers for the result formation.

Moving on to slide 3 we can see that in the first quarter Banco do Brasil's net interest income reached R$ 4.8 billion, an increase of 10.1% compared to the first quarter 06 and almost flat when compared to the previous quarter. The margin increase in the year was based basically on loan operations expansion that more than compensated the securities result decrease. The stability verified on the net interest income from the fourth quarter 06 to the first quarter 07 is due to seasonal effect in the funding mix, especially the decline in the share of the main deposits on the funding base.

In the slide 4 the graph on the left side of the slide shows us the resilience of our net interest margin. The spread in earning assets dropped only by 60 basis points, while the average SELIC rate decreased by 428 basis points in the past 12 months. Relating to the fourth quarter 06, the 50 basis points decrease in the bank's margin is explained by the strong treasury assets expansion due to the growth in money-market borrowing.

The graph on the right side of the slide shows us the loan spread for each kind of portfolio. It is worth to highlight here that the individual portfolio is the one with the most attractive spread. The spread increase seen in the agribusiness book was mainly due to the 30.8% growth in equalization revenues received in the quarter.

Slide 5 shows us that the loan portfolio reached R$ 140.4 billion, a 33% growth ratio in relation to March 06, while the Brazilian banking industry grew only by 21%. The increase of 5.4% seen in the quarter was considerably higher than the 3.3% growth from the banking industry. With this performance Banco do Brasil kept its leadership as the largest lender in the country, with an 18.5% market share against 16.9% in March 06.

In the business loan book Banco do Brasil came from market share of 14.9% in March 06 to 16% in March 07. Please observe that these operations increased 38.5% in 12 months, and 6.3% in relation to the last quarter. It is worth a mention that the biggest part on the evolution in the business loan book is concentrated in credit lines to corporate customers.

The individual's loans grew 32.1% in relation to March 06 and 8.9% in relation to the last quarter. At the end of the quarter Banco do Brasil had an 11.2% market share in the segment against 10% in the same period last year. The balance of agribusiness loans was 26.2% higher than March 06 and 3.8% higher than last December, losing relative participation in the total amount of the book.

Moving on to slide 6 we can see in more detail about individuals loans, which corresponded to 18.6% of the total loan book with highlights to payroll and car loans. Payroll loans reached R$ 9.3 billion at the end of the first quarter, a 99% growth rate in 12 months, and 12.6% in the quarter. With this result Banco do Brasil reached a 17.7% market share in this business.

I would like to remind you that we are working to surpass the milestone of R$ 13 billion of balance in payroll loans until the end of this year.

Another highlight for individual loans is a consequence of Banco do Brasil's specific strategy towards increasing the car loan book that grew more than 400% in 12 months and reached the balance of R$ 1.2 billion. Our goal for this specific kind of loan is to surpass the mark of R$ 2.2 billion by the end of 07.

In slide 7 we compare Banco do Brasil credit risk with the average banking industry based on the numbers released by the Brazilian Central Bank. The line graphic shows us that the bank's average risk is 80 basis points under the average risk of the industry; however, we chose to keep a conservative position in terms of provisions. As shown in the graph in the bottom side of the slide, Banco do Brasil's coverage ratio is 222.7% over past due loans for more than 90 days, while the market ratio is around 168%. It is worth to highlight here that this ratio is not accounting additional provisions, if they were accounted the coverage ratio would go up to 269%.

In slide 8 you can see on the graphic on the left side of the slide the ratio between provision expenses and loan book. This ratio came back to its historical level of 4.8% in the first quarter this year. Quarterly provision expenses for loan losses added R$ 1.4 billion, a 6.4% growth in 12 months and 13.8% in the quarter due mainly to additional provisions of R$ 200 million that were accounted in this last quarter. Without these additional provisions those expenses would be decreased by 8.5% in 12 months or by 2.1% when compared to the previous quarter.

Also in slide 8 we can see in the graph on the right side, on the right bottom side of the slide that the balance of total provisions represented 6.5% of the total loan book, while past due loans for more than 60 days fell from 4.3 in March 06 to 2.8% at the end of this first quarter over the total book. It means that in terms of provisions we have twice as much coverage as necessary to cover past due loans for more than 60 days.

Slide number 9 details provisions for loan losses setting apart here the required provisions according to the regulation of the Brazilian Central Bank, regulation 2682. Required provisions rose 4.3% in the quarter, in line with the expansion in our loan book of 5.4%, whereas exceeding provisions increased almost R$ 200 million totaling almost R$ 1.6 billion at the end of the quarter. It is worth to mention here that additional provisions aims at supporting future volatility associated to the loan book risk profile.

Going to the next slide regarding deposits, the bank kept its leadership in funding and ended the quarter with R$ 160.7 billion in total deposits, an increase of 15.4% when compared to March 06. In the quarter we can see a decrease on demand deposits, which seasonally represents a weaker performance in the first quarter of the year. This reduction caused a relative growth in higher cost funding as time deposits grew by 5.1% in the quarter. This movement slightly tightened the financial margin of the bank in the quarter, as mentioned before.

In slide 11 we show fee income behavior that increased 13% in the past 12 months and 3.9% in the quarter reaching R$ 2.4 billion. In this group product fees, which involve: assets under management fees, loan operation fees, credit card fees, billing fees, service to affiliated companies and liquidity and funds transfer - they performed better, the best; those fees represented 51.6% of the total amount of fees accounted by the bank and grew 12.8% when compared to March 06 and an increase of 7.3% when compared to December 06.

In slide 12 the graphic on the left side of the slide presents the evolution of assets under management by our affiliated company BB DTVM. In this segment we kept the leadership with 19.1% of market share. The amount of funds under management grew by 14.1% in the past 12 months and 5.7% when compared to the previous quarter. The graphic on the right side of the slide shows us the customer base of Banco do Brasil considering here only account holders. We ended with 24.6 million account holders and we would like to highlight here the business, the corporate customers that grew 9.3% in the last 12 months.

Going to slide 13 we can observe that among equity income and fees, insurance, pension plans and capitalization businesses added R$ 315 million to the bank total income, a 33.7% increase compared to the same period last year.

The same kind of analysis can be seen in slide 14. We can see here that the credit-card business added R$ 508 million in revenues to the bank, among fees, financing, equity income and others. It represents an increase of 15.1% in relation to the 1Q06. The decrease in the quarter is seasonal due to the concentration of shopping, of credit card usage, at end of the year.

In slide 15 the graphic, the line graphic demonstrates that in the last 12 months our credit card base increase in 4.9 million new cards issued, amounting 14.4 million cards at the end of the period. Considering credit and debit cards we achieved an R$ 11.1 billion of turnover in the quarter, a 20.5% growth when compared to the same period of last year. It is worth to remind you here that we are aiming at reaching 16.5 million credit cards issued at the end of 07 and we do believe that this product will help us to considerably achieve our fee income growth ratio, which target is a 14% growth rate, around 14% growth rate for the entire year of 2007.

In the slide number 16 we present administrative expenses behavior. In this concept with segregated, we set apart legal risk expenses to better understand the behavior of administrative expenses. In the quarter, administrative expenses grew just 1% in relation to the same period last year and decreased 6.2% in the quarter; this movement is explained by personnel expenses reduction, which dropped 1.8% when compared to the 1Q06 due to a workforce reduction and a 5.3% decrease in the year due to seasonal effects and margin workforce reduction.

Other administrative expenses totaled R$ 1.4 billion, a 5.2% growth in the year. The greatest changes here were in security, guard and transport services and outsourced services as well, according to the business's organic expansion.

In relation to the last quarter other administrative expenses decreased by 7.6%. I would like to call your attention here to the reduction in marketing expenses that are usually stronger in the fourth quarter due to festive days such as Children's Day, Christmas.

In slide 17 we present the evolution of our headcount. You will see that there was a reduction in the number of headcount when compared to the first quarter of 06 and this explains the decrease in personnel expenses and also a reduction when compared to the previous quarter.

Moving on to slides 18 and 19 we would like now to show you some numbers regarding the productivity levels of Banco do Brasil. We can see that the strong control on costs is helping Banco do Brasil to improve its coverage ratio. The coverage ratio measures personnel expenses... the total amount of fee income that covers personnel expenses; this ratio reached 137.9%, more than 1,500 basis points improvement when compared to the first quarter of 06.

In that slide 19 we can see the evolution of the cost income ratio, which reached 44.1% in the quarter against a 48.1% ratio in the first quarter of 06 and a 47.5% in the last quarter. Those ratios are in a year-to-date base. As Aldo mentioned before, we are seeking to improve efficiency and we do believe we will be able to continue on that through an increase of business and control on costs.

Finally to rap up I would like to show in slide 20 our main retail strategies. Definitely we have broadened the concept of customer in Banco do Brasil and this concept considers not only the account holders but also anyone who uses a banking service. In this way Banco do Brasil is offering credit cards, insurance and consumer finance not only through its branch network, but also through the 18 retail partnerships. As an example, we grew the number of hybrid private label cards to 150,000 cards issued, a ratio of 127.9% growth. Following the expansion strategy for car loan book, we already have more than 690 partnerships signed with car dealers and multi brands stores. Our expectation is to surpass the mark of R$ 2.2 billion in car loan financing until the end of this year, not only using our own network but also our partnerships network.

Regarding partnerships I would like to recall you, to remember you that we signed a deal with, a partnership with Localiza, a car rental company here in Brazil and through this deal we have already contracted 1,400 operations to finance cars totaling R$ 20 million. Besides that we have another 2,500 contracts amounting R$ 50 million with other partners.

In the mortgage market in less than two months we have already signed contracts that reached R$ 16 million in letter of credit and we have disbursed R$ 1.7 million in credit to financing mortgages through a partnership with Poupex. We hope to disburse until the end of this year approximately R$ 650 million and start operating our own mortgage portfolio in the second half of this year.

Well, those were the information I would like to share with you. I would now like to open the floor for the Q&A session. Thank you very much.

Q&A Session

Operator: Ladies and gentlemen, we will now begin the question and answer session. If you would like to ask a question, please press the "star" key, followed by the "one" key on your touch-tone phone. To remove yourself from the questioning queue, press the "pound" key. Excuse me, Mr. Daniel Abut of Citigroup would like to ask a question. Please Mr. Abut, go ahead.

Mr. Daniel Abut: Good morning. I wanted to know if you could elaborate at least in principle what are the possible implications of the recent program that you announced of retirement for employees that reached a certain limit over 50 years of age and more than 15 years of contribution to Previ. I know you said that it is too early to know how

many will accept the proposal, but could you tell us how many of your total employees qualify, given the conditions and if all of them were to accept - just a theoretical question - what would be the we are talking about in years 08 and beyond? And what type of one-time charges would be seen in 07 related to those people departure?

Mr. Mendes: Hi Daniel, this is Aldo, is a pleasure to talk to you. Yes, in fact it is too early to have a precise figure about the number of people that will leave the company, but the potential is something around 12,000 people - this is the potential, the amount of people that could do the option to leave the company in this plan that we are offering. We do not have a target, we do not have a target, but we expect something around 20%, 25% of these people will leave the company. Regarding the impact on expenses, our opinion is that in this year the impact will be zero - I mean, there will be no impact because there was a offset between that we have to pay and that we are going to save in terms of costs, but we are expecting an economy last year around R$ 150 million, but this is an estimation. I would be more comfortable with this figure by the beginning of next month when we will have a better idea regarding the number of people that will in fact join the plan that we are offering to employees.

Mr. Abut: That is really helpful, Aldo. And then just to make sure I understood correctly your answer. You are saying that assuming, very roughly – because we will see if that is a correct assumption or not – but assuming that 20 to 25% of the 12,000 people that qualify accept the proposal you would expect savings in the order - annually - in the order of R$ 105 million?

Mr. Mendes: 140 to R$ 150 million.

Mr. Abut: 150 million, but in the first year you would not expect any, because the savings would be offset by the restructuring charges?

Mr. Mendes: That is right, exactly. We are incentivating people to join in this voluntary retirement plan, ok? Of course that for the next quarter you will see some volatility in the results because provisions must be made upfront in order to pay the incentives but then we will start seeing in the upcoming quarters the effective cost savings, ok? But we do believe that at the end of the year the final impact, when adding up all the impact in the quarters will be practically zero. But starting 2008 that is when we are confident we will start seeing cost savings coming from this early retirement plan results - depending, once again, on the number of employees that join this plan. The due you date, the final date for them to join will be June 30th and we are surely thinking, Daniel, about releasing a notice to the market once we have some ideas about the figures, about the impact, ok?

Mr. Abut: By June 30th you should know.

Mr. Mendes: Excuse me, could you repeat again?

Mr. Abut: I said that by June 30th you should know how many have accepted?

Mr. Dick: Yes, that is the final date for them to join the incentivated retirement plan, ok? So probably we will start July analyzing, assessing the numbers and the impacts of that.

Mr. Abut: That was very, very helpful. Thank you.

Mr. Mendes: You are welcome.

Operator: Our next question comes from Mr. Jorg Friedman with Merrill Lynch.

Mr. Jorg Friedman: Hello good morning gentlemen. You are starting to renegotiate the new contracts for equalization revenues. I would like to know if you have any news on that front so far, and in addition I would like to know if you have any idea of how much the expected equalization revenues for the second quarter, please.

Mr. Mendes: Hi Jorg, is Aldo speaking. In fact, we did not start negotiations with the national treasury regarding securitization ... equalization, sorry. So I do not have an idea about how much will be the revenues regarding the equalization. But what we expect the amount of this revenue will be lower than that we had last year, because of the fact that the segment of agribusiness is riskless this year, this crop in comparison with last crop.

Mr. Silva: And I would like to add Jorg - this is Geovanne - that besides the fact that we are expecting to negotiate a lower volume of equalization revenues, we are also expecting a kind of trade off with lower provisions, provision charges in the agribusiness book as well, due to this improvement in the average risk of the agribusiness book.

Mr. Friedman: Ok perfect, thank you.

Operator: Our next question comes from Ms. Maria Laura Pessoa with Fator Corretora.

Ms. Maria Laura Pessoa: Hello all and congratulations for the results. I have two questions, the first is: is it reasonable to assume that provision expenses of the loan book ratio should remain at current levels going forward? And the second question is if you could give some hint on income tax rates to be used in the model. Thank you.

Mr. Silva: I think you should assume something in between 4.5 to 4.8 Maria Laura - this is Geovanne speaking - and the last question you asked was about the tax ratio?

Ms. Pessoa: Yes, tax rate that I could use in the model.

Mr. Silva: Well, our guidance is 25% of tax ratio, ok?

Ms. Pessoa: Thank you, perfect.

Operator: Ladies and gentlemen, as a reminder, if you would like to pose a question, please press the star (*) key followed by the one (1) key on your touchtone phone now. If at any time you would like to remove yourself from the questioning queue, press star 2. Our next question comes from Mr. Jorg Friedman with Merrill Lynch.

Mr. Friedman: Hello again. I would like to know, you have recently announced the extinction of the bank's contribution to Previ and it should be affected by the capitalization of Cassi in 2007. I would like to know about Cassi going forward, what are the expenses expected, coming from Cassi?

Mr. Mendes: Jorg, going forward regarding Cassi there is ... we are not expecting any other impact in the bank because as you probably know, the plan that we have there in Cassi is a CD plan, Defined Contribution plan, so Banco do Brasil doesn't have any further obligation regarding the health plan of our employees in the future.

Mr. Silva: On a monthly, quarterly basis...

Mr. Mendes: I mean, we are not putting extra money there, only the normal contribution, which is 4.5% of the payroll in a monthly basis.

Mr. Friedman: Ok, and about the savings expected from Previ, just to reinforce the guidance you have already given could you just tell us the number again please?

Mr. Mendes: Yes, what we are going to save with Previ is something around 300, R$ 350 million yearly but this impact will start on next year, not in this year because we already compensated Previ and Cassi as you told before.

Mr. Silva: Yes and it is important to mention Jorg – and we are trying to everybody in the call, not only in the Portuguese but also in English - that the second quarter results we must pay a very good attention on that, because there will be a number of accounting that will happen regarding the incentive plan, regarding Previ, regarding Cassi and of course we will try to - how can say - to analyze the recurrent results segregating all this impact in order to understand the bulk of the recurrent performance of the bank, but the second quarter will be a very different one when compared to the first due to these externalities of these decisions taken by the bank.

Mr. Friedman: Ok, thank you.

Operator: Excuse me Mr. Tito Labarta with Deutsche Bank would like to ask a question. Please Mr. Labarta, go ahead.

Mr. Tito Labarta: Hi good morning I just the loans over 30% year-over-year, just do you expect this tendency to continue throughout the year or you expect it to slow down, if you give a share expectations and also what will be the main drivers? Thank you.

Mr. Silva: Hi Tito, this is Geovanne. Well, the guidance that we are giving with regard to a loan growth, you should expect the average loan book grow from 25 to 30%, the total loan book. The main driver, growth driver, will be in the individuals' loan book, with something around 35 to 40% growth rate, ok? You should expect quarter loans going from 25 to 30%; SMEs 25 and agribusiness, 20. So the overall growth rate will remain around, close to 30% for the overall book, in this range. Besides that we believe we will continue growing fee income around 14% on a yearly the basis; the spread we believe that through volume growth we will be able to sustain the spread close to 8% according to our analysis, ok? And I think... and expenses we should expect something in line with inflation, ok?

Mr. Labarta: Thank you very much.

Operator: Ladies and gentlemen, as a reminder, if you would like to pose a question, please press the star (*) key followed by the one (1) key on your touchtone phone now. If at any time you would like to remove yourself from the questioning queue, press star 2. Excuse me, Mr. Victor Galliano with HSBC would like to ask a question. Please Mr. Galliano, go ahead.

Mr. Victor Galliano: Thanks, just a quick follow-up, really just a clarification on the tax rate guidance that you gave of 25% I am assuming that excludes any of the profit share, is that correct?

Mr. Mendes: Yes, of course excluded, ok?

Mr. Galliano: Yes thanks.

Operator: That does conclude our Banco do Brasil's conference for today. As a reminder, the material used in this conference call is available on the Company's website, www.bb.com.br/ir. Thank you very much for your participation. You may now disconnect.

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MATERIAL FACTS

(F1) October 15, 2007 - Secondary Public Offering - CVM filling

(F2) October 3, 2007 - Follow-on Offering

(F3) September 18, 2007 - Proposal for anticipation of the Subscription Warrants "Series C" exercise

(F4) September 6, 2007 - BEP Incorporation Study

(F5) September 4, 2007 - BRB Incorporation Study

(F6) July 19, 2007 - Follow-on offering study of BB's voting shares

(F7) July 3, 2007 - Early Retirement Plan, Previ and Cassi impacts

(F8) June 22, 2007 - BB/BESC - Evaluate equity value in the M&A process

(F9) April 19, 2007 - BESC Incorporation Study

MATERIAL FACTS

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2008 APR 23 P 3:13
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(F1) October 15, 2007 - Secondary Public Offering - CVM filling

10.15.2007 - Secondary Public Offering - CVM filling

15-outubro, 19:00

Pursuant to § 4 of Article 157 of Law number 6,404, December 15th, 1976, as changed, and according to CVM (Brazilian Securities and Exchange Commission) Regulation 358, January 03, 2002, as changed, Banco do Brasil hereby informs:

It was filed today, October 15th, 2007, with the Brazilian Securities and Exchange Commission (CVM), a registration statement for a secondary public offering of Banco do Brasil's voting shares, as detailed below:

a. Secondary public offering ("Offering") of a portion of Banco do Brasil's voting shares owned by Caixa de Previdência dos Funcionários do Banco do Brasil (Previ) and BNDES Participações S.A. - BNDESPAR;

b. In accordance with the procedures established in the Brazilian Securities and Exchange Commission (CVM) Regulation No. 400, of December 29th, 2003, as amended, the Offering will be held in the non-organized over-the-counter market in Brazil, under the combined coordination of BB Banco de Investimento S.A. ("Lead Coordinator"), Banco UBS Pactual S.A and Deutsche Bank S.A. (along with the Lead Coordinator, "Coordinators").

Brasília (DF), October 15th, 2007.

Aldo Luiz Mendes
Chief Finance Officer

Fonte: Banco do Brasil - Relações com Investidores

(F2) October 3, 2007 - Follow-on Offering

10.03.2007 - Follow-on Offering

Pursuant to § 4 of Article 157 of Law no 6,404, dated December 15th, 1976 and according to CVM (Brazilian Securities and Exchange Commission) Regulation 358, dated January 03rd, 2002 and in addition to the Material Fact released on July 19th, 2007, Banco do Brasil hereby informs that Previ and BNDES-Participações S.A. approved a follow-on offering of Banco do Brasil's voting shares.

Brasília (DF), October 3rd, 2007

Aldo Luiz Mendes
Chief Finance Officer

(F3) September 18, 2007 - Proposal for anticipation of the Subscription Warrants "Series C" exercise

09.18.2007 - Proposal for anticipation of the Subscription Warrants "Series C" exercise

Pursuant to § 4 of Article 157 of Law # 6,404, dated December 15th, 1976 and according to CVM (Brazilian Securities and Exchange Commission) Regulation 358, dated January 3rd , 2002, Banco do Brasil informs that the Board of Directors, in meeting held on 09.17.2007, decided to submit to the Shareholders' Meeting a proposal for anticipation of the Subscription Warrants "Series C" exercise, making possible the Warrants holders, under their choice, to exercise their right in the period from 1st to 11.30.2007, observed the conditions approved in the Shareholders' Meeting of 06.17.1996.

Above mentioned proposal, in case of being approved by the Shareholders' Meeting, does not extinguish the right of exercise in the due date, from 03.31.2011 to 06.30.2011, to the Subscription Warrants "Series C" remainders.

Brasília (DF), September 18th, 2007.

Aldo Luiz Mendes
CFO

(F4) September 6, 2007 - BEP Incorporation Study

09.06.2007 - BEP Incorporation Study

Pursuant to § 4 of Article 157 of Law no 6,404, dated December 15, 1976 and according to CVM (Brazilian Securities and Exchange Commission) Regulation 358, dated January 03, 2002, Banco do Brasil and Banco do Estado do Piauí S.A. hereby inform that:

1. Both institutions were informed, on the present date, by the National Treasury Secretariat, that it has decided, after conversations kept with state of Piauí Finance Secretariat, to develop studies aiming at the incorporation of Banco do Estado do Piauí S.A. (BEP) by Banco do Brasil.

2. Additional facts will be released to the market as soon as both institutions are informed.

Brasília (DF) and Teresina (PI), September 6th, 2007

Banco do Brasil S.A.
Aldo Luiz Mendes
Finance, Capital Markets and Investor Relations Vice President

Banco do Estado do Piauí S.A.
José Jedilson de Góes Costa
Finance and Controlling Director

(F5) September 4, 2007 - BRB Incorporation Study

09.04.2007 - BRB Incorporation Study

Pursuant to § 4 of Article 157 of Law no 6,404, dated December 15, 1976 and according to CVM (Brazilian Securities and Exchange Commission) Regulation 358, dated January 03, 2002, Banco do Brasil and o Banco de Brasília S.A. - BRB hereby inform that:

1. The Government of Distrito Federal positively agreed to develop studies aiming at the acquisition of the shareholder control of Banco de Brasília S.A. – BRB by Banco do Brasil S.A., observing the related legal procedures and other conditions concerning this kind of operation.

2. Additional facts will be released to the market according to the evolution of the studies.

Brasília (DF), September 4th, 2007.

Aldo Luiz Mendes
CFO

Laécio Barros Júnior
Acting Chairman

(F6) July 19, 2007 - Follow-on offering study of BB's voting shares

07.19.2007 - Follow-on offering study of BB's voting shares

Pursuant to § 4 of Article 157 of Law no 6,404, dated December 15, 1976 and according to CVM (Brazilian Securities and Exchange Commission) Regulation 358, dated January 03, 2002, Banco do Brasil hereby informs that:

1. Previ and BNDESPar informed Banco do Brasil that they started to study a follow-on offering of Banco do Brasil's voting shares to be held in the 2nd half 2007.

2. This offering will correspond to, at least, 3% of the total capital of the Bank, and might reach 5% max.

3. As soon as the studies are approved by the boards of Previ and BNDESPar we will inform the market.

Brasília (DF), July 19th , 2007.

Aldo Luiz Mendes
CFO

(F7) July 3, 2007 - Early Retirement Plan, Previ and Cassi impacts

07.03.2007 - Early Retirement Plan, Previ and Cassi impacts

According to the 4th paragraph of the article 157, Law 6,404, December 15th 1976 and to the CVM (Brazilian Securities and Exchange Commission) Regulation 358, January 3rd 2002, Banco do Brasil hereby informs that:

1. About seven thousand employees joined the **Earlier Retirement Program** for those above 50 years old and over 15-year contribution to Previ (Banco do Brasil's employees private pension plan), which should have the following estimated impacts on the Bank's Personnel Expenses:

R$ million	2Q07	3Q07	4Q07	2007	2008
Expenses with the Earlier Retirement Program	(730)	(130)	-	(860)	-
Estimated Savings	-	60	60	120	240
Fiscal Effect	248	24	(20)	252	(82)
Net Effect on the Bottom Line	**(482)**	**(46)**	**40**	**(488)**	**158**

2. The suspension of contributions to Previ, signed in an agreement between Banco do Brasil and employees representative entities over the use of the surplus related Benefit Plan nr. 1 (Defined Benefit), as informed to the market on 04.05.2007, will bring in 2007 a R$ 300 million pre-tax reduction in Personnel Expenses, being approximately R$ 160 million in the 2nd quarter 2007. The settle agreement predicts a revision of the contributions suspension every 12 months in order to associate, annually, its maintenance to the ratification of the Plan surplus.

3. Moreover, Banco do Brasil expects that the restructuring of the health care plan managed by Caixa de Assistência dos Funcionários do Banco do Brasil (Cassi), in the case of its approval by its associates, will roughly imply an extraordinary pre-tax impact of R$ 450 million in Personnel Expenses in the 3rd quarter 2007.

Brasília (DF), July 3rd 2007.

Aldo Luiz Mendes
CFO

(F8) June 22, 2007 - BB/BESC - Evaluate equity value in the M&A process

06.22.2007 - BB/BESC - Evaluate equity value in the M&A process

Pursuant to § 4 of Article 157 of Law no 6,404, dated December 15, 1976, according to CVM (Brazilian Securities and Exchange Commission) Regulation 358, dated January 03, 2002 and in addition to the Material Fact released on April 19th , 2007, Banco do Brasil and Banco do Estado de Santa Catarina S.A. - BESC hereby inform that:

1. Banco do Brasil filed a request of opinion to CVM, on May 24th ,2007, about the possible methodologies to assess value of Banco do Brasil (acquirer) and BESC and BESCRI (acquirees). The purpose of the questioning was to assure the fully compliance with the Brazilian Corporate Law when determining how to evaluate the equity value in the M&A process.

2. The CVM Board, in a meeting held on June 19th , 2007, understood that:

a) pursuant to article 224[1] of the Law nº 6,404/76, it is possible to adopt market value to assess Banco do Brasil's equity worth and discounted cash flow (DCF) to assess BESC and BESCRI, since the management of the companies involved understands and justifies that the criteria chosen are the ones that evaluate them better;

b) with regard to the article 264[2] of the same Law, the book value criterion is not accepted. However, to comply with the Law, it is possible to adopt the DCF methodology to compare acquirer and acquirees equity worth.

3. We inform that the extract of the minutes of the referred meeting, of number 24/07, can be found in the CVM website.

4. Finally, we would like to emphasize that the M&A process is still being studied by Banco do Brasil, as well as the definition about possible criteria to be adopted to evaluate the companies involved.

Brasília (DF) and Florianópolis (SC), June 22nd , 2007.

Aldo Luiz Mendes
Chief Finance Officer
Banco do Brasil S.A.

Luis Mário Lepka
Investor Relations Officer
Banco do Estado de Santa Catarina S.A.

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(1) article 224 establishes the conditions to be submitted to the acquirer and acquiree companies' shareholders meetings due to an M&A process, including possible criteria to be adopted to evaluate the companies involved, as well as those related to the shares exchange ratio.
(2) article 264 establishes the need of a comparative appraisal report when companies involved in an M&A are under the same controlling shareholder.

(F9) April 19, 2007 - BESC Incorporation Study

04.19.2007 - BESC Incorporation Study

Pursuant to § 4 of Article 157 of Law no 6,404, dated December 15, 1976 and according to CVM (Brazilian Securities and Exchange Commission) Regulation 358, dated January 03, 2002, Banco do Brasil and Banco do Estado de Santa Catarina S.A. - BESC hereby inform that:

1. Both institutions were informed, on the present date, by the National Treasury Secretariat, that it has decided, after conversations kept with state of Santa Catarina Finance Secretariat, to develop studies aiming at the incorporation of Banco do Estado de Santa Catarina S.A. (BESC) and of Besc S.A. - Crédito Imobiliário (BESCRI) by Banco do Brasil.

2. Additional facts will be released to the market as soon as both institutions are informed.

Brasília (DF) and Florianópolis (SC), April 19th 2007.

Aldo Luiz Mendes
Finance, Capital Markets and Investor Relations Vice President
Banco do Brasil

Luis Mário Lepka
Investor Relations Director
Banco do Estado de Santa Catarina

OTHER INFORMATION

RECEIVED
2008 APR 23 P 3:19
OFFICE OF INTERNATIONAL
CORPORATE FINANCE

(G1) December 20, 2007 - Petrobras Card Agreement

(G2) December 6, 2007 - Series "C" Warrants Conclusion

(G3) December 6, 2007 - BB contracts Market Maker

(G4) November 13, 2007 - BEP Incorporation

(G5) 3rd Quarter 2007 Results Schedule

(G6) October 23, 2007 - Information to the Subscription Warrants Holders

(G7) October 18, 2007 - Bahia Payroll Contract

(G8) October 17, 2007 - Minas Gerais Payroll Contract

(G9) October 15, 2007 - American Depositary Receipts – ADR Level I program.

(G10) October 5, 2007 - BESC incorporation kick off

(G11) October 2, 2007 - Minas Gerais Payroll Agreement

(G12) August 14, 2007 - 2nd Quarter 2007 Results

(G13) June 6, 2007 - The Proposal of the creation of two new Vice-presidencies

(G14) May 28, 2007 - Split of BB's Shares

(G15) May 11, 2007 - Excellence in Management Plan

(G16) May 7, 2007 - 1st Quarter 2007 Results Schedule

(G17) April 25, 2007 - 200% split of BB's shares Approval

(G18) April 9, 2007 - Suspension of Previ's Contributions

(G19) March 23, 2007 - Meeting with Analysts (Apimec) - Agenda and Presentation

(G20) January 24, 2007 - 2006 Results Schedule

(G21) January 19, 2007 - 200% split of BB's shares

OTHER INFORMATION

RECEIVED
2008 APR 23 P 3:
OFFICE OF INTERNATIONAL

(G1) December 20, 2007 - Petrobras Card Agreement

12.20.2007 - Petrobras Card Agreement

Banco do Brasil and BR Distribuidora announce an agreement to the issuing of the new Petrobras card. The card, Hybrid Private Label, will be international, with VISA brand, bringing both companies names. The card will be offered in more than 4 thousand BR network stations, besides the automated channels from both companies.

The card holders will have exclusive benefits, from a specific relationship program, besides the broadening acceptance in any store agreed with VISA in Brazil and abroad, adding simplicity and comfort to the holder.

The agreement also brings advantages to the BR dealers, which will have special conditions in the acceptance of the new Petrobras Card.

Brasilia, December 20th 2007.

Marco Geovanne Tobias da Silva
Investor Relations Manager

(G2) December 6, 2007 - Series "C" Warrants Conclusion

12.06.2007 - BB contracts Market Maker

Banco do Brasil informs that, with intention to promote the best environment for negotiation of its share (BBAS3), contracted, on December 3rd, 2007, Banco UBS Pactual S.A. to act as its Market Maker and to extend the market liquidity of Banco do Brasil shares. The contract time is 6 months (extendable for equal period), being able to be rescinded any time by Banco do Brasil, observed the minimum period of 90 days counted from the registration of UBS Pactual in the São Paulo Stock Exchange. The amount of the Banco do Brasil Free Float, on this date, is of 367,541,425 ordinary shares (14,8% of Banco do Brasil's Capital - 2,475,949,269 shares). The UBS Pactual will begin to act as Banco do Brasil's Market Maker on December 6th, 2007.

Brasília (DF), December 5th, 2007.

Marco Geovanne Tobias da Silva
IR Manager

(G3) December 6, 2007 - BB contracts Market Maker

12.06.2007 - Series "C" Warrants Conclusion

Banco do Brasil S.A informs the result of the Series "C" Subscription Warrants exercise, held from 11.01.2007 to 11.30.2007:

- Exercised Series "C" Subscription Warrants (BBAS13): 21,148,315
- Subscription Receipts (BBAS11): 66,232,261
- Non-exercised Series "C" Subscription Warrants: 5,880,431

The Subscription Receipts (BBAS11) will be converted into shares after the capital increase approval by the Shareholders Meeting and the confirmation by the Brazilian Central Bank. The non-exercised Series "C" Subscription Warrants remain valid.

Brasília (DF), December 6th 2007

Marco Geovanne Tobias da Silva
IR Manager

(G4) November 13, 2007 - BEP Incorporation

11.13.2007 - BEP Incorporation

In addition to the Material Facts released on September 6th, 2007, the National Treasury, the Government of the State of Piauí and the Banco do Brasil inform that they signed today (November, 13th), in Brasilia, the Amendment to the PROES Contract (Program of Incentive to the Reduction of the State Government in the Banking Industry), related to Banco do Estado do Piauí S.A. (BEP). The amendment aims at the retreat of BEP from the PND (National Program for Privatization).

The efficacy is restricted to the publication of specific regulation, by the Federal Senate and the release of a Presidential Decree, which will allow the starting of the incorporation process of BEP by Banco do Brasil. The final term for the incorporation will be in 12 months, starting from the date of the contract of the last evaluating company.

Banco do Brasil and BEP also formalized a Services Contract with the State of Piauí, for a period of 60 months, to centralize, manage and process the State financials and of the State payroll.

Brasilia (DF), November 13th, 2007.

Marco Geovanne Tobias da Silva
Investor Relations Manager

(G5) 3rd Quarter 2007 Results Schedule

3Q07 Results Schedule

Find below 3Q07 Results files and the Conference Call access numbers:

Quick Access MD&A - html Financial Statement - html Historical Data - Conference Call Presentation -	**English (11.14.2007)** 09:00 a.m. (US ET) 12:00 p.m. (Brazilian time) Access: From Brazil: 55 (11) 4688-6301 From USA: (1-800) 860-2442 From other Countries: (1-412) 858-4600 **Portuguese (11.14.2007)** 07:30 a.m. (US ET) 10:30 a.m. (Brazilian time) Access: Brazil: 55 (11) 4688-6301 **Webcast (11.14.2007)** Clik here

[Please see following pages for the Conference Call Presentation]

(G6) October 23, 2007 - Information to the Subscription Warrants Holders

10.23.2007 - Information to the Subscription Warrants Holders

Banco do Brasil informs to the owners of Series – C Subscription Warrants, issued and distributed for free to shareholders on June 17th, 1996, pursuant to the Extraordinary Shareholders Meeting of the same date, that the Extraordinary Shareholders Meeting, held on October 23rd, 2007 approved the anticipation of the Subscription Warrants "Series C" exercise under the following conditions:

a) Exercise of series C Subscription Warrants: in June 2007, Banco do Brasil's shares were split in the proportion of 1:3 and the conversion was the same for the Subscription Warrants Series C. It means that each Subscription Warrants Series C, that would grant the right to subscribe 1.043933 shares, now will grant the right to subscribe 3.131799 shares.

b) Treatment of fractions: the fractions of remaining shares of the exercise of subscription warrants series C will be reunited and then sold in the Stock Exchange by Banco do Brasil. The result of the sale will be proportionally divided respecting the position of each subscription warrants holder. The fractions of the shares resulted from the exercise of warrants series C cannot be transferred, having no cession of rights.

c) Exercise price: R$ 8.50 per subscription warrant, readjusted by the IGP-DI Index, published by Fundação Getúlio Vargas, from June 17th, 1996 until the date of the application for the exercise of subscription rights. For an example, on October 1st, 2007 the exercise price was R$ 23.36, per subscription warrant. If the IGP-DI index for the month is not available on the date of application, the subscription price shall be adjusted pro-rata-die using the last published index.

d) Maturity date for anticipation of the exercising warrants: from November 1st, 2007 up to November 30th, 2007. The term for subscription warrants that are in the custody of Stock Exchange will end up to November 28th, 2007.

e) Form of payment: in cash.

f) Subscription document: the subscription document shall be delivered to the holder of the warrants in any branch of Banco do Brasil and the payment may be done through any bank which takes part in the system. Holders of subscription warrants in the custody of stock exchanges shall exercise through their brokers.

g) Payment of Dividends: the Board of Directors, in a meeting held on October 15th, 2007, decided that the dividends will be paid to the new stock holders on the amount of 2/3 of the total dividends per share, regarding Banco do Brasil's results in the 4th Quarter 2007. The fractions of the shares, while they exist, will not receive any dividend.

h) Warrants not exercised: the exercise of the subscription warrants is optional and can be partially or entire exercised, now or in the original term, from March 31st, 2011 to June 30th, 2011.

i) Update of customer information file: in order to exercise their warrants, holders must have their information file updated.

j) Assistance for warrant bearers: we will be available for further information or for updating customer data at any Banco do Brasil's branch or by our Shareholders' Service in BB's Call Center, through the

telephones 4004.0001 in Brazilian Capitals and 0800 7290001 in other Brazilian cities (portuguese only).

Brasília (DF), October 23th, 2007.

Aldo Luiz Mendes
CFO

(G7) October 18, 2007 - Bahia Payroll Contract

10.18.2007 - Bahia Payroll Contract

Banco do Brasil informs that was signed today a partnership with the Government of the State of Bahia to be the official bank of the State for the next 60 months. Besides the payroll of 253 thousand employees, pensioners and interns, BB will centralize, in character of exclusiveness, all the State financials, including fees, taxes and billings, and also the distribution of the State tributes.

Brasília, October 18th, 2007

Aldo Luiz Mendes
CFO

(G8) October 17, 2007 - Minas Gerais Payroll Contract

10.17.2007 - Minas Gerais Payroll Contract

Banco do Brasil informs that was signed today, 10.17.2007, a Service Contract with the State of Minas Gerais, for a 60 months period, to process the State payroll of all civil servants, retirees and pensioners from the legislative and executive powers of the State of Minas Gerais, and from that State Public Ministry totaling 542 thousand people.

Brasília (DF), 17 October de 2007.

Marco Geovanne Tobias da Silva
Investor Relations Manager

(G9) October 15, 2007 - American Depositary Receipts – ADR Level I program.

10.15.2007 - American Depositary Receipts – ADR Level I program.

Banco do Brasil informs that the Board of Directors, in a meeting held on 10/15/2007, ratified the decision of its chairman on launching an American Depositary Receipts – ADR Level I program. Accordingly, procedures will be eventually taken, aiming at choosing a depositary institution for the ADR to be issued by Banco do Brasil.

The mentioned program will depend on a Presidential Decree authorizing the issue of ADR backed by Banco do Brasil's voting shares.

Brasília (DF), October 15th, 2007.

Marco Geovanne Tobias da Silva
IR Manager

(G10) October 5, 2007 - BESC incorporation kick off

10.05.2007 - BESC incorporation kick off

In addition to the Material Facts released on April 19th, 2007 and June 22nd, 2007, the National Treasury, the Government of the State of Santa Catarina and the Banco do Brasil inform that they signed today (October, 5th), in Brasilia, the Amendment to the PROES Contract (Program of Incentive to the Reduction of the State Government in the Banking Industry), related to Banco do Estado de Santa Catarina S.A. (BESC) and Besc S/A – Mortgage Loan (BESCRI).

The amendment aims at the retreat of BESC and BESCRI from the PND (National Program for Privatization) and its efficacy is restricted to the publication of specific regulation, by the Federal Senate and the release of a Presidential Decree, which will allow the starting of the incorporation process of Besc by Banco do Brasil. The final term for the incorporation will be in 12 months, starting from the date of the contract of the last evaluating company.

Banco do Brasil and Besc also formalized a Services Contract with the State of Santa Catarina, for R$ 250 million and for a period of 60 months, to centralize, manage and process the State financials and of the State payroll. This amount will be paid to the State only after the incorporation of Besc by Banco do Brasil.

During the term of the Contract, BB assures the maintenance of the actual brand in the Besc network, beyond preserve banking service in all the municipalities served by Besc.

Brasília (DF) and Florianópolis (SC), October 5th, 2007.

Banco do Brasil S.A.
Aldo Luiz Mendes Luis
Chief Finance Officer

Banco do Estado de Santa Catarina S.A.
Mário Lepka
Investor Relations Officer

(G11) October 2, 2007 - Minas Gerais Payroll Agreement

10.02.2007 - Minas Gerais Payroll Agreement

Banco do Brasil informs that, as required by the Public Bidding Law, it has concluded one of the steps to set up an agreement with the State of Minas Gerais. The purpose of this agreement is to allow Banco do Brasil run the payroll of all civil servants, retirees and pensioners from the legislative, judicial and executive powers of the State of Minas Gerais, totaling 562 thousand people.

The procedures to transfer the bank accounts of the servants to Banco do Brasil will be taken as soon as the agreement is signed.

Aldo Luiz Mendes
CFO

(G12) August 14, 2007 - 2nd Quarter 2007 Results

08.14.2007 - 2Q07 Results

Recurring Net Income of R$1,464 million in the 2Q07

Banco do Brasil posted R$ 1,068 million net income in the second quarter of 2007. The recurring net income (without extraordinary impacts) was R$ 1,464 million, 126.2% higher than the second quarter of 2007. This evolution is due to the expansion of the credit portfolio (29%), with highlight to the operations with individuals (payroll and car loans) and business (SMEs). It is also worth to highlight the improvement of loans revenues and fee income and the reduction of delinquency in 80 basis points, compared to the same period last year. Banco do Brasil posted R$ 2,923 million. The recurring result of the second quarter corresponds to annualized ROE of 29.4%. BB distributed R$ 427.3 million (R$ 96.5 million as dividends and R$ 330.8 million as interest on own capital), which will be paid on 08.28.2007. The amount per share, updated until August 14th , 2007, is as follows:

Ticker	Interest on equity	Dividends	Total
BBAS3	R$ 0.13549993620	R$ 0.03953302920	R$ 0.17503296540

The Interest on Shareholders Equity will be paid according to the share ownership position of June 21st, 2007 as informed in the Information to Shareholders released on that date. The Dividends will be paid according to the share ownership position of August 14th, 2007 and shares will be negotiated "ex dividends" from August 15th, 2007 on.

In order to provide a broad access to corporate information for all agents of the society – customers, press, investors and analysts – Banco do Brasil will hold conference calls at 09:00 am US ET (Portuguese) and 10:30 am US ET (English). BB will also hold a video webcast (Portuguese only) at 16:00 pm US ET. All of it may be accessed throughout the IR website.

More information about the 2Q07 Results:

Quick Access MD&A - html Financial Statement - html Historical Data - Conference Call Presentation - Videowebcast Presentation - (Portuguese only) Dividends/Interest on Equity - html	**Conference Call (08/15/2007)** 10:30 a.m. (US ET) Access: From Brazil: 55 (11) 4688-6301 From USA: (1-800) 860-2442 From other Countries: (1-412) 858-4600 **Webcast (08/15/2007)** Clik here **Videowebcast (08/15/2007 - Portuguese only)** 16:00 (US ET) Clik here

For more information contact (ri@bb.com.br) or Phonhe: 55 (61) 3310-3980 – Fax: 55 (61) 3310-3735

(G13) June 6, 2007 - The Proposal of the creation of two new Vice-presidencies

06.06.2007 - The Proposal of the creation of two new Vice-presidencies

Banco do Brasil hereby informs that the Board of Directors will submit to the Shareholders' Meeting, that will take place in June, the creation of two new vice-presidencies aiming at boost the ingression of the Bank in new businesses of retail service and improve Banco do Brasil´s performance in the agribusinesses and government market.

To reach these objectives, BB will concentrate its businesses in a new vice-presidency, with mortgage loans, car loans, credit cards, consortium and new opportunities in the retail banking market. In the agribusiness sector, also considered strategic for the Bank, will be emphasized the specialization of this market by the creation of a new and exclusive vice-presidency, out of the Vice-presidency of Government, that will be responsible, also, for the pension plans.

To the vice-presidency of the new business on retail service and to the Vice-presidency of Agribusiness will be pointed out Mr. Aldemir Bendini, BB's employee, current Interim Vice-president of Retail Service and Distribution, and Mr. Luiz Carlos Guedes Pinto, ex-Executive Secretary and ex-Interim Agriculture Minister respectively. To the Vice-presidency of Government, will be pointed out Mr. Luiz Alberto Maguito Vilela.

To compose Banco do Brasil's Board of Officers, will be pointed out two others vice-presidents, BB's employees:

Vice-presidency of Retail Service and Distribution – Milton Luciano dos Santos, current Distribution Director;

Vice-presidency of Technology and Logistic – José Luiz Prola Salinas, current Internal Audit Manager.

The following vice-presidents will be maintained:

Vice-presidency of Credit, Controlling and Risk Management – Adézio de Almeida Lima;

Vice-presidency of Finance, Capital Market and Investor Relations – Aldo Luiz Mendes;

Vice-presidency of International Business and Wholesale – José Maria Rabelo;

Vice-presidency of Human Resources and Social-Environmental Responsibility – Luiz Oswaldo Sant'iago Moreira de Souza.

The curriculums of the nominees will be available on the site bb.com.br/sala de imprensa (only in Portuguese).

Brasília, June 6th, 2007.

Aldo Luiz Mendes
Vice-presidency of Finance, Capital Market and Investor Relations

(G14) May 28, 2007 - Split of BB's Shares

05.28.2007 - Split of BB's Shares

On April 25th 2007, Banco do Brasil's General Shareholders Meeting approved a 200% split of BB's shares (BBAS3), which means two new shares for each one existing share. This measure, which will raise the quantity of shares without equity changes, will help to improve liquidity and access of small investors to Banco do Brasil's shares.

Having the authorization from Brazilian Central Bank to the change in the BB's Bylaws, we inform to our shareholders that the split will be held in the stock exchange on June, 4th 2007, as follows:

1. The shareholders will receive 2 (two) new shares without charge to each owned share in the final shareholder position of June 1st 2007;
2. The new shares will be released to negotiation from June 4th 2007, and will receive the fully amount from dividends and interest on own capital to be declared from that date on;
3. Since the subscription warrants series C (BBAS13) will not be splitted, the proportion for future exercise will be changed to 3.131799 shares to each subscription warrant.

Brasília, May 28th 2007.

Aldo Luiz Mendes

Vice-president of Finance, Capital Markets and Investor Relation

(G15) May 11, 2007 - Excellence in Management Plan

05.11.2007 - Excellence in Management Plan

Excellence in Management Plan

Given recent news in Brazilian newspapers about a number of measures taken by the management in order to improve operational efficiency, Banco do Brasil hereby informs:

1. The Board of Officers approved measures to improve its decision-making process; to refine its customer relationship models, increasing wages of employees that directly deal with customers; and to streamline BackOffice activities in order to direct a higher number of employees and managers to FrontOffice.

2. Moreover, it was approved an incentive plan for employees above 50 years old and over 15 years of contribution to Previ (BB's Employees Pension Plan) to retire.

3. The implementation of this measures began this month and will be concluded in June 2007, when we will be able to assess the impacts of them in Banco do Brasil's results and better inform the market. For the time being, the only thing we can anticipate is that the expected improvement in operational efficiency will be more evident from the 2008 results on.

Brasília (DF), May 11th, 2007.

Marco Geovanne Tobias da Silva
Investor Relations Manager

(G16) May 7, 2007 - 1st Quarter 2007 Results Schedule

05.07.2007 - 1Q07 Results Schedule

1Q07 Results Schedule

Banco do Brasil informs that will release the 1Q07 results on May 15th, 2007 (Tuesday). The results information will be available on the Investor Relations website (www.bb.com.br/ir) from that date on.

The conference calls with analysts (Portuguese and English) will be held on May 16th, 2007 (Wednesday). See schedule below:

Portuguese
09:00 a.m. (US ET)
10:00 a.m. (Brasília time)

English
10:30 a.m. (US ET)
11:30 a.m. (Brasília time)

Best Regards,

Gilberto Lourenço da Aparecida
Investor Relations Deputy Manager

(G17) April 25, 2007 - 200% split of BB's shares Approval

04.25.2007 - 200% split of BB's shares Approval

200% split of BB's shares Approval

In a General Meeting held today, Banco do Brasil's shareholders approved a 200% split of Banco do Brasil's shares (BBAS3), entitling two new shares for each one existing share.

This measure, which will raise the quantity of shares without equity changes, will improve the Bank's shares liquidity and also the access of small investors to BBAS3.

The initial date for the split shares negotiation will be informed right after being ratified by the Brazilian Central Bank.

Brasilia (DF), April 25th , 2007.

Marco Geovanne Tobias da Silva
Investor Relations Manager

(G18) April 9, 2007 - Suspension of Previ's Contributions

04.09.2007 - Suspension of Previ's Contributions

Suspension of Previ's Contributions

Banco do Brasil hereby informs that:

1) An agreement was signed today with the employees' representative entities regarding the Previ (Banco do Brasil's employees private pension plan) surplus destination of Plan number 1 (Defined Benefit).

2) The agreement foresees the total suspension of Previ's associates and Banco do Brasil contributions to Previ, retroactive to January, 2007. If approved by the Previ's administrative bodies, this measure will generate an estimated economy of R$325 million as Personnel Expenses.

3) The settle agreement predicts a revision of the contributions suspension every 12 months in order to associate, annually, its maintenance to the ratification of the Plan surplus.

4) The consequent impacts in Banco do Brasil's 07 income statement from the contributions suspension to Previ will be off-set by expenses related to another agreement with workers unions aimed to restructure the health care plan managed by Cassi and will be in effect after the approval by Cassi's social body (in activity and retired BB's employees).

Brasília (DF), April 5th, 2007.

Aldo Luiz Mendes
Vice-president of Finance, Capital Markets and Investor Relations

(G19) March 23, 2007 - Meeting with Analysts (Apimec) - Agenda and Presentation

03.23.2007 - Meeting with Analysts (Apimec) - Agenda and Presentation

Meeting with Analysts (Apimec) - Agenda and Presentation

APIMEC 2007 Presentation - only in Portuguese

· 04/09/2007 – Brasília (6:00 p.m.)
Hotel Naoum – SHS Quadra 05 Bloco H

· 04/11/2007 – Belo Horizonte (6:00 p.m.)
Hotel Mercure – Av. do Contorno, 7315 – Lourdes

· 04/16/2007 – Rio de Janeiro (6:00 p.m.)
Hotel Iberostar – Av. Atlântica, 1020 – Copacabana

· 04/18/2007 – Recife (6:00 p.m.)
Mar Hotel Recife – Rua Barão de Souza Leão, 451 - Boa Viagem

· 04/20/2007 – Fortaleza (6:00 p.m.)
Blue Tree Towers – R. Dr. Atualpa Barbosa de Lima, 500 – Iracema

· 04/23/2007 – Porto Alegre (6:00 p.m.)
Hotel Deville – Av. dos Estados, 1909

· 04/25/2007 – Florianópolis (6:00 p.m.)
Maria do Mar Hotel – Rodovia João Paulo, 2285

(G20) January 24, 2007 - 2006 Results Schedule

01.24.2007 - 2006 Results Schedule

2006 Results Schedule

Dear Sirs,

Banco do Brasil informs that will release the 2006 results on February 27th, 2007 (Tuesday). The results information will be available on the Investor Relations website (www.bb.com.br/ir) from this date on.

The conference calls with analysts (Portuguese and English) will be held on February 28th, 2007 (Wednesday). See time below:

Portuguese
09:00 a.m. (US ET)
11:00 a.m. (Brasília time)

English
10:00 a.m. (US ET)
12:00 p.m. (Brasília time)

Best Regards,

Marco Geovanne Tobias da Silva
Investor Relations Manager

(G21) January 19, 2007 - 200% split of BB's shares

01.19.2007 - 200% split of BB's shares

200% split of BB's shares

Banco do Brasil hereby informs that the Board of Directors, in a meeting on 01.18.2007, decided to submit to the Shareholders' Meeting, to be eventually noticed, a 200% split of Banco do Brasil's shares (BBAS3), entitling two new shares for each one existing share. The same ratio shall be applied to the subscription warrants series "C". The split will be carried out after being approved by the Shareholders' Meeting and ratified by the Brazilian Central Bank.

As soon as we have this issue approved, we will inform the market.

Brasilia (DF), January 19th , 2007.

Marco Geovanne Tobias da Silva
Investor Relations Manager

DIVIDENDS/INTERESTS ON EQUITY

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(H1) March 20, 2008 - 1st Quarter 2008 - Interest on Own Capital

(H2) February 26, 2008 - 4th Quarter 2007 - Payment of Interest on Shareholders Equity

(H3) December 21, 2007 - 4th Quarter 2007 - Payment of Interest on Shareholders Equity

(H4) November 13, 2007 - 3rd Quarter 2007 - Payment of Interest on Shareholders Equity

(H5) September 21, 2007 - 3rd Quarter 2007 - Interest on Own Capital

(H6) August 14, 2007 - 2nd Quarter 2007 - Payment of Interest on Shareholders Equity

(H7) May 15, 2007 - 1st Quarter 2007 - Payment of Interest on Shareholders Equity and Dividends

(H8) March 21, 2007 - 1st Quarter 2007 - Interest on Own Capital

(H9) February 27, 2007 - 2nd Half 2006 - Payment of Interest on Shareholders Equity and Dividends

DIVIDENDS/INTERESTS ON EQUITY

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(H1) March 20, 2008 - 1st Quarter 2008 - Interest on Own Capital

[Please see attached document]

(H2) February 26, 2008 - 4th Quarter 2007 - Payment of Interest on Shareholders Equity

[Please see attached document]

(H3) December 21, 2007 - 4th Quarter 2007 - Payment of Interest on Shareholders Equity

12.21.2007 - 4rd Quarter 2007 - Payment of Interest on Shareholders Equity

Information to Shareholders Payment of Interest on Own Capial 4th Quarter 2007

We hereby inform that Banco do Brasil's Board of Officers, on December 19th, 2007, approved the distribution of interest on own capital related to the 4th quarter of 2007, according to the Article 44 of Banco do Brasil's Bylaws and pursuant to the § 7th of Article 9th of the Law 9.249/95.

The amount to be paid, R$ 352,780,448.35, represents R$ 0.13998673076 per share, is being accrued in our Financial Statements on December 31st, 2007 and will be disbursed until March 31st, 2008.

The Warrant Series C Subscription Receipt (BBAS11) will receive 2/3 of the interest on own capital related to the 4Q07, representing R$ 0,09332448718 per receipt.

The amount to be paid will be updated by Selic Rate, from December 31st, 2007 through the effective payment date.

The record date for the payment of the interest on own capital will be December 21st, 2007 and shares will be negotiated "ex interest on own capital" from December 22nd, 2007. The interest on own capital will be offset against any remuneration payable at the end of 2007 fiscal year and will be subject to withholding income tax according to the legislation, except for those shareholders who are exempted.

Brasília (DF), December 21st, 2007.

Aldo Luiz Mendes
CFO

(H4) November 13, 2007 - 3rd Quarter 2007 - Payment of Interest on Shareholders Equity

11.13.2007 - 3rd Quarter 2007 - Payment of Interest on Shareholders Equity

We hereby inform that Banco do Brasil's Board of Officers, in a meeting held on October 10th, 2007, approved the distribution of R$ 212,242,856.54 as dividends. This amount represents R$ 0.08572181151 per share.

Besides that, as announced on September 21st , 2007, the Board of Officers, in a meeting held on September 19th , 2007, approved the amount of R$ 333,371,809.82 as Interest on Shareholders Equity, R$ 0.13464403895 per share.

Thus, R$ 545,614,666.36 will be distributed to the shareholders, representing a 40% payout on the 3rd quarter results. The amount per share will be divided as follows:

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02.26.2008 - 4th Quarter 2007 - Payment of Interest on Shareholders Equity

Information to Shareholders

Interest on Own Capital and Dividends - 4th Quarter 2007

We hereby inform that Banco do Brasil's Board of Officers, on February 7th, 2008, approved the dis 133,985,229.90 as dividends. This amount represents R$ 0.05316664909 per share.

Besides that, as announced on December 21st, 2007, the Board of Officers, in a meeting held on Decem approved the amount of R$ 352,780,448.35 as Interest on Own Capital, that represents R$ 0.13998673076 pe

The Subscription Receipts (BBAS11) will receive 2/3 of the total dividends related to the 4th quarter 2007.

Thus, R$ 486,765,678.25 will be distributed to the shareholders, that is 40% payout on the 4th quarter 2007. T be divided as follows:

1 – Gross Value

Shares (BBAS3)	Nominal Value (R$)	Updated Value up to 02/26/2008 (R$)
Dividends	0.05316664909	(
Interest on Own Capital	0.13998673076	(
Total	0.19315337985	(

Subscription Receipts (BBAS11)	Nominal Value (R$)	Updated Value up to 02/26/2008 (R$
Dividends	0.03544443273	(
Interest on Own Capital	0.09332448718	(
Total	0.12876891991	(

The dividends and the interest on own capital of the shares and subscription receipts will be updated by S December 31st, 2007 through the effective payment date.

2 – Date and Procedure of Payment

- Current and/or saving account deposit, on March 5th, 2008; or
- At the branches' cashier, available from March 5th, 2008.

The dividends and interest on own capital related to shares under custody in the CBLC - Brazilian Company Custody will be paid to CBLC, at the same date, which will pay the shareholders through their depositary broke

3 – Tax

Along with Income tax on the updating mentioned above, the interest on own capital will be subject to withhol according to the Brazilian legislation, except for those shareholders who are exempted. Regarding the dividen will be only on the updating.

The businesses exempted of the payment of the tax shall prove that condition up to March 3rd, 2008 in any b do Brasil.

4 – Calculus Basis

The Interest on Own Capital will be paid according to the share ownership position of December 21st, 2007, that date. The Dividends will be paid according to the share ownership position of February 26th, 2008 anc negotiated "ex dividends" from February 27th, 2008.

5 - Bank file updating

The shareholder whose file at Banco do Brasil is not updated will have his/her dividends and interest on own until the file is updated. The updating can be done at any branch of Banco do Brasil, presenting the required dc

7 - Shareholders' Service

For further information please go to any of Banco do Brasil's branch or contact our call center 0800 729 00 only).

Brasília (DF), February 26th, 2008.

Aldo Luiz Mendes
CFO

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03.20.2008 - 1st Quarter 2008 - Interest on Own Capital Approval

20-março, 18:00

Information to Shareholders
03.20.2008 – 1st Quarter 2008 - Interest on Own Capital

We hereby inform that Banco do Brasil's Board of Officers, on March 18th, 2008, approved the distribution of R$ 368,987,259.71 as interest on own capital related to the 1st quarter of 2008 which represents a R$ 0.1451459132 per share.

That amount will be imputed to the 1H07 mandatory minimum dividend, according to the Article 44 of Banco do Brasil's Bylaws and pursuant to the § 7th of Article 9th of the Law 9.249/95.

The interest on own capital will be paid on May 29th, 2008 and the record date for the payment will be March 20th, 2008 and shares will be negotiated "ex interest on own capital" from March 24th, 2008.

Brasília (DF), March 20th, 2008.

Aldo Luiz Mendes
CFO

Fonte: Banco do Brasil

1 - Amount per Share – R$ 0.22036585046
• Dividends - R$ 0.08572181151
• Interest on Equity - R$ 0.13464403895

2 - Date and Procedure of Payment
• Current and/or saving account deposit, on November 28th , 2007; or
• At the branches' cashier, available from November 28th , 2007.

The dividends and interest on equity related to shares under custody in the CBLC - Brazilian Company of Clearing and Custody will be paid to CBLC, at the same date, which will pay the shareholders through depositary brokers.

3 - Tax
The interest on equity will be subject to withholding income tax according to the Brazilian legislation, except for those shareholders who are exempted.

4 - Calculus Basis
The Interest on Shareholders Equity will be paid according to the share ownership position of September 21st , 2007, as informed at that date. The Dividends will be paid according to the share ownership position of November 13th , 2007 and shares will be negotiated "ex dividends" from November 14th , 2007.

5 - Bank file updating
The shareholder whose file at Banco do Brasil is not updated will have his/her dividends and interest on equity retained until the file is updated. The updating can be done at any branch of Banco do Brasil, presenting the required documents.

6 - Shareholders' Service
For further information please go to any of Banco do Brasil's branches or contact our call center 0800 729 0001 (Portuguese only).

Brasília (DF), November 13th , 2007.

Aldo Luiz Mendes
CFO

(H5) September 21, 2007 - 3rd Quarter 2007 - Interest on Own Capital

09.21.2007 - 3rd Quarter 2007 - Interest on Own Capital

We hereby inform that Banco do Brasil's Board of Officers, on September 19th, 2007, approved the distribution of R$ 333,371,809.82 as interest on own capital related to the 3rd quarter of 2007 which represents a R$ 0.13464403895 per share.

That amount will be imputed to the 2H07 mandatory minimum dividend, according to the Article 44 of Banco do Brasil's Bylaws and pursuant to the § 7th of Article 9th of the Law 9.249/95.

The interest on own capital will be paid on November 28th, 2007 and the record date for the payment will be September 21st, 2007 and shares will be negotiated "ex interest on own capital" from September 24th, 2007.

Brasília (DF), September 21st, 2007.

Aldo Luiz Mendes
CFO

(H6) August 14, 2007 - 2nd Quarter 2007 - Payment of Interest on Shareholders Equity

08.14.2007 - 2nd Quarter 2007 - Payment of Interest on Shareholders Equity

We hereby inform that Banco do Brasil's Board of Officers, in a meeting held on August 2nd , 2007, approved the distribution of R$ 96,521,773.83 as dividends. This amount represents R$ 0.03898374455 per share.

Besides that, as announced on June 21st , 2007, the Board of Officers, in a meeting held on June 19th , 2007, approved the amount of R$ 330,829,548.31 as Interest on Shareholders Equity, R$ 0.13361725640 per share.

Thus, R$ 427,351,322.14 will be distributed to the shareholders, representing a 40% payout on the 2nd quarter results. The amount per share will be divided as follows:

1 - Amount per Share – R$ 0.17260100095
• Dividends - R$ 0.03898374455
• Interest on Equity - R$ 0.13361725640

2 - Date and Procedure of Payment
• Current and/or saving account deposit, on August 28th , 2007; or
• At the branches' cashier, available from August 28th , 2007.

The interest on equity related to shares under custody in the CBLC - Brazilian Company of Clearing and Custody will be paid to CBLC, at the same date, which will pay the shareholders through depositary brokers.

3 - Updating
The amount to be paid will be updated by Selic Rate, from June 30th , 2007 through the effective payment date.

4 - Tax
Along with Income tax on the updating mentioned above, the interest on equity will be subject to withholding income tax according to the Brazilian legislation, except for those shareholders who are exempted. Regarding the dividends, the taxation will be only on the updating.

5 - Calculus Basis
The Interest on Shareholders Equity will be paid according to the share ownership position of June 21st , 2006, as informed at that date. The Dividends will be paid according to the share ownership position of August 14th , 2007 and shares will be negotiated "ex dividends" from August 15th , 2007.

6 - Bank file updating
The shareholder whose file at Banco do Brasil is not updated will have his/her dividends and interest on equity retained until the file is updated. The updating can be done at any branch of Banco do Brasil, presenting the required documents.

7 - Shareholders'
Service For further information please go to any of Banco do Brasil's branches or contact our call center 0800 729 0001 (Portuguese only).

Brasília (DF), August 14th , 2007.

Aldo Luiz Mendes
CFO

(H7) May 15, 2007 - 1st Quarter 2007 - Payment of Interest on Shareholders Equity and Dividends

05.15.2007 - 1st Quarter 2007 - Payment of Interest on Shareholders Equity and Dividends

Banco do Brasil's Board of Officers, in a meeting held on May 2nd , 2007 approved the distribution of R$ 242,446,141.49 as dividends, R$ 0.293761 per share.

Besides that, as informed to shareholders on March 21st , 2007, the Board of Officers, in a meeting held on March 20th , 2007, approved the amount of R$ 321,069,847.70 as Interest on Shareholders Equity, R$ 0.389026 per share.

The total amount to be distributed to the shareholders, R$ 563,515,989.19, represents a 40% payout, related to the 1st quarter 2007 results, will be divided as follows:

1 - Amount per Share – R$ 0.682788 · Dividends R$ 0.293761 · Interest on Equity R$ 0.389026.

2 - Date and Procedure of Payment · Current and/or saving account deposit, on May 29th , 2007; or · At the branches' cashier, available from May 29th , 2007. The interest on equity related to shares under custody in the CBLC - Brazilian Company of Clearing and Custody will be paid to CBLC, which will pay the shareholders through depositary brokers.

3 - Tax
The interest on equity will be subject to withholding income tax according to the Brazilian legislation. Those shareholders that are released from withholding income tax must prove this condition until May 20th , 2007, in any of BB branches.

4 - Calculus Basis The Interest on Shareholders Equity will be paid according to the share ownership position of March 21, 2007, as informed in the Information to Shareholders of same date. The Dividends will be paid according to the share ownership position of May 15th , 2007 and shares will be negotiated "ex dividends" from May 16th , 2007.

5 - Bank file updating Any shareholder whose file at Banco do Brasil is not updated will have his/her dividends and interest on equity retained until the file is updated. The updating can be done at any branch of Banco do Brasil, presenting the required documents.

6 - Shareholders' Service
For further information please go to any of Banco do Brasil's branches or contact our call center (in Portuguese only) – phone number 4004 0001 (Capitals e Metropolitan Regions) or 0800 729 0001 (Other regions).

Brasília (DF), May 15th , 2007.

Aldo Luiz Mendes
Vice President of Finance, Capital Markets and Investor Relations

(H8) March 21, 2007 - 1st Quarter 2007 - Interest on Own Capital

03.21.2007 - 1st Quarter 2007 - Interest on Own Capital

We hereby inform that Banco do Brasil's Board of Officers, on March 20th, 2007, approved the distribution of R$321,069,847.70 as interest on own capital related to the 1st quarter of 2007, which represents R$0.389026 per share.

That amount will be imputed to the 1H07 mandatory minimum dividend, according to the Article 44 of Banco do Brasil's Bylaws and pursuant to the § 7th of Article 9th of the Law 9.249/95.

The interest on own capital will be paid on May 29th, 2007 and the record date for the payment will be March 21st, 2007 and shares will be negotiated "ex interest on own capital" from March 22nd, 2007.

According to the Brazilian legislation, there will be retention of income tax on the interest on own capital. Those shareholders that are released from withholding income tax must prove this condition until May 25th, 2007 in any of the Bank's branches.

Brasília (DF), March 21st 2007.

Aldo Luiz Mendes
Vice President of Finance, Capital Markets and Investor Relations

(H9) February 27, 2007 - 2nd Half 2006 - Payment of Interest on Shareholders Equity and Dividends

02.27.2007 - 2nd Half 2006 - Payment of Interest on Shareholders Equity and Dividends

We hereby inform that Banco do Brasil's Board of Directors, on February 26th, 2007, approved the 2006 Financial Statements and the distribution of interest on shareholders equity and dividends related to the period.

BB ended the year with a Net Income of R$ 6 billion, 45.5% higher than 2005. It allowed BB to distribute R$ 862,2 million as dividends and interest on shareholders equity. In the 4Q06, the Bank's result added to R$ 1,248 million, a increase of 37.5% if compared with 3Q06 and a increase of 69.4% if compared to the same period of the last year.

The 2006 results correspond to an annualized ROE of 32.1% and earnings per share of R$ 7.32. The Efficiency Ratio reached 47.5%, while personnel expenses coverage ratio reached 112.9%.

The interest on shareholders equity and dividends will be paid on 03.12.2007, updated by Selic Rate, from December 31, 2006 until March 12, 2007. The updated amount per common share until February 27, 2007 follows:

Ticker	Interest on equity	Dividends	Total
BBAS3	0.841418	0.223338	1.064755

The Interest on Shareholders Equity will be paid according to the share ownership position of December 21, 2006 and shares nave been negotiated "ex interest" from December 22, 2006. The Dividends will be paid according to the share ownership position of February 27, 2007 and shares will be negotiated "ex dividends" from February 28t, 2007. According to Article 44 of Banco do Brasil's Bylaws and pursuant to § 7 of Article 9 of the Law 9.249/95, the interest on equity is declared in substitution of dividends related to 2H06 and are computed into obligatory minimum dividend.

In order to provide a broad access to corporate information for all agents of the society – customers, press, investors and analysts – Banco do Brasil will release the 2006 results today at 9:00 am US ET. And, tomorrow, the Bank will hold conference calls with analysts at 09:00 am US ET (Portuguese) and 10:00 am US ET (English) and, also, at 15:00 pm US ET a video webcast (Portuguese). All of it may be accessed throughout the IR website.

Brasília (DF), February 27, 2007.

Marco Geovanne Tobias da Silva
Investor Relations Manager

SUBSCRIPTION WARRANTS

(11) October 23, 2007 - Information to the Subscription Warrants Holders

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SUBSCRIPTION WARRANTS

(I1) October 23, 2007 - Information to the Subscription Warrants Holders

10.23.2007 - Information to the Subscription Warrants Holders

23-outubro, 16:00

Banco do Brasil informs to the owners of Series – C Subscription Warrants, issued and distributed for free to shareholders on June 17th, 1996, pursuant to the Extraordinary Shareholders Meeting of the same date, that the Extraordinary Shareholders Meeting, held on October 23rd, 2007 approved the anticipation of the Subscription Warrants "Series C" exercise under the following conditions:

a) Exercise of series C Subscription Warrants: in June 2007, Banco do Brasil's shares were split in the proportion of 1:3 and the conversion was the same for the Subscription Warrants Series C. It means that each Subscription Warrants Series C, that would grant the right to subscribe 1.043933 shares, now will grant the right to subscribe 3.131799 shares.

b) Treatment of fractions: the fractions of remaining shares of the exercise of subscription warrants series C will be reunited and then sold in the Stock Exchange by Banco do Brasil. The result of the sale will be proportionally divided respecting the position of each subscription warrants holder. The fractions of the shares resulted from the exercise of warrants series C cannot be transferred, having no cession of rights.

c) Exercise price: R$ 8.50 per subscription warrant, readjusted by the IGP-DI Index, published by Fundação Getúlio Vargas, from June 17th, 1996 until the date of the application for the exercise of subscription rights. For an example, on October 1st, 2007 the exercise price was R$ 23.36, per subscription warrant. If the IGP-DI index for the month is not available on the date of application, the subscription price shall be adjusted pro-rata-die using the last published index.

d) Maturity date for anticipation of the exercising warrants: from November 1st, 2007 up to November 30th, 2007. The term for subscription warrants that are in the custody of Stock Exchange will end up to November 28th, 2007.

e) Form of payment: in cash.

f) Subscription document: the subscription document shall be delivered to the holder of the warrants in any branch of Banco do Brasil and the payment may be done through any bank which takes part in the system. Holders of subscription warrants in the custody of stock exchanges shall exercise through their brokers.

g) Payment of Dividends: the Board of Directors, in a meeting held on October 15th, 2007, decided that the dividends will be paid to the new stock holders on the amount of 2/3 of the total dividends per share, regarding Banco do Brasil's results in the 4th Quarter 2007. The fractions of the shares, while they exist, will not receive any dividend.

h) Warrants not exercised: the exercise of the subscription warrants is optional and can be partially or entire exercised, now or in the original term, from March 31st, 2011 to June 30th, 2011.

i) Update of customer information file: in order to exercise their warrants, holders must have their information file updated.

j) Assistance for warrant bearers: we will be available for further information or for updating customer data at any Banco do Brasil's branch or by our Shareholders' Service in BB's Call Center, through the telephones 4004.0001 in Brazilian Capitals and 0800 7290001 in other Brazilian cities (portuguese only).

Brasília (DF), October 23th, 2007.

Aldo Luiz Mendes
CFO

Fonte: Banco do Brasil - Relações com Investidores

MARKET'S OPINION

(K1) Global Ratings

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MARKET'S OPINION

(K1) Global Ratings

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Ratings

In this page, you can find the opinion and valuation of rating institutions about Banco do Brasil.

Global Ratings

Fitch Ratings	Classification
Local Currency - Short-Term	F3
Local Currency - Long-Term	BBB-
Foreign Currency - Short-Term	F3
Foreign Currency - Long-Term	BBB-
Individual	C / D
Support	3
Support - Floor	BB+
Standard & Poor's	**Classification**
Local Currency - Long-Term	BB+
Foreign Currency - Long-Term	BB+
Foreign Currency - Short-Term	B
Moody´s	**Classification**
Local Currency - Short-Term	P-1
Local Currency - Long-Term Deposits	A1
Foreign Currency - Short-Term	NP
Foreign Currency - Long-Term Deposits	Ba2
Foreign Currency - Long-Term Debt	Baa3
Financial Strength	C

National Ratings

Fitch Ratings	Classification
Short-Term	F1+(bra)
Long-Term	AA+(bra)
Moody´s	**Classification**
Short-Term Deposits	BR-1
Long-Term Deposits	Aaa.br

As of February/2008

RISK MANAGEMENT

(L1) President's Word

(L2) Risk Exposure

(L3) Type of Risks

(L4) Risk Governance

(L5) Risk Management

(L6) Process Risk Reports

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RISK MANAGEMENT

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(L1) President's Word

Introduction

Banco do Brasil (BB) considers the risk and capital management basic vectors for taking decision, providing higher stability, better capital allocation and improvement of the relation risk vs. return.

The objective of this section is to inform to the shareholders and interested parties about management practice and politics that compose the risk management in BB.

President's Word

Amongst the sustainable fundamentals of a bank, the risk management has become more significant in the last decades for the taking decisions process and for the generation of profitable and recurrent results.

It's because of a series of important aspects, such as: (i) the fast evolution of the banking activity, due to the new features in the transactions and the development of the products; (ii) the strong competitive pressure, that has taken the companies to the adoption of unique strategies for the conquest and maintenance in the market; and (iii) the growth of the customers financial culture, that materializes in requirements in relation to the sophistication and to the differentiation of the products and services. It also must be mentioned that the efforts of the national and international regulatory authorities, in the sense of bring higher security and solidity for the Banking Industry.

Such aspects reflect in growing levels of complexity in business structures of the companies and, in consequence, growth of specialization of its management risk processes.

Lined up to this perspective, Banco do Brasil established its architecture of risk management reaching multidimensional space (credit, liquidity, market and operational risk), set up on the Political, Infrastructure and Methodologies tripod. The Political pillar shows the approach of the Bank risks, highlighting the structure, the process and the risk appetite. The Infrastructure pillar encloses the architecture of the risk system, the quality of the data and the ability of the Bank's employees. And the Methodologies pillar explains the models for measure the risks. In all pillars, the Bank searches the alignment with best market practices.

Inaugurating this space of communication, Banco do Brasil searches to present the methods for identification, measurement, evaluation, monitoring and controlling of its risk, as well as highlighting the corporative governance architecture established for support the taking decisions process and for reaching positive and sustainable results through the years.

Antonio Francisco de Lima Neto
President

(L2) Risk Exposure

Risk Exposure

Changes in the international financial environment, such as integration among markets by means of the globalization process, the appearance of new transactions and products, the increase of technological sophistication and new regulations made activities and financial processes and their risks increasingly complex.

In additional, the lessons originated from the financial disasters as the Metallgesellschatt Group and the Barings Bank, had contributed for Banco do Brasil confirms the main requirements of the risk management in the banking industry.

These factors influenced the regulatory agencies and the financial institutions for investing in the risk management, aiming at the strengthening of the banks financial health and the prevention against the harmful effects to the banking industry.

Aligned with this perspective, Banco do Brasil invests in continuous improvement of the process and the management risk practices, in accordance with the market international reference and the New Agreement of Basil, known as Basil II.

(L3) Type of Risks

Type of Risks

The main Risks categories are:

Market Risk: results from 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.

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, due to the size of the transaction in relation to the volume traded as a rule. 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.

Credit Risk: defined as the possibility of loss resulting from uncertainty regarding the receipt of amounts agreed on with borrowers, counterparts of contracts or issues of securities.

Operating Risk: defined as the possibility of loss resulting from faults or inadequate actions of people, faults of inadequacies of processes and systems or arising from external events, including legal loss.

Legal Risk: can be defined as the possibility of loss resulting from fines, penalties or compensation, resulting from lawsuits of supervision and control bodies, as well as loss resulting from an unfavorable decision in lawsuits or administrative proceedings.

Panorama Risk: results from the possibility of loss arising from changes observed in the political, cultural, social, economic or financial conditions of Brazil or of other countries.

a) Strategic Risk - risk of loss due to the failure of strategies adopted, taking into account the dynamics of business and of competition, political alterations in the country and outside it and alterations in the national and world economy.

b) Country Risk - risk of loss due to political, cultural, social, financial/capital flow/or economic alterations in other countries with which there is some kind of economic relationship, particularly investments.

c) Systemic Risk - risk of loss due to financial difficulties of one or more institutions that provoke substantial damage to others, or discontinuation of the normal running of operations of the National Financial System - SFN.

Image Risk: possibility of loss resulting from the institution having its name sullied with the market or authorities, due to negative publicity, whether true or not.

(L4) Risk Governance

Risk Governance

The risk governance model adopted by BB involves a structure of committee and subcommittees, with the participation of several areas of the Institution, contemplating the following aspects:

a. Segregation of duties: business x risk;
b. Specific structure for risk appraisal/management;
c. Defined management process;
d. Decisions at several hierarchical levels;
e. Clear rules and structure of spheres of authority;

f. Reference to best management practices.

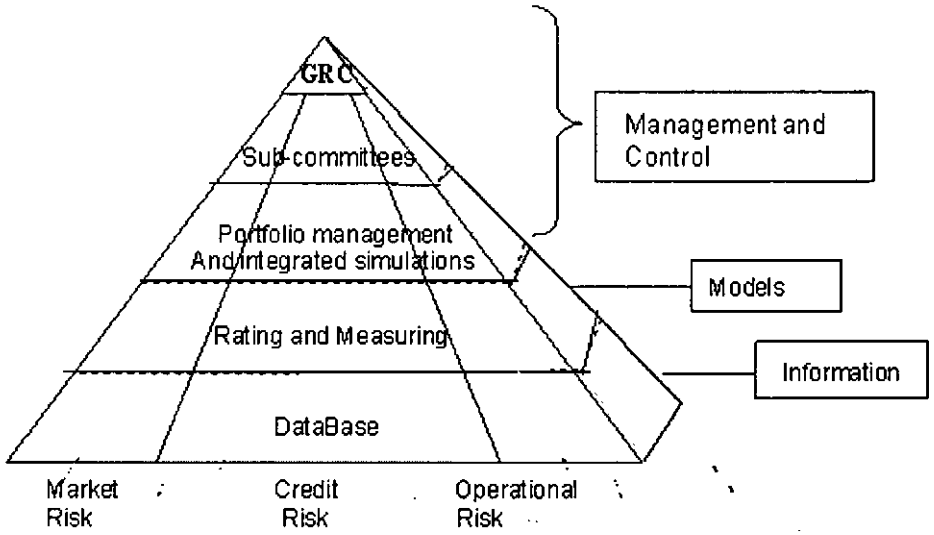

Figure 23. Governance Structure

All decisions relating to risk management are made in a collegiate manner and in accordance with the guidelines and rules of BB.

The risk governance of Banco do Brasil, covering the Multiple Bank and its Wholly-Owned Subsidiaries, is centralized in the Global Risk Committee - GRC, formed by the Steering Committee, with the main purpose of establishing the strategies for risk management, global limits of exposure to risks and levels of compliance and allocation of capital depending on the risks.

Aiming to confer agility to the management process, the bank created Subcommittees of Credit Risk (SCR), of Market and Liquidity Risk (SMLR) and of Operating Risk (SOR), which decide and/or instrumentalize GRC, have decision-making power by delegation.

The Risk Management Directorate - RMD, linked to the Vice-Presidency of Credit, Controller's Department and Global Risk, is accountable for the management of market, liquidity, operational and credit risks. This integration promotes synergy of processes and specialization, contributing to better capital allocation, and adhering to the New Basel Agreement.

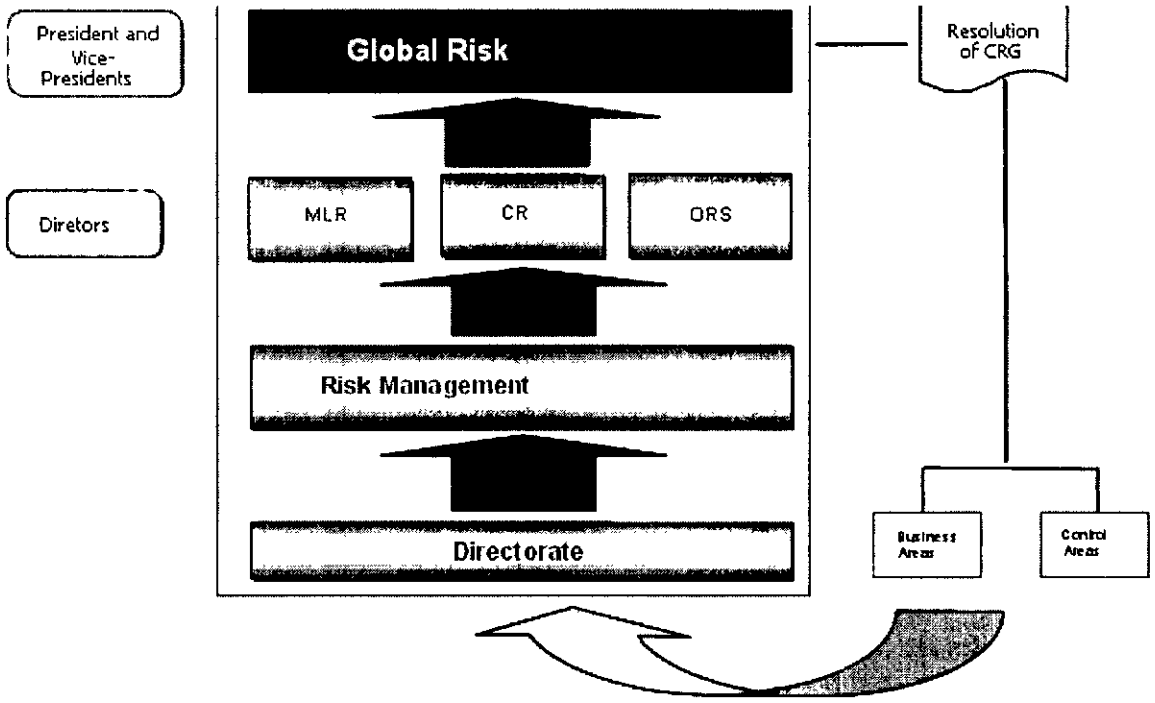

Figure 24. The Structure and the Process of Risk Management

Decisions are communicated to the intervening areas by means of resolutions that objectively express the standpoint adopted by Management, guaranteeing application at all levels of the Bank.

(L5) Risk Management

Risk Management Process

The risk management process involves a continuous flow of information, observing the following phases:

Preparation: fact finding and analysis phase. Steps for handling the risks are analyzed and proposed in this stage for discussion and resolution in the subcommittees, and if necessary, for subsequent discussion and resolution in GRC;

Decision: decisions are made in a collegiate fashion at the competent levels and are communicated to the intervening areas;

Execution: the intervening areas, including RMD, implement the decisions made; and

Tracking/Management: meaning control of the fulfillment of resolutions and their impacts by the Risk Management Directorate, communicating the actions to the competent forum (subcommittee or committee). The optimization of the management process is performed in this phase.

(L6) Process Risk Reports

Risk Reports

The risk management reports give support to the decisions undertaken by the subcommittee, Global Risk Committee, Board of Officers and the Board of Directors. These reports are made monthly and include management qualitative and quantitative information about the risk exposure of Banco do Brasil.

The internal reports subsidize the information disclosure to the market, as the Management Report and the MD&A Report.

MISCELLANEOUS ITEMS

(M1) Meetings With Analysts 4Q 2007

(M2) Meetings With Analysts 1Q 2007

(M3) Shareholder Meeting Notices, Summaries and Minutes

(M4) Management Meetings

(M5) Visa's IPO

(M6) Mortgage Loan

(M7) Explanation about press note

(M8) Establishment of two new companies in the USA

(M9) Retreating of BESC and BESCRI from the PND

(M10) Subscription Warrants

(M11) BB's Structure

(M12) Company Profile

(M13) Market's Opinion

(M14) Sustainability Report

(M15) Historical Data

(M16) Gold Medium-Term Note Program (July 13, 2007)

MISCELLANEOUS ITEMS

(M1) Meetings With Analysts 4Q 2007

[Please See Attached Presentation]

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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

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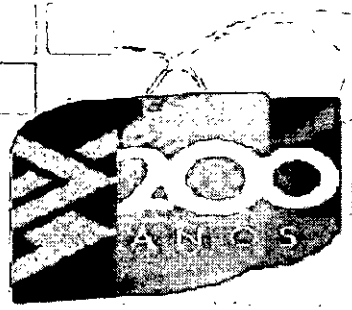


IV MEETING WITH ANALYSTS AND INVESTORS

BBAS3
NOVO
MERCADO
BOVESPA BRASIL

Ibovespa

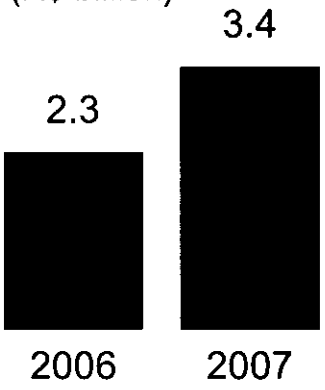
itag
Índice de Ações com *Tag Along* Diferenciado

IBrX50

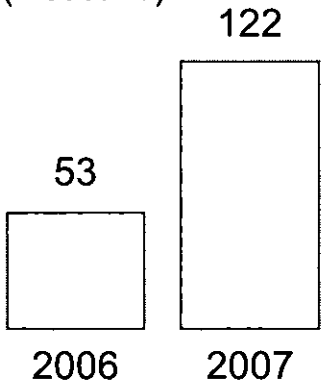
IBrX ÍNDICE BRASIL

Public Offering

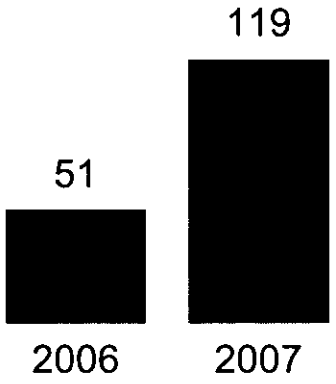
Offering Size
(R$ billion)



Investors - Total
(thousand)

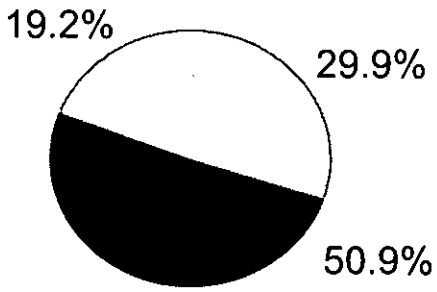


Individual Investors
(thousand)

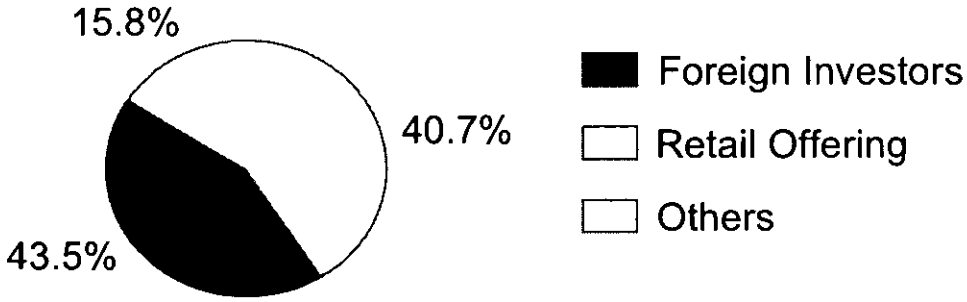


Allotment

2006

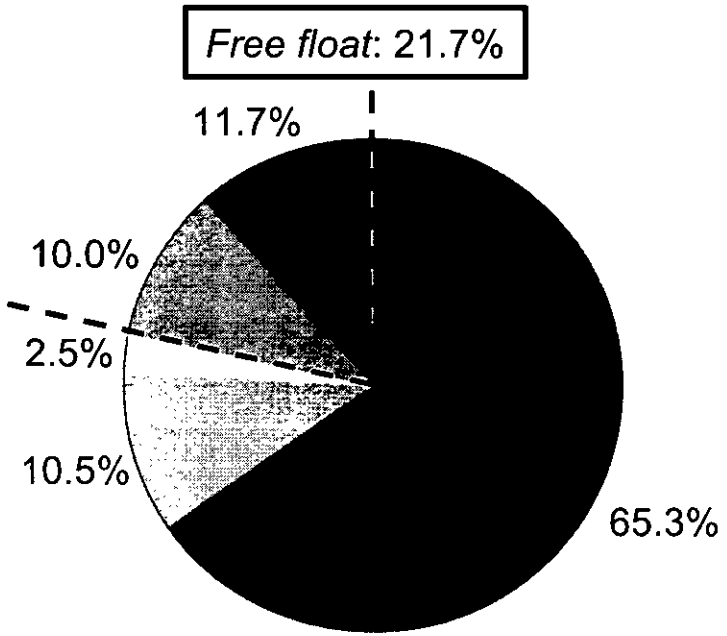


2007

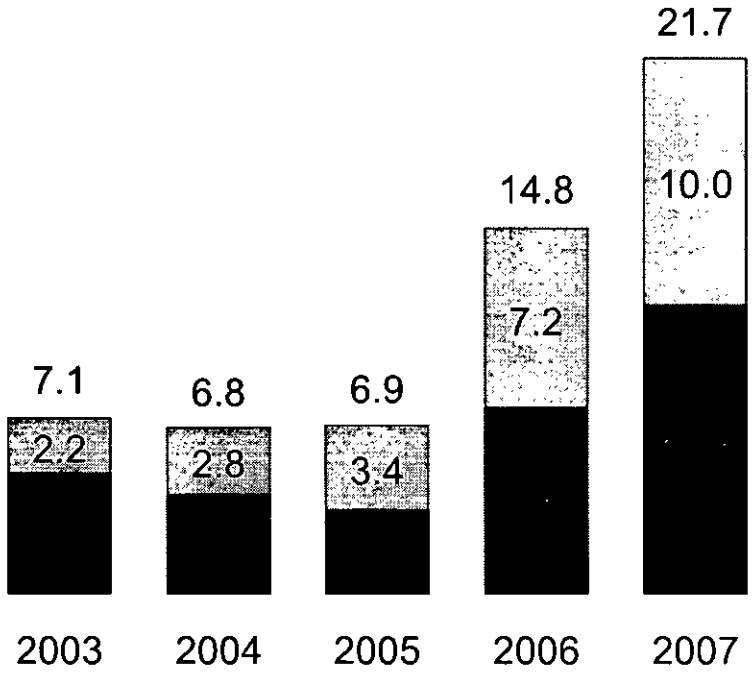


Ownership Structure

Post Offering and Warrants



***Free Float* - %**



National Treasury
BNDESPar
Others
PREVI
Foreign Investors

The Best Investment Case



CREDIT EXPERTISE	LOW-COST FUNDING	LARGEST DISTRIBUTION AND CUSTOMERS BASE	PROFITABILITY AND GROWTH POTENCIAL	SUSTAINABILITY AND CORPORATE GOVERNANCE

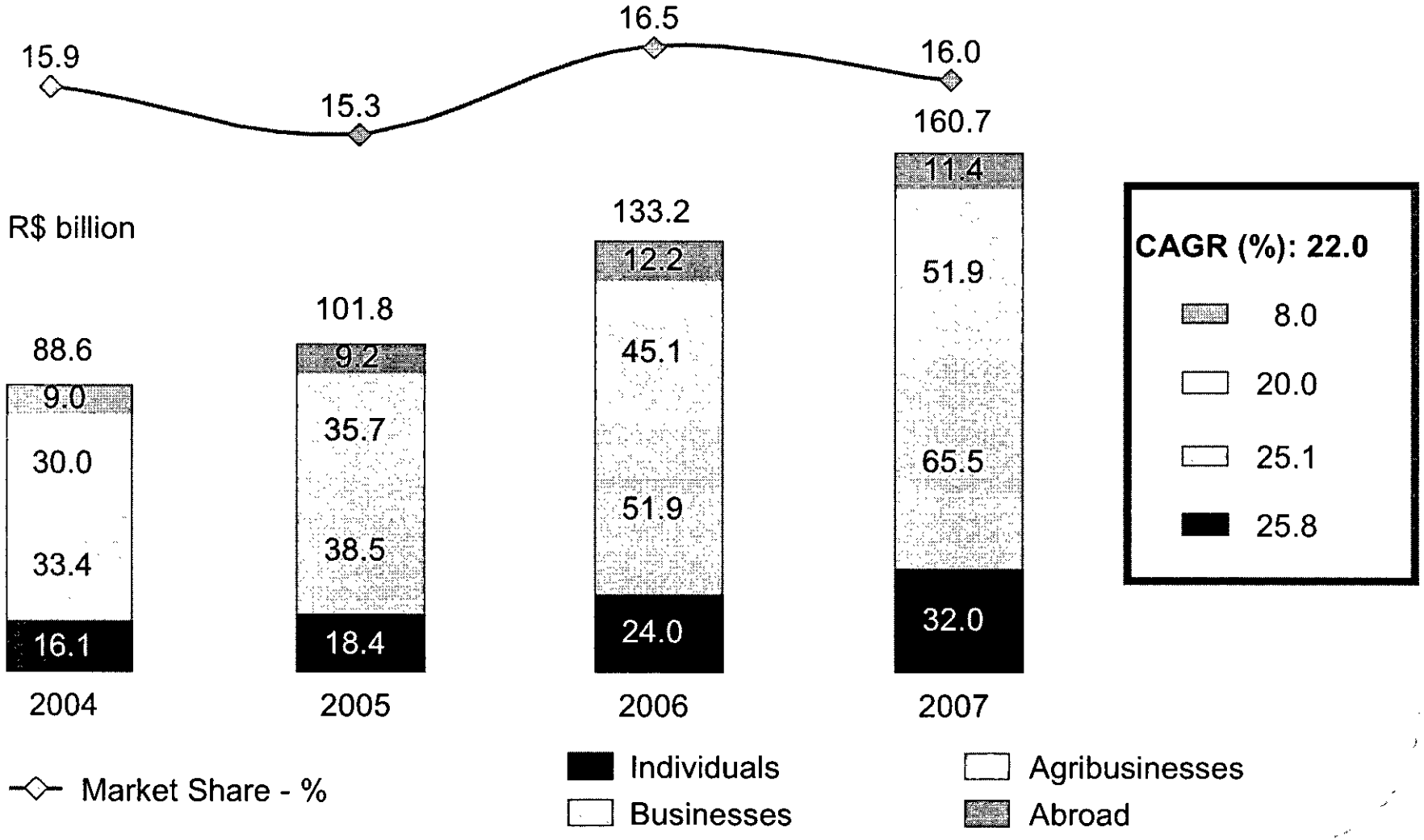
Largest Bank in Latin America in terms of:

- ✓ Assets
- ✓ Assets under management
- ✓ Deposits
- ✓ Number of customers
- ✓ Distribution network

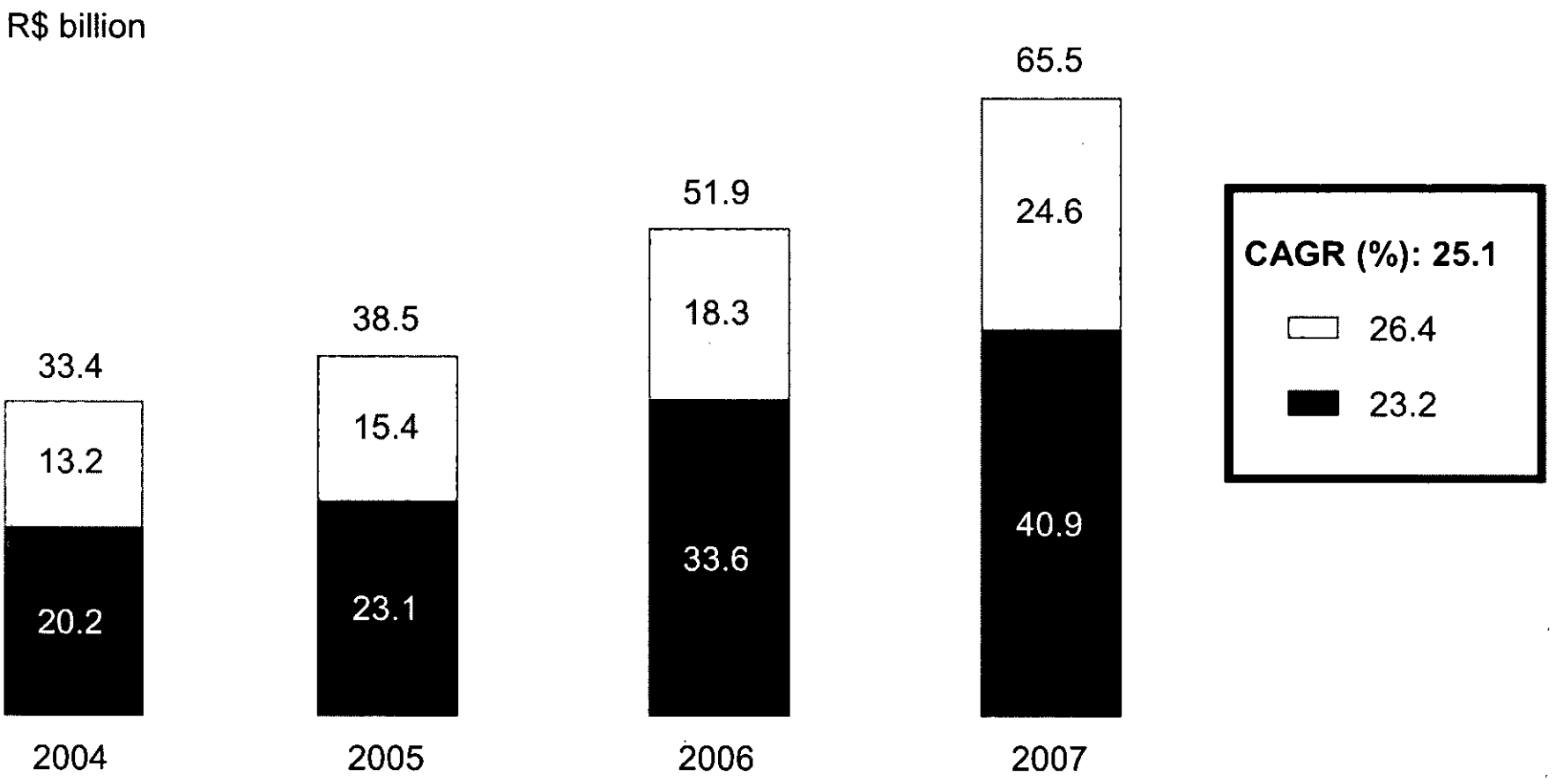
Best Brazilian Proxy

- ✓ Presence in all sectors of the economy
- ✓ Largest national footprint
- ✓ Largest exposure to government institutions
- ✓ Largest customer base

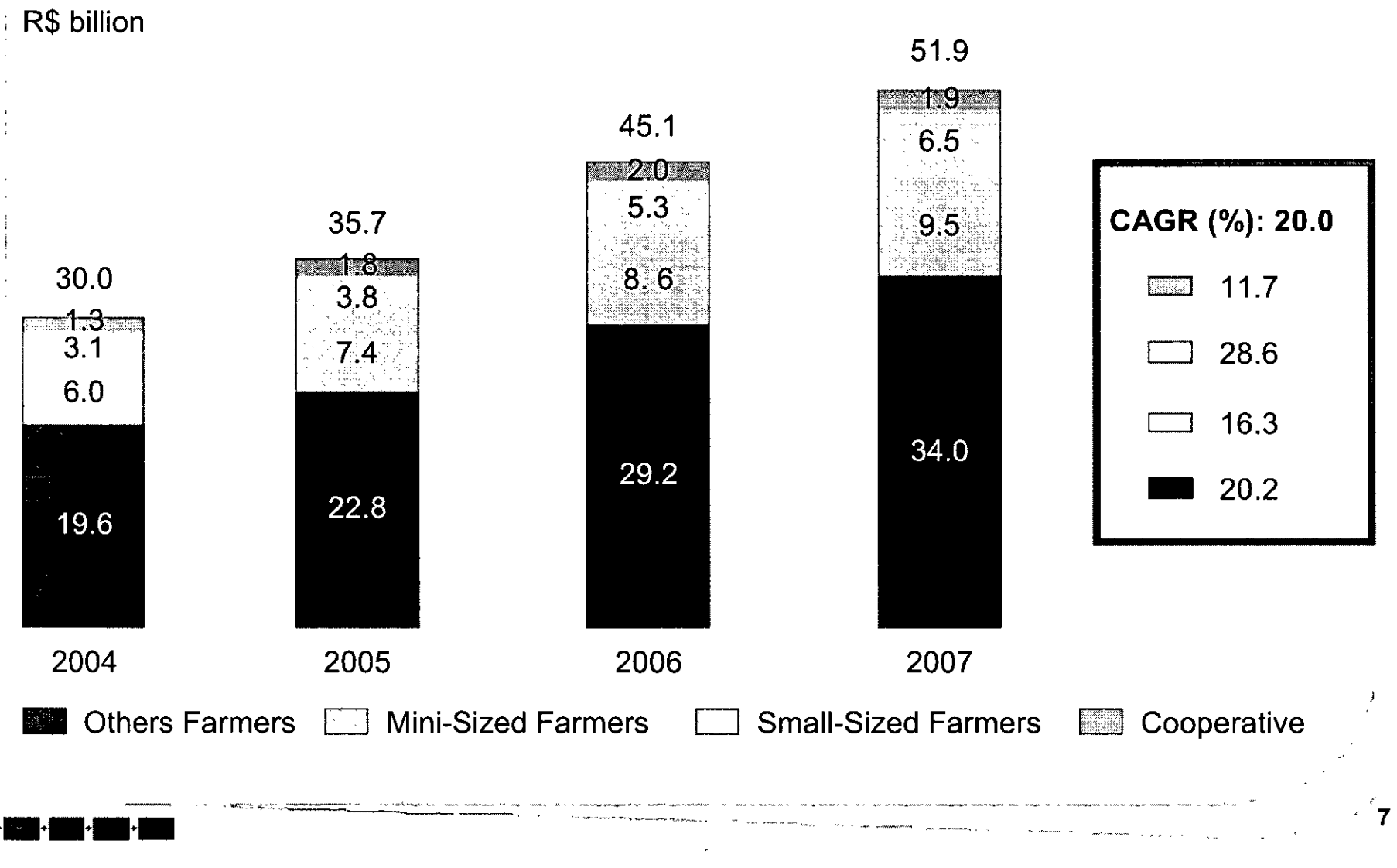
Credit Expertise



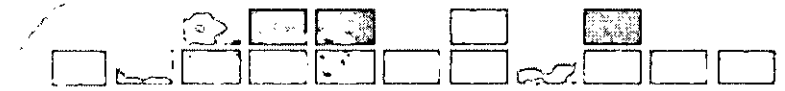
Credit to Businesses

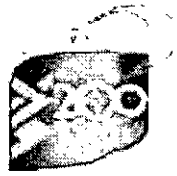


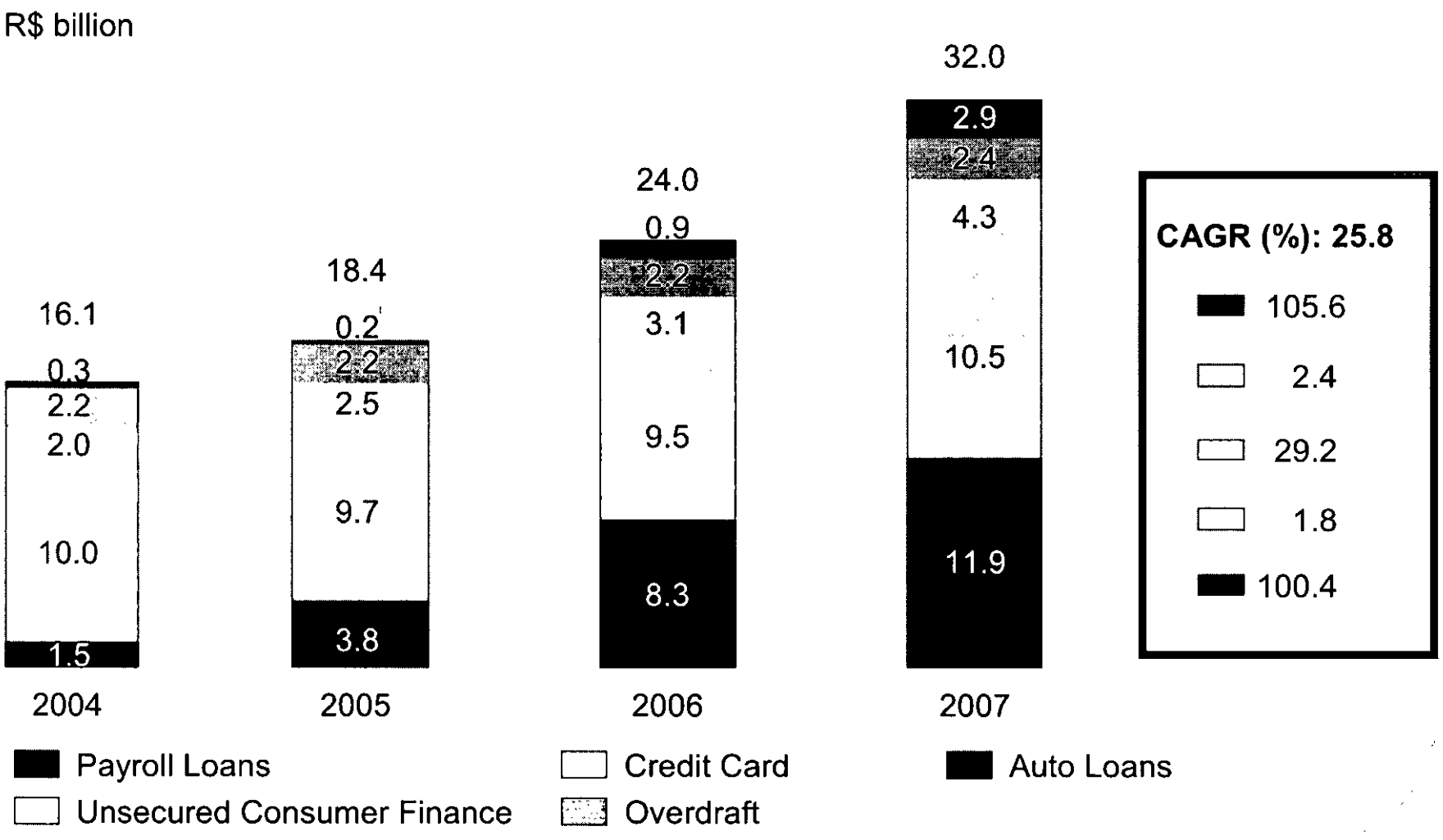
Credit to Agribusinesses



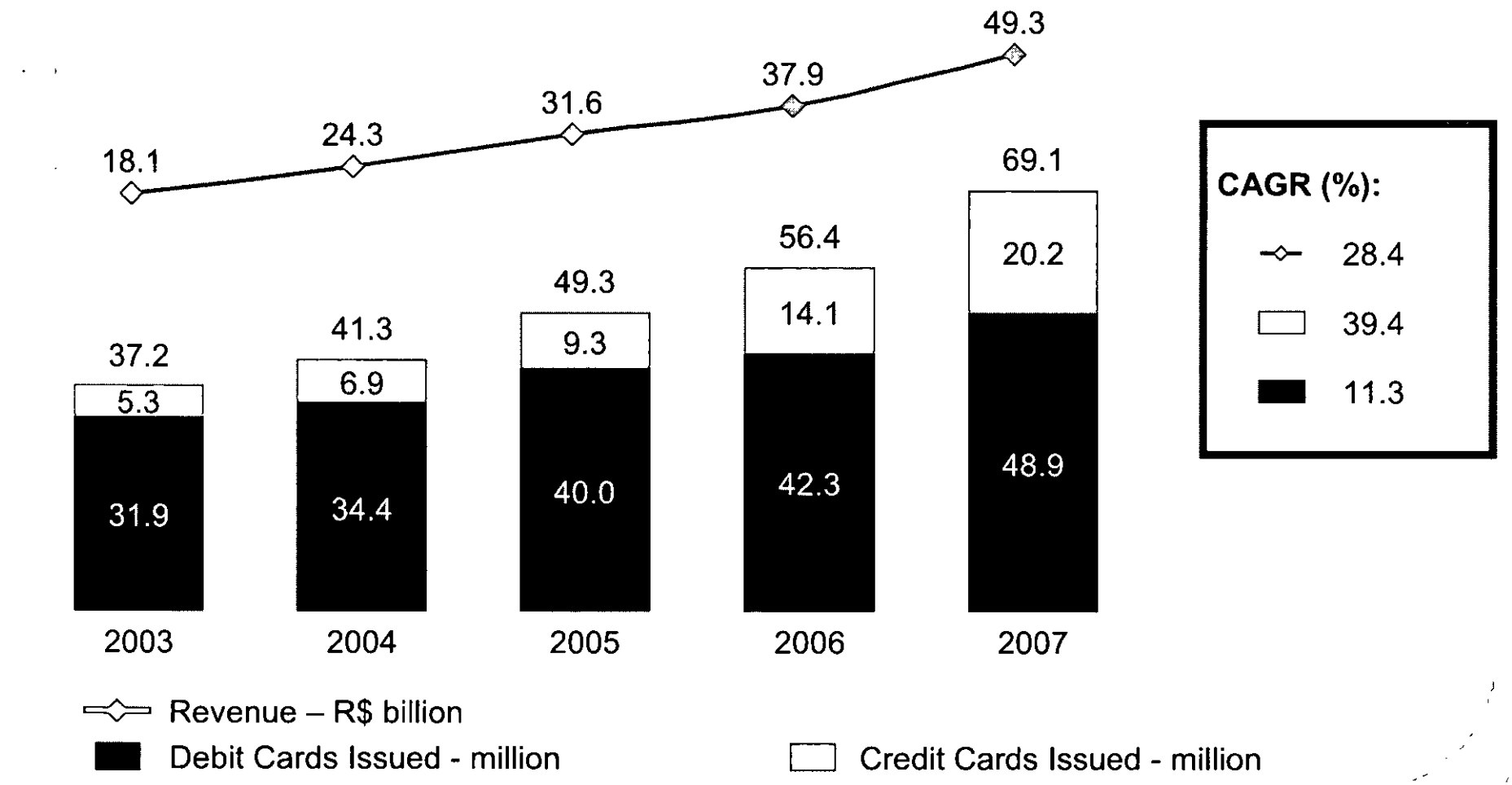
Consumer Finance



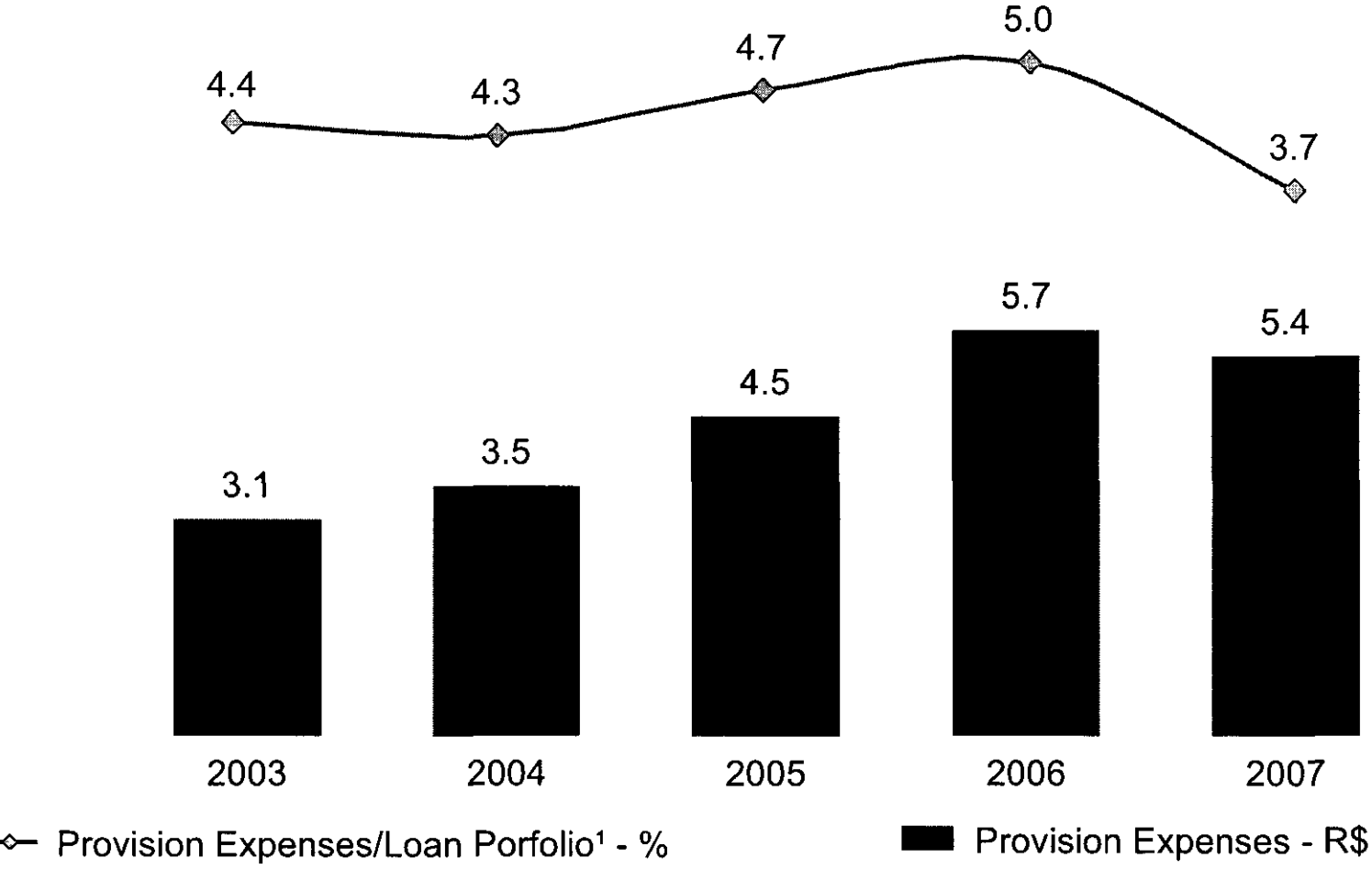




Credit and Debit Card

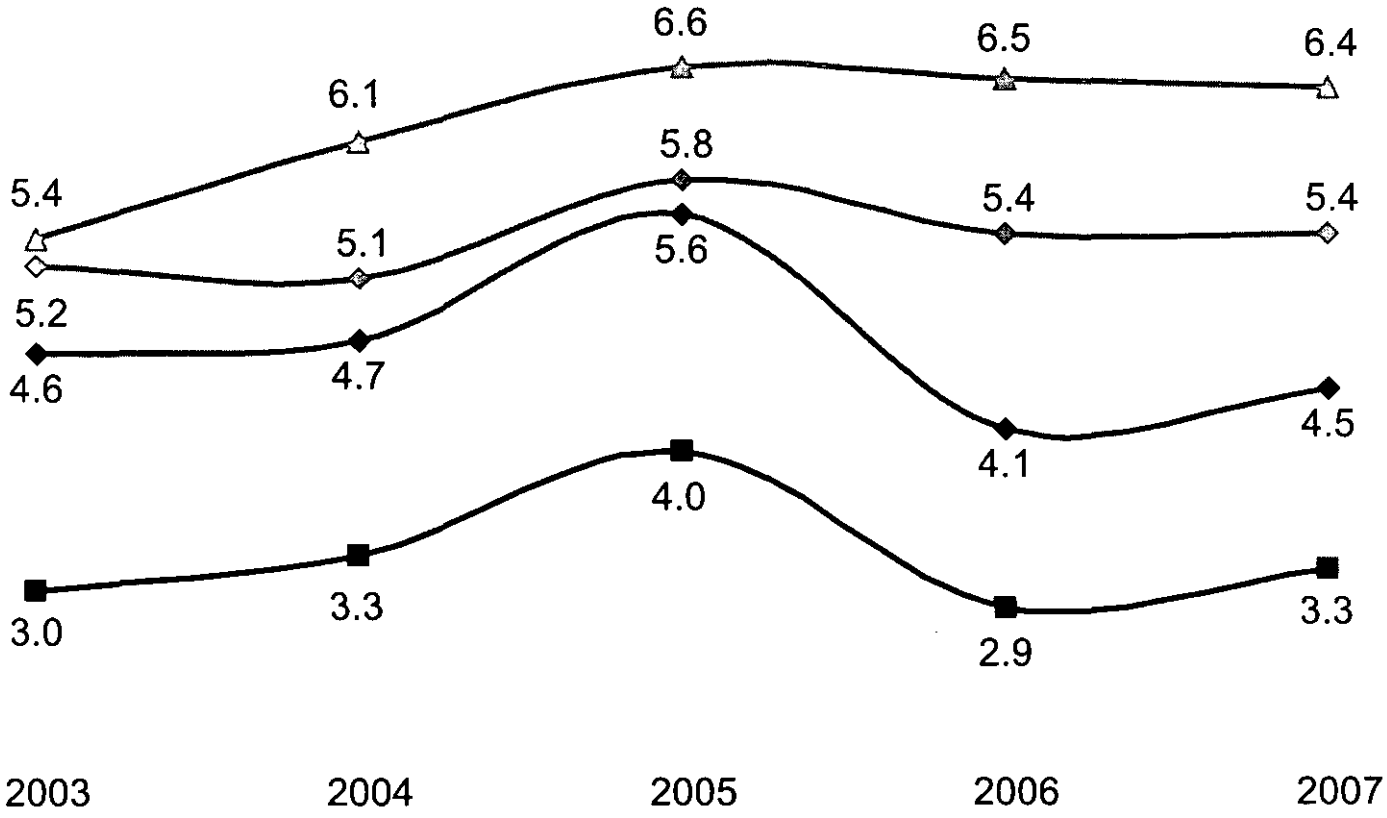


Credit Risk

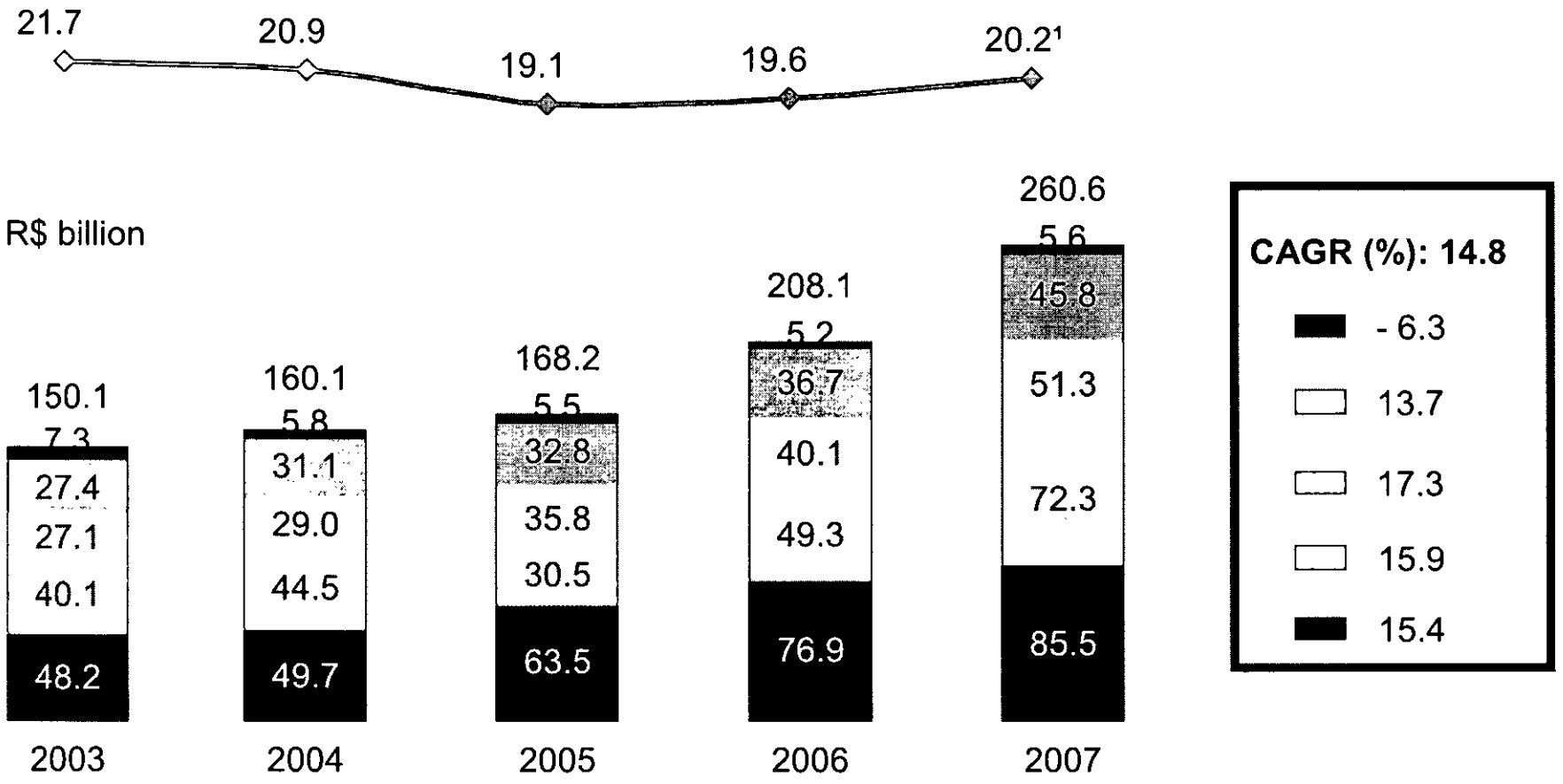


(1) Average Loan Portfolio

Credit Risk


6.6
6.5
6.4
6.1
5.8
5.4
5.4
5.4
5.1
5.6
5.2
4.6
4.7
4.5
4.1
4.0
3.0
3.3
3.3
2.9
2003
2004
2005
2006
2007
Provision/Loan Portfolio - %
Average Risk - %
Past Due Loans + 15 days/Loan Portfolio - %
Past Due Loans + 60 days/Loan Portfolio - %

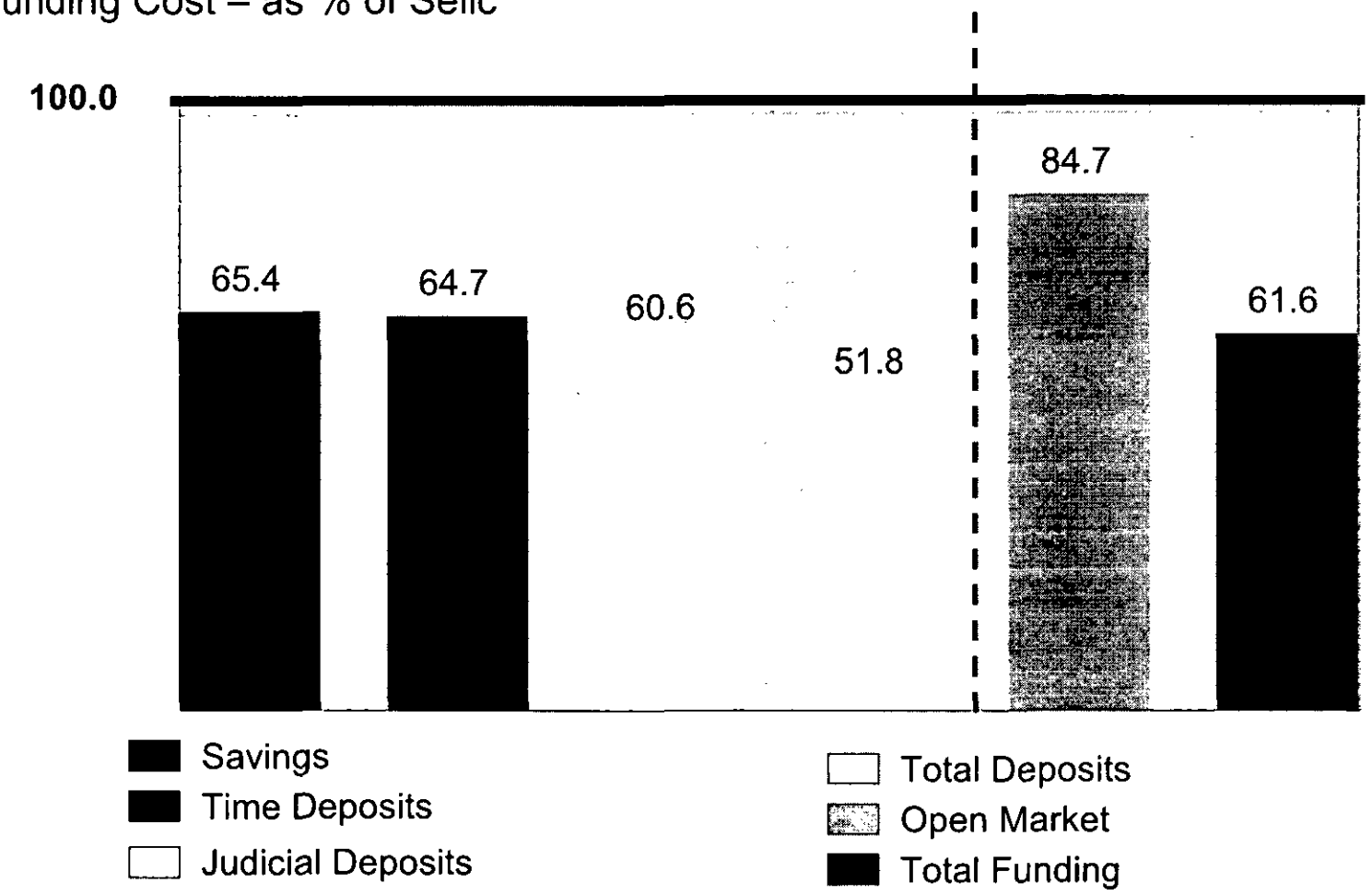
Leadership in Funding



(1) As of September 2007

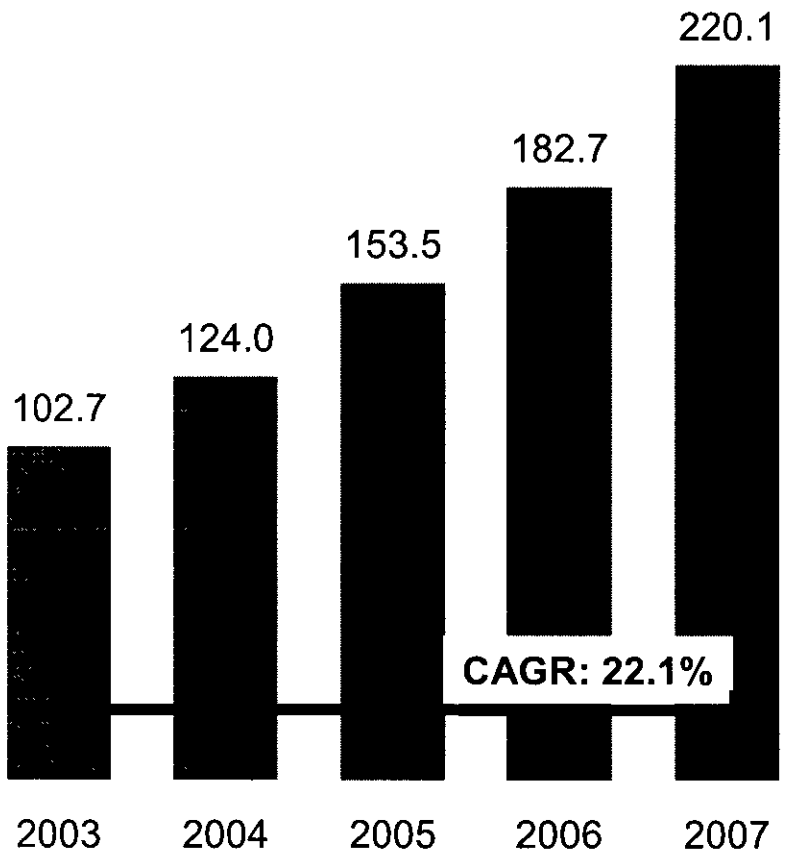
Low-Cost Funding

Funding Cost – as % of Selic

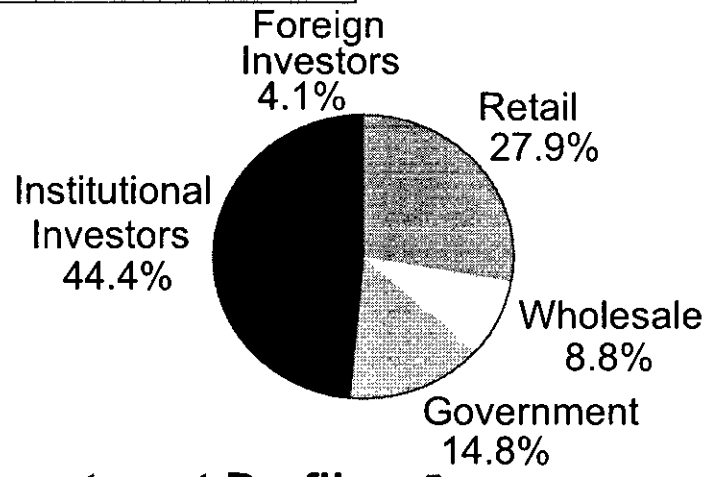


Asset Management

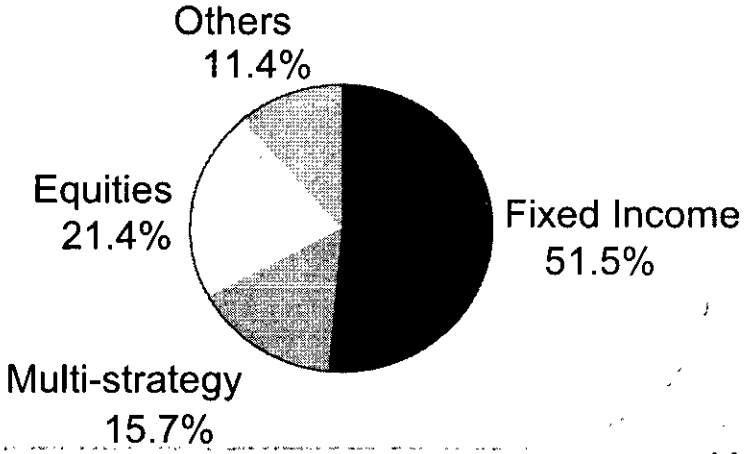
R$ billion



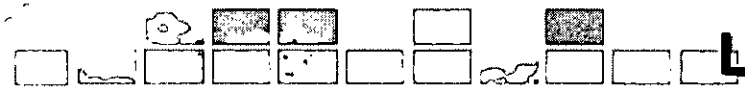
Customer Profile

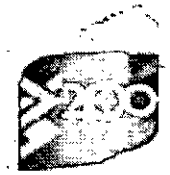


Investment Profile

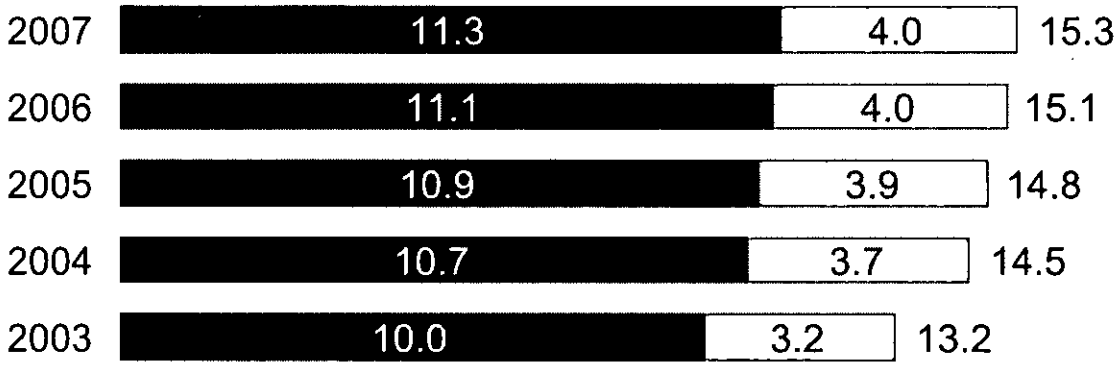


Largest Distribution Network

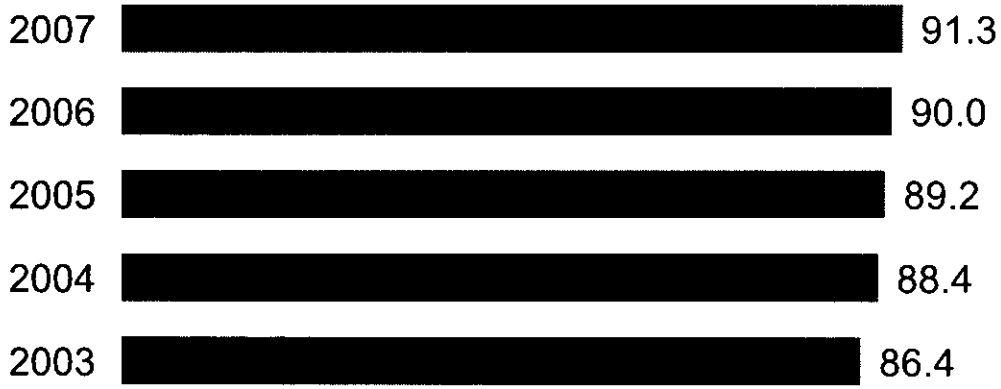




Points of Service - thousand

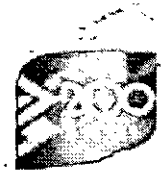


Transaction in Automated Channels - %

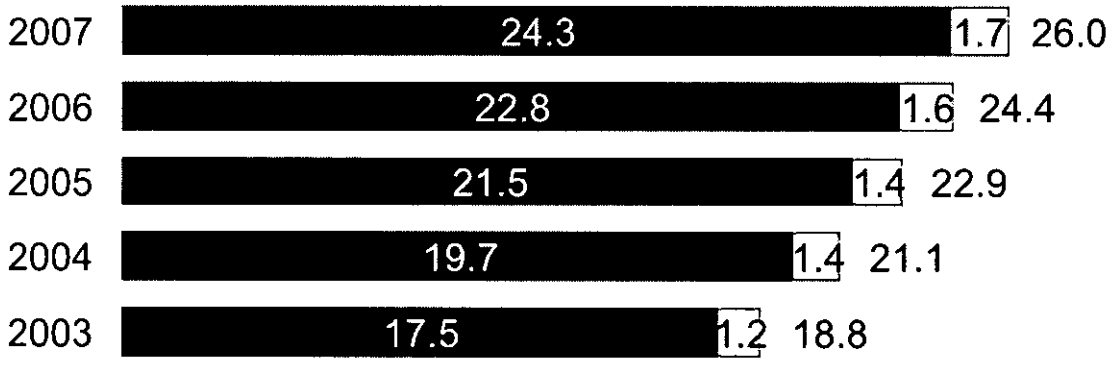


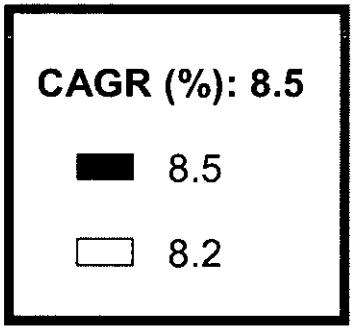
Largest Customer Base



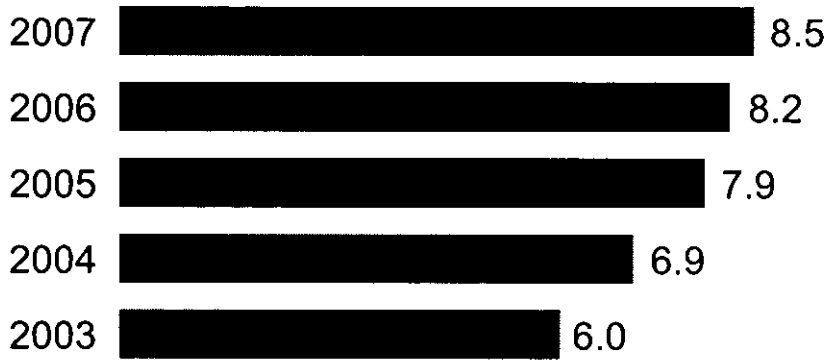


Customers - thousand

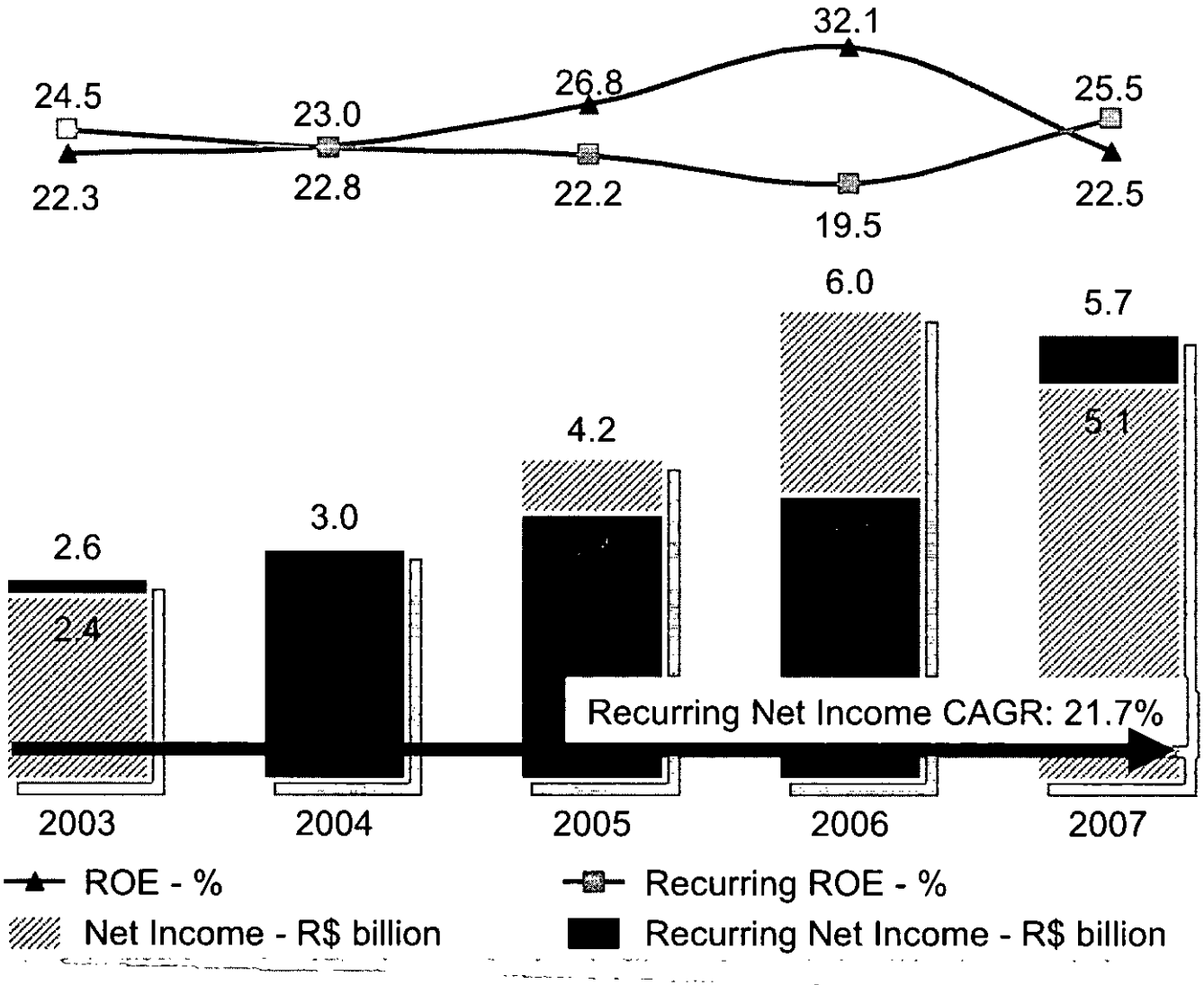




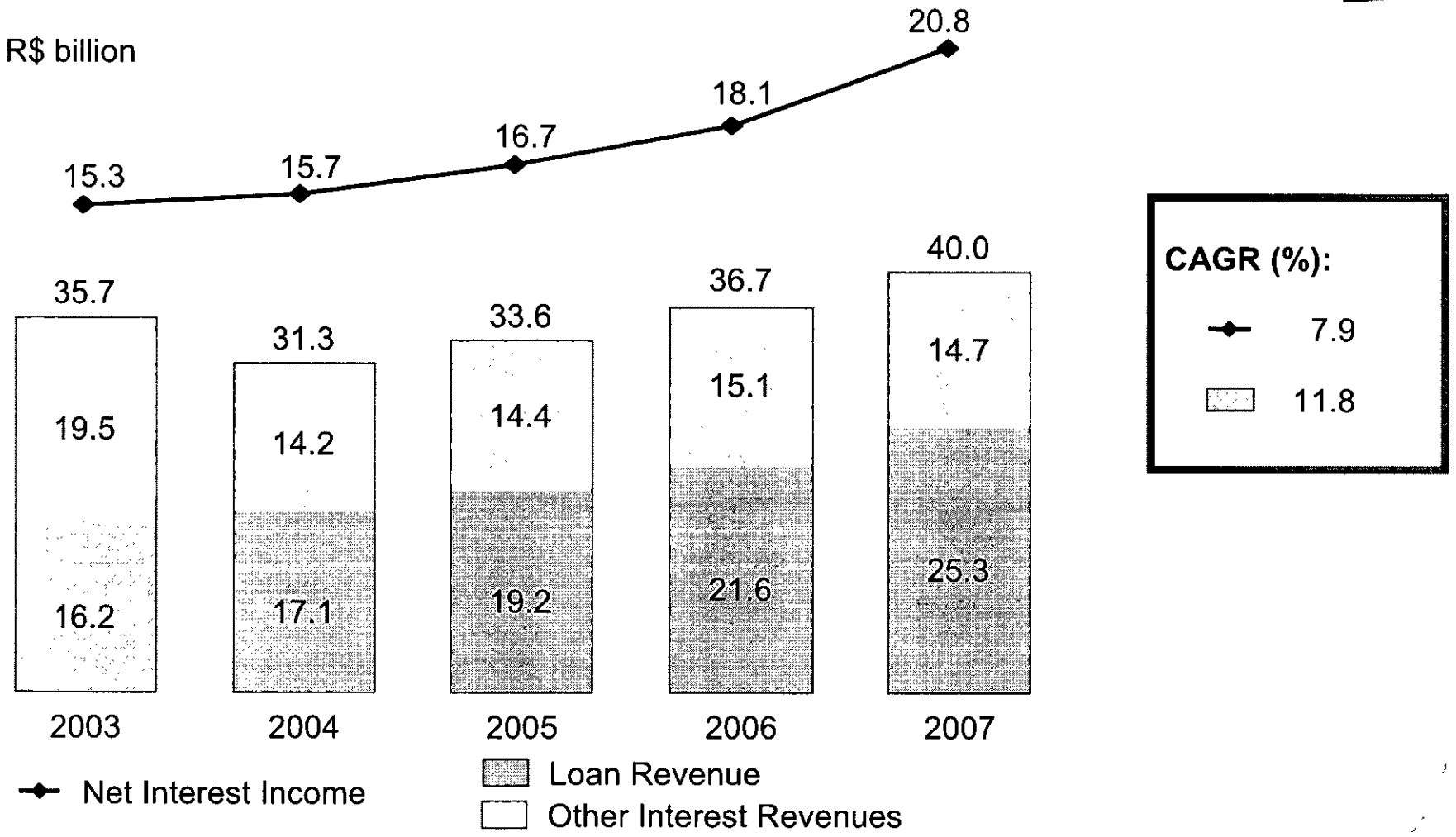
Internet Banking – million of customers



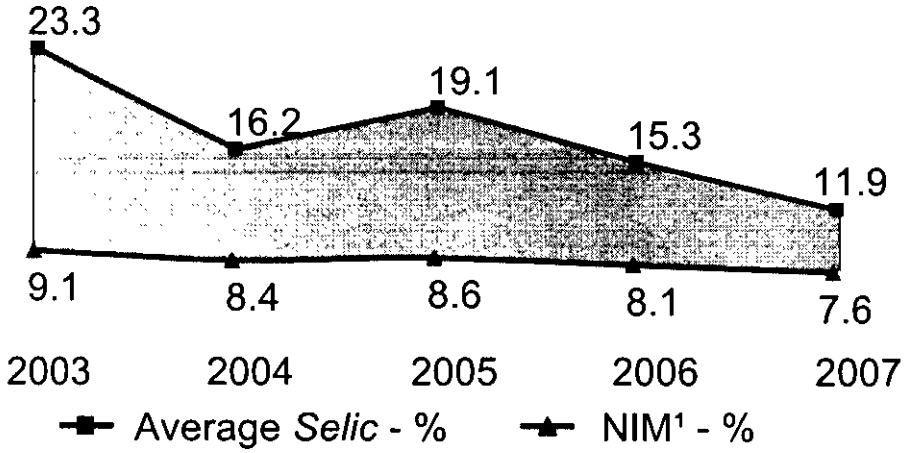
High and Recurring Profitability

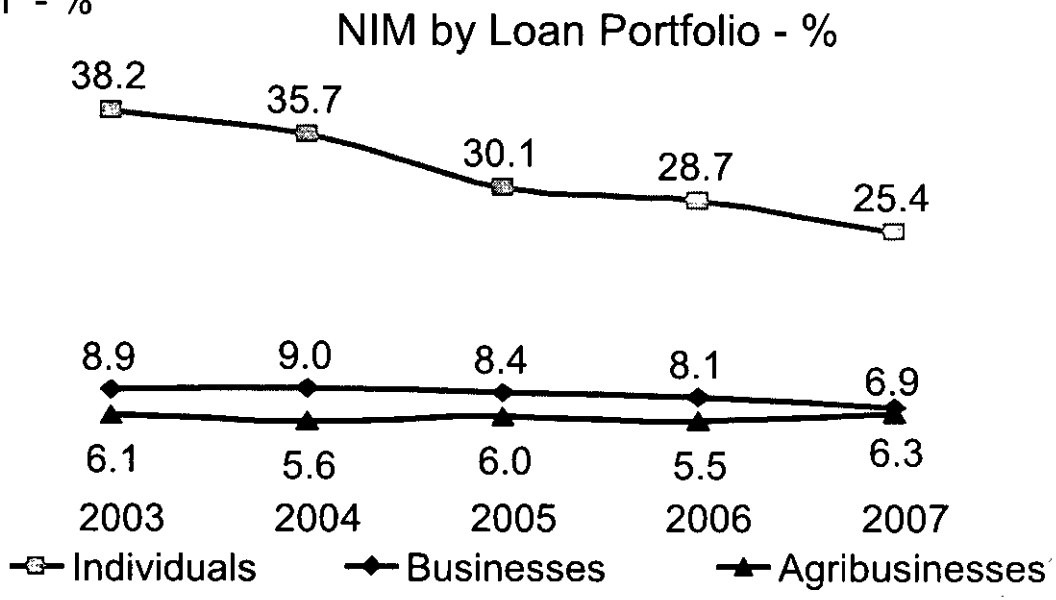


Grown Margins



Resilient NIM

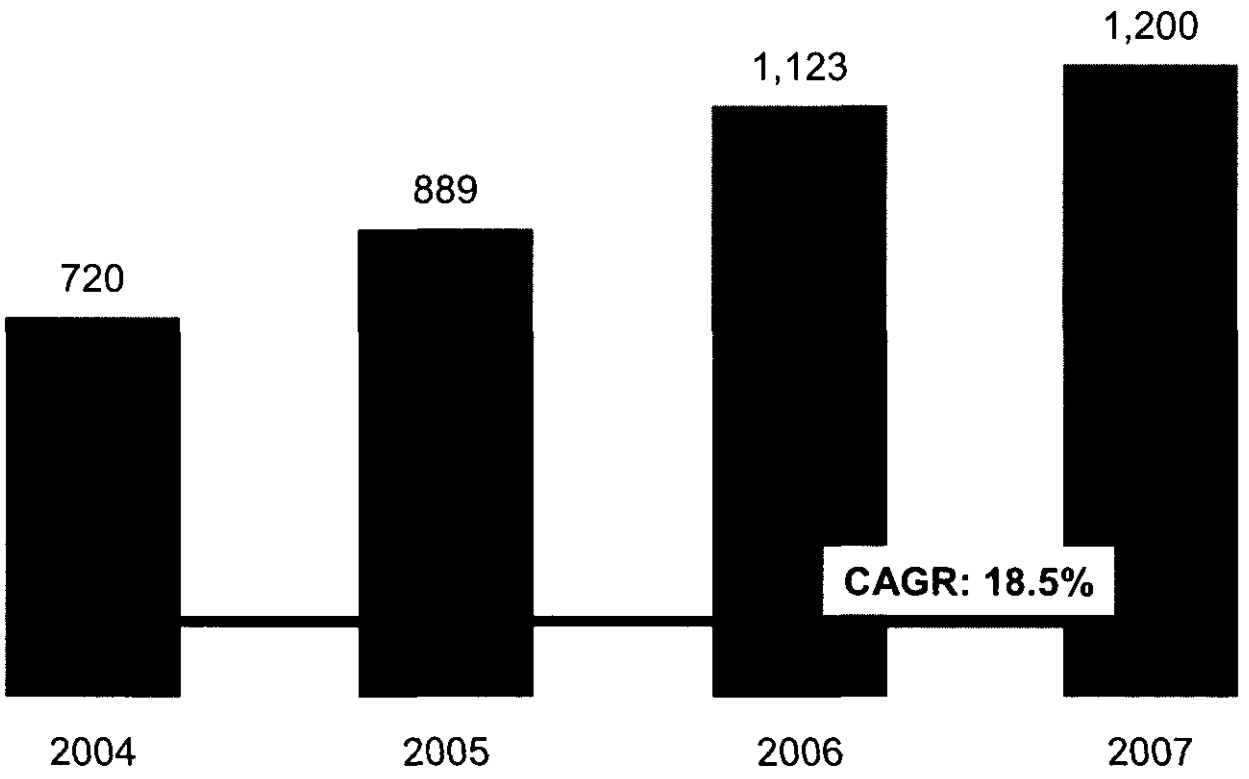




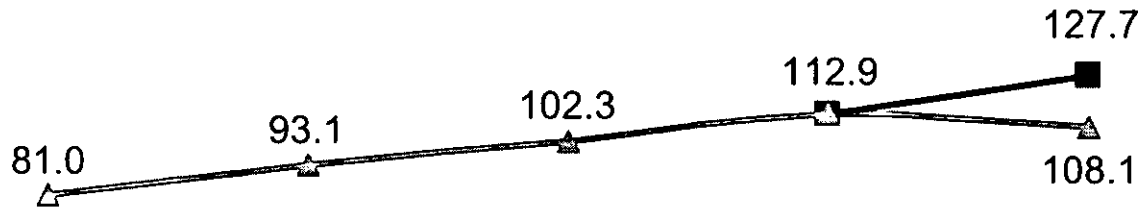
(1) Net Interest Income over Earning Assets

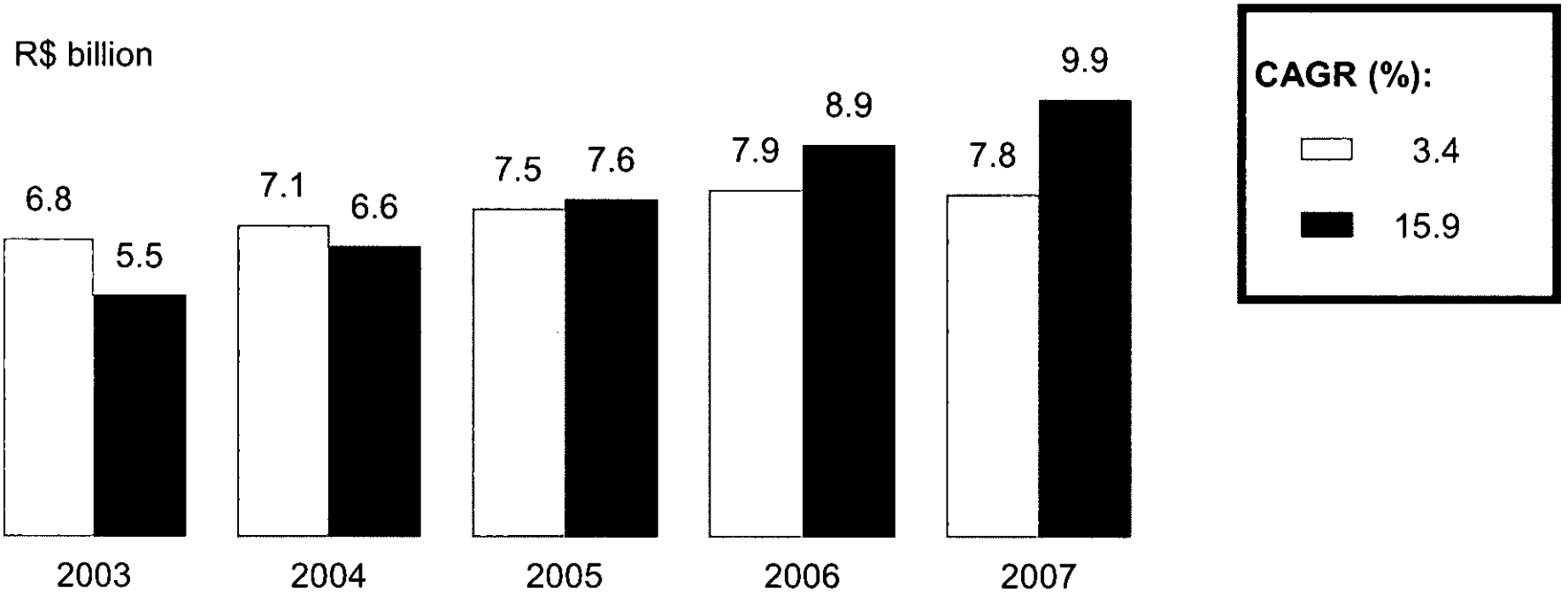
Added Value - Insurance

R$ million



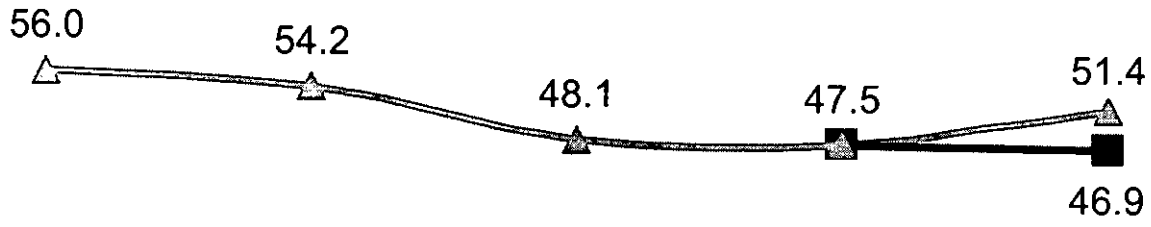
Productivity Increase

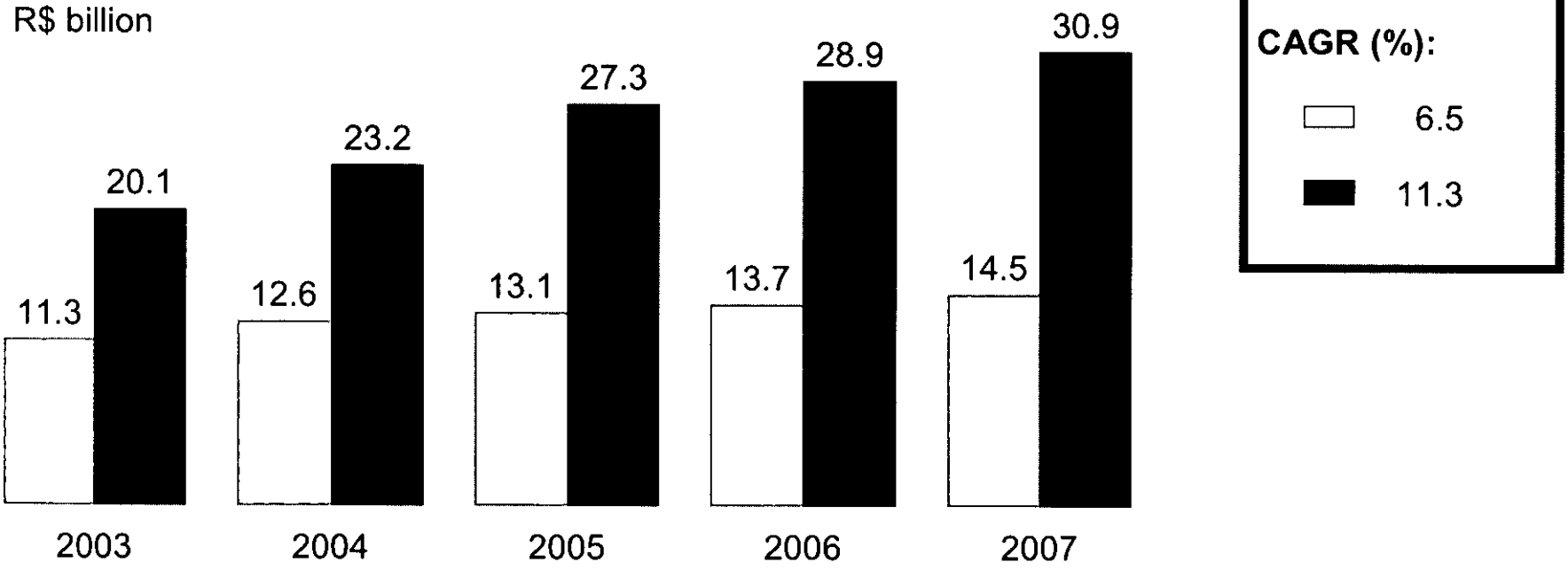




(1) without Retirement Plan and Cassi

Productivity Increase

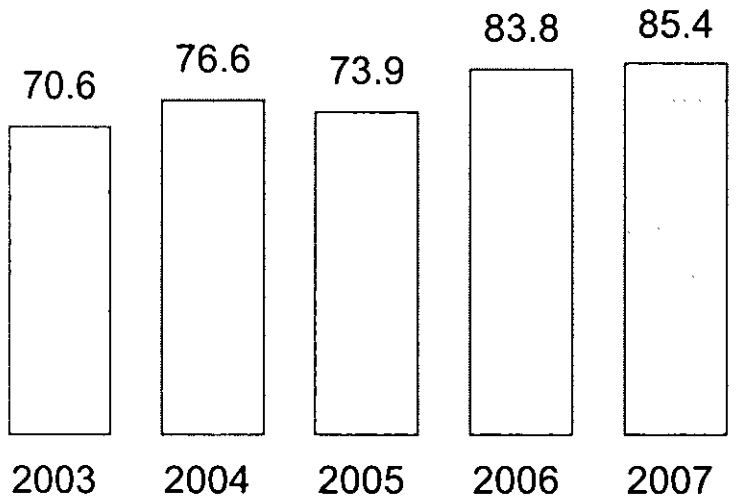




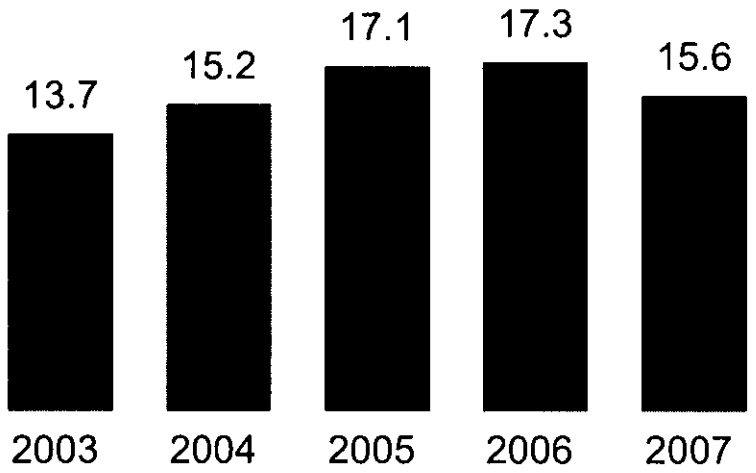
(1) without Retirement Plan and Cassi

Leverage Capacity

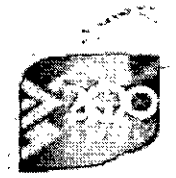
Loan / Total Deposits - %



BIS Ratio - %



Corporate Governance

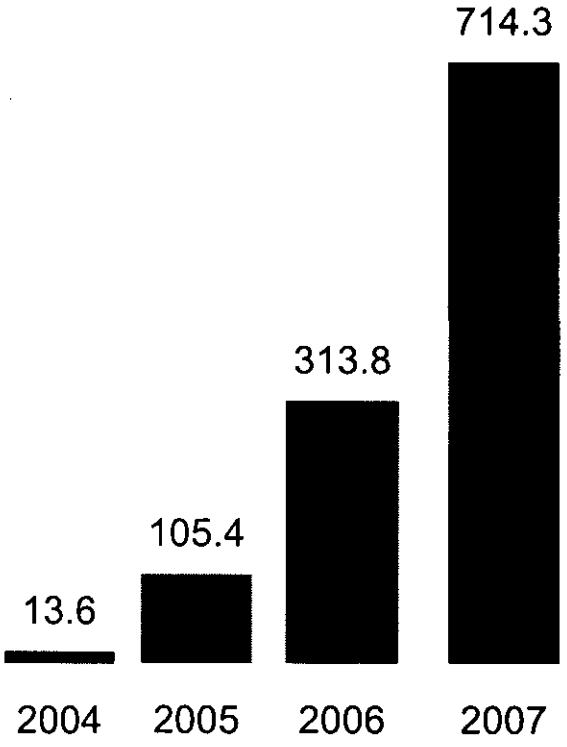


- Release of Banco do Brasil's Agenda 21.
- Approval of ADR level 1 program.
- Financial information in accordance with international standard.
- Adjustment of administrative and organizational structure.

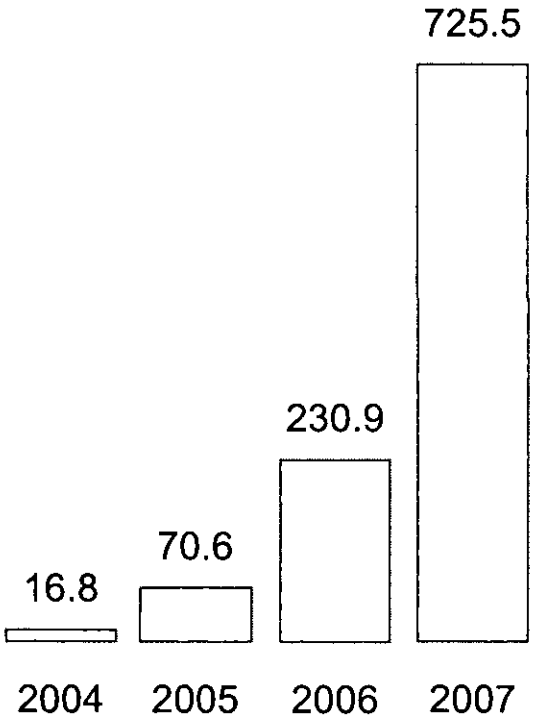
Focus on Sustainability

Strategy of Sustainable Regional Development

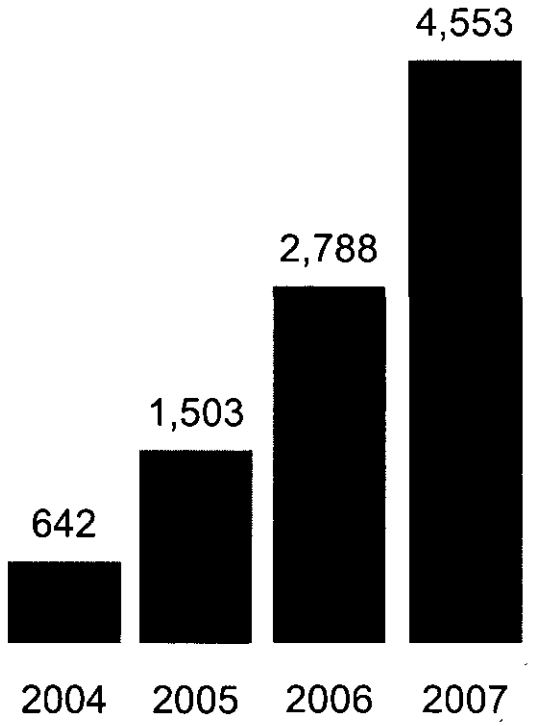
Contracted Amount
R$ million



Benefited Families
thousand

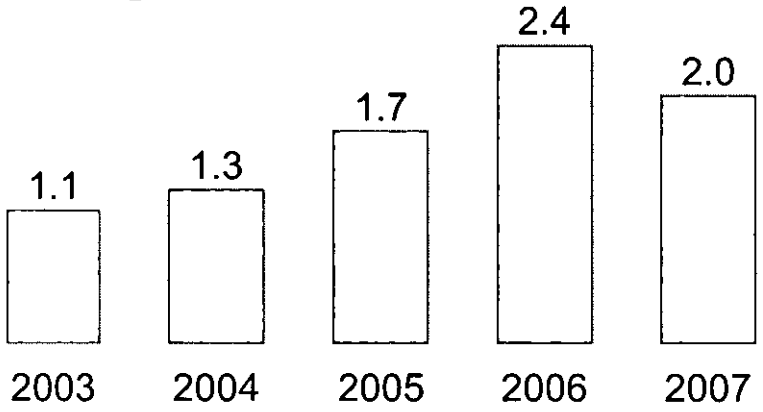


Served Municipalities

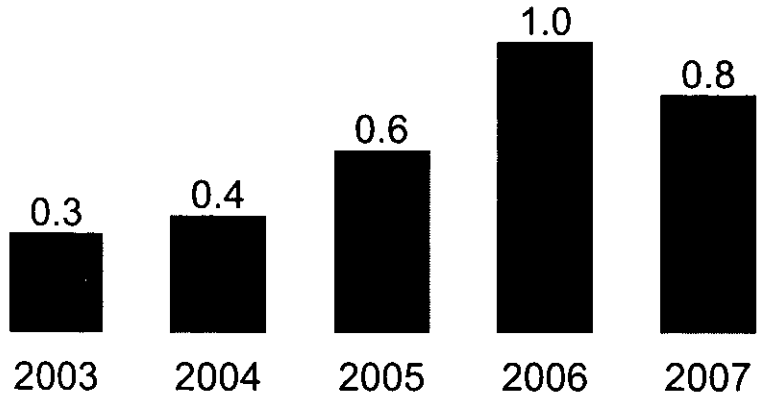


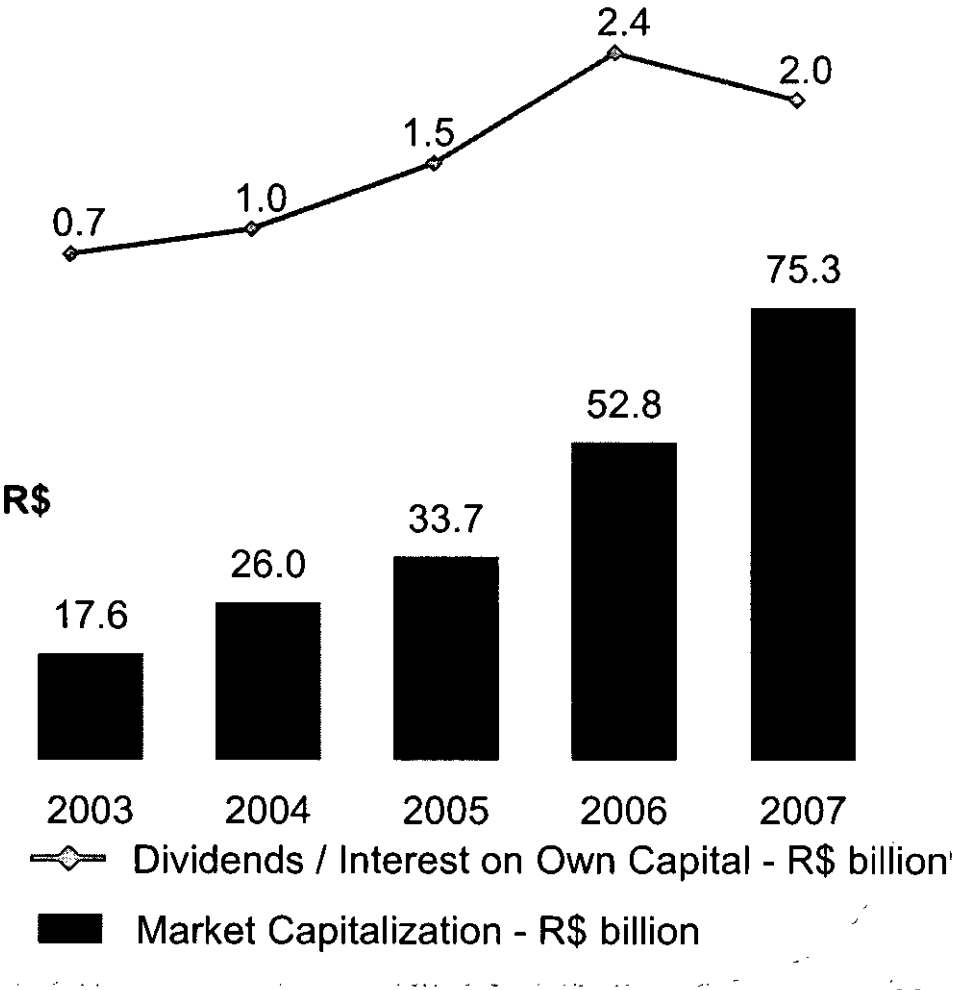
Share Performance

Earnings / Share – R$



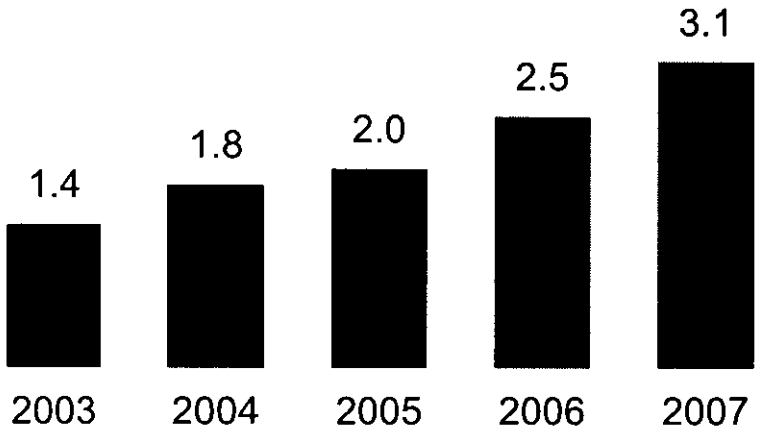
Dividends & Interest on Own Capital / Share – R$



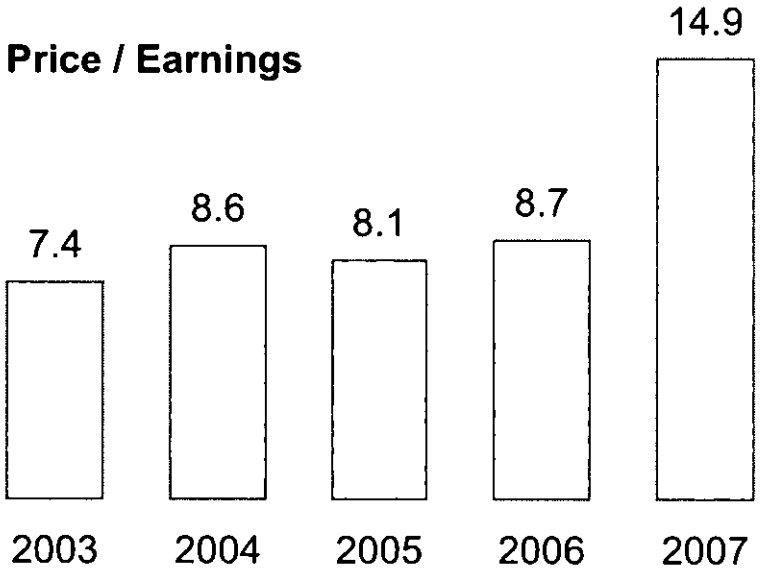


Share Performance

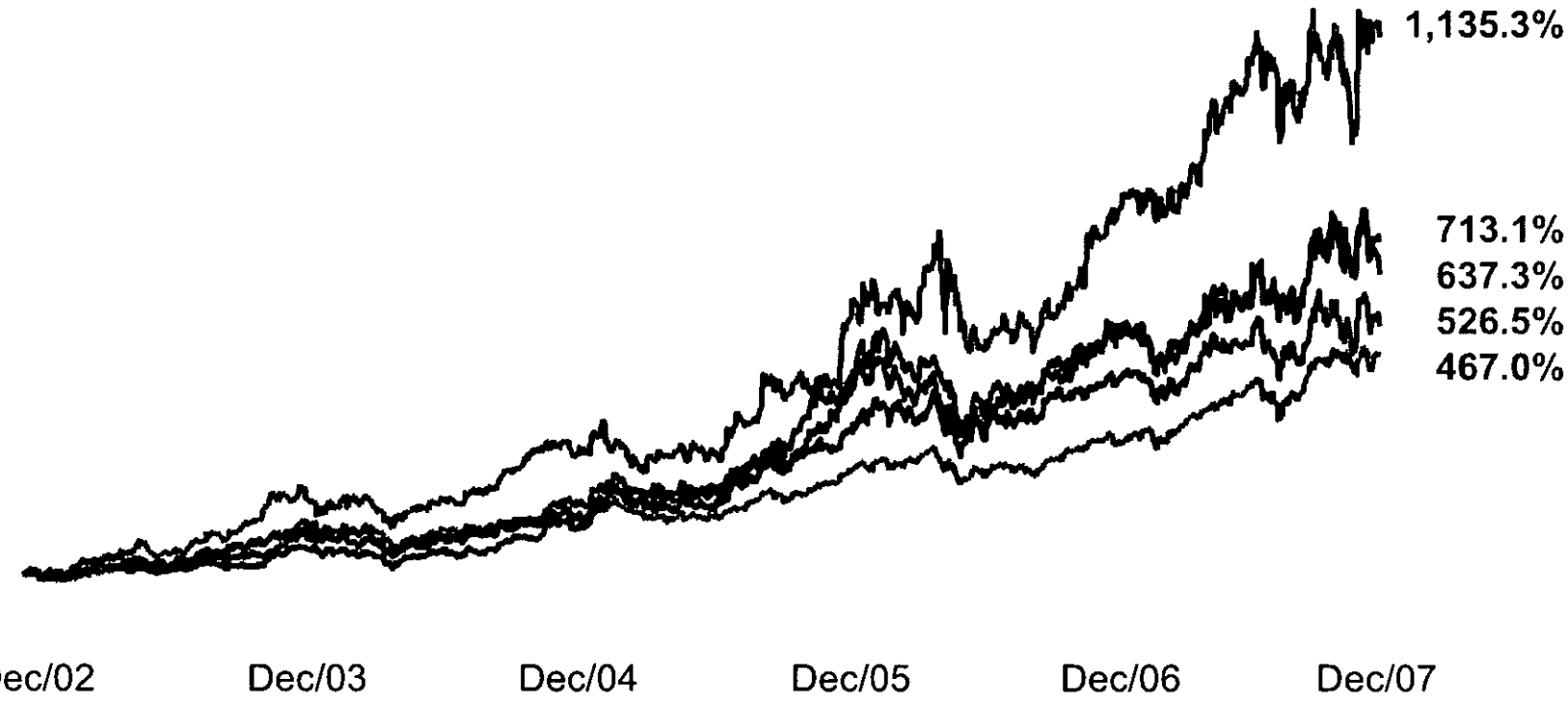
Price / Book Value



Price / Earnings



Share Performance



Highlights



R$ - million	2003	2004	2005	2006	2007
Net Income	**2,381**	**3,024**	**4,154**	**6,044**	**5,058**
Net Interest Income	15,327	15,464	16,734	18,107	20,810
Fee Income	5,491	6,607	7,648	8,888	9,902
Administrative Expenses	11,298	11,524	12,402	13,020	13,449

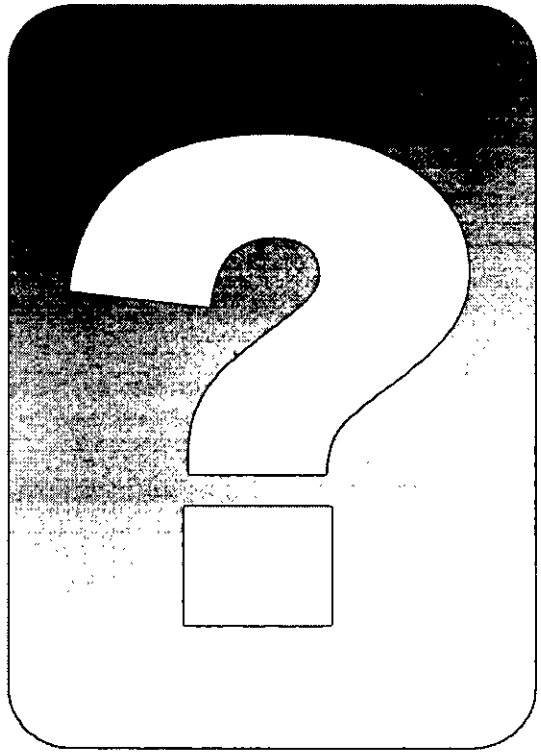
R$ - million	2003	2004	2005	2006	2007
Assets	**230,144**	**239,014**	**252,977**	**296,356**	**367,750**
Loan Portfolio	77,636	88,554	101,789	133,157	160,739
Deposits	110,014	115,531	137,658	158,841	188,282
Assets under Management	102,658	124,021	153,508	182,683	220,136
Shareholders Equity	12,172	14,106	16,850	20,758	24,262

%	2003	2004	2005	2006	2007
ROE	**22.3**	**23.0**	**26.8**	**32.1**	**22.5**
Efficiency Ratio[1]	56.0	54.2	48.1	47.5	46.9
Coverage Ratio[1]	81.0	93.1	102.3	112.9	127.7
BIS Ratio	13.7	15.2	17.1	17.3	15.6

(1) without Retirement Plan and Cassi

And you,

what do you expect for the next years?







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ri@bb.com.br

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For further information access www.bb.com.br/ri

(M2) Meetings With Analysts 1Q 2007

[Please See Attached Presentation]



Banco do Brasil S.A.

1T07











Agenda

1 **Ambiente**

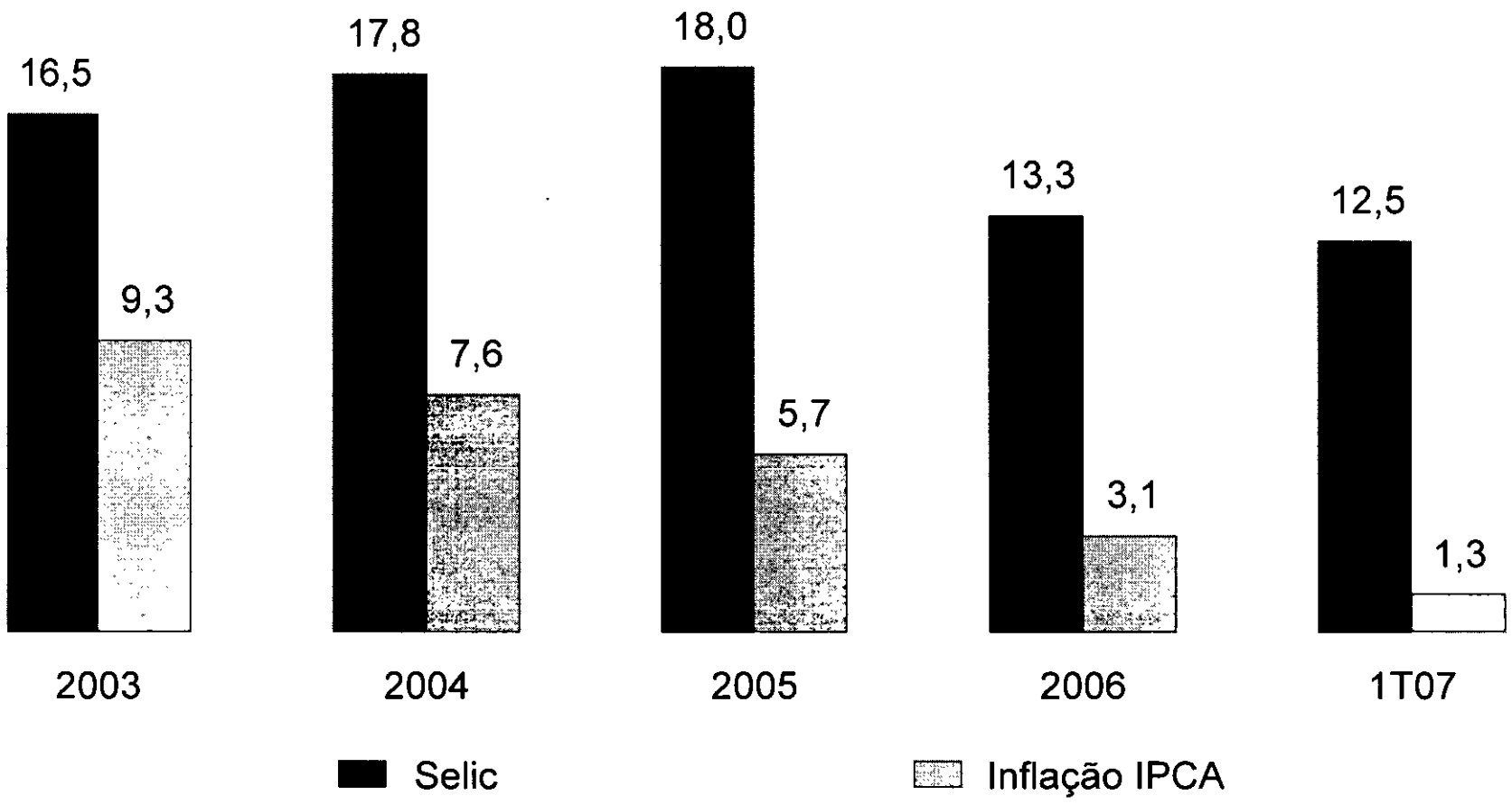
2 **Destaques**

3 **Desempenho 1T07**

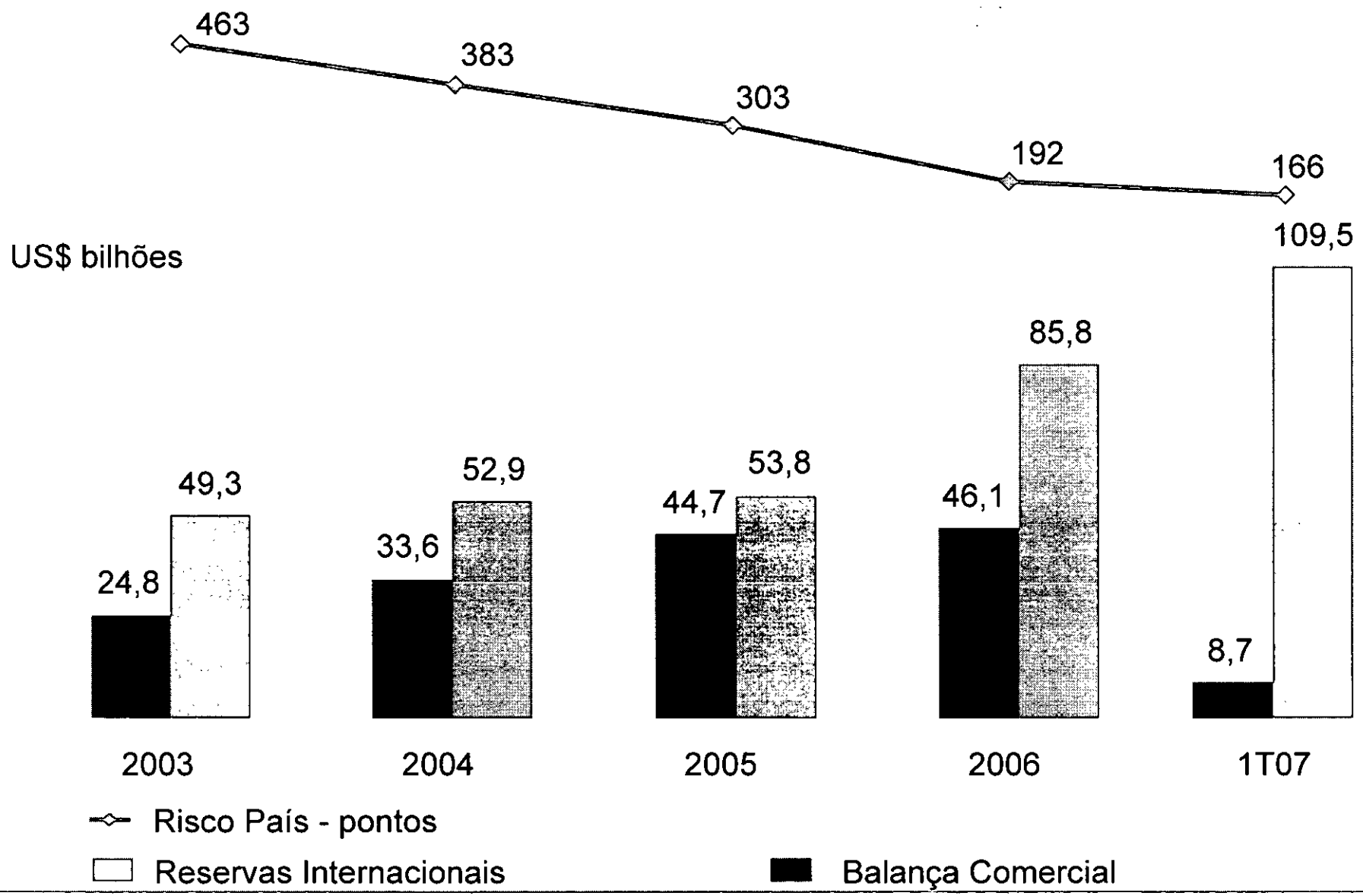
4 **Mercado de Ações e Perspectivas**

5 **Desenvolvimento Regional Sustentável**

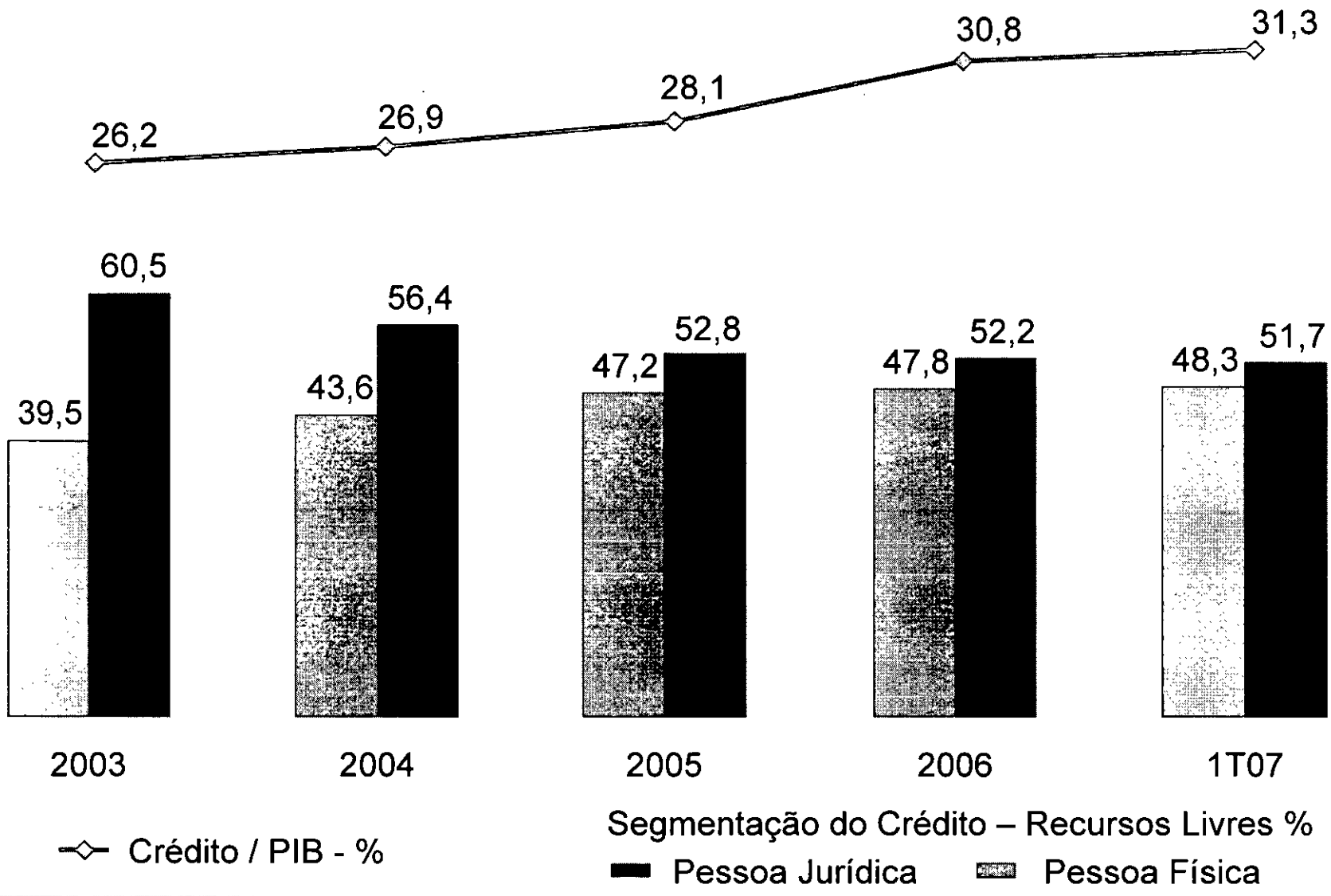
Taxa - %



Fonte: Banco Central e IBGE



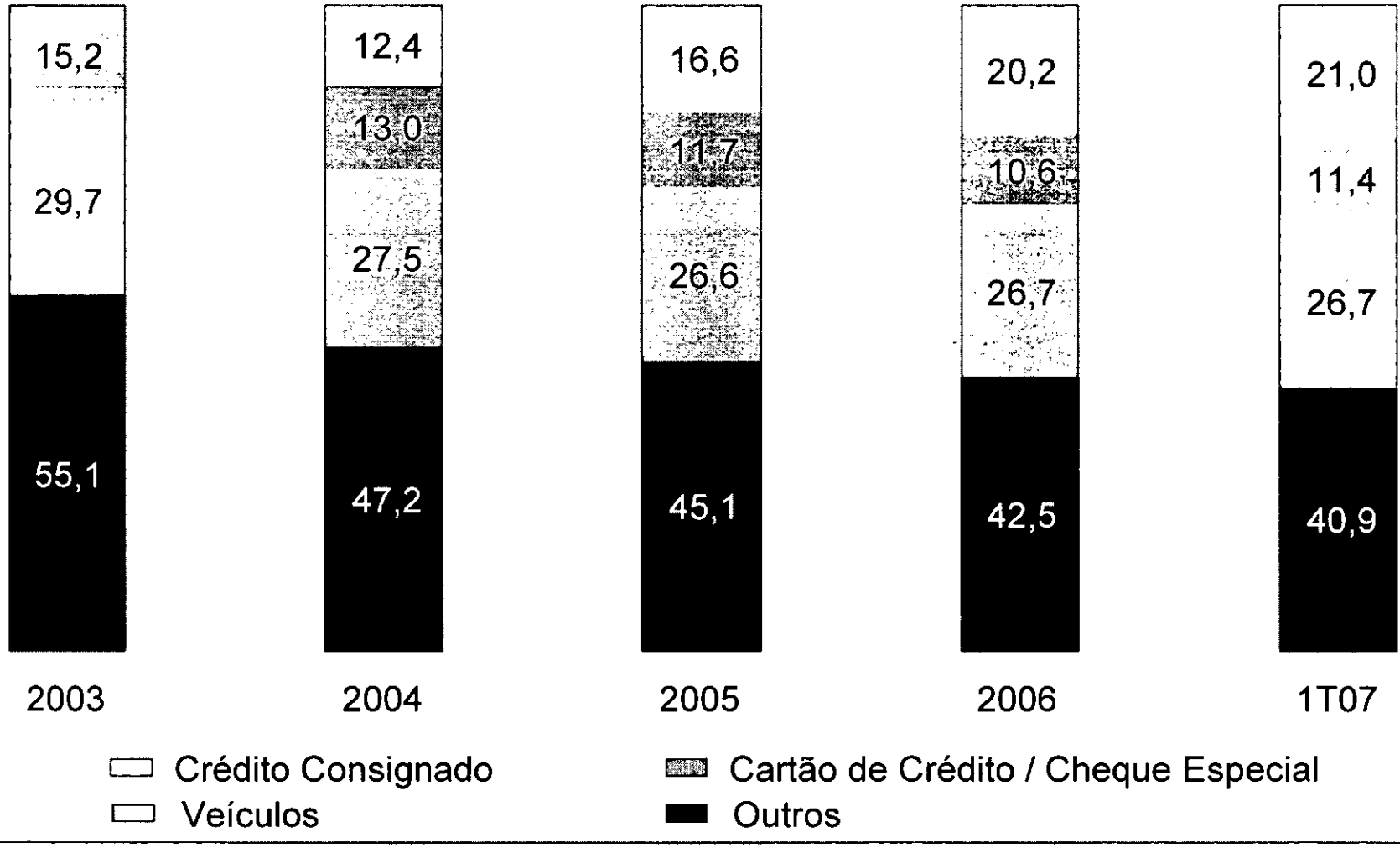
Fonte: Agência Estado, Ministério do Desenvolvimento, Indústria e Comércio e Banco Central



Fonte: Banco Central

Segmentação do Crédito

Segmentação do Crédito PF - %



Fonte: Banco Central

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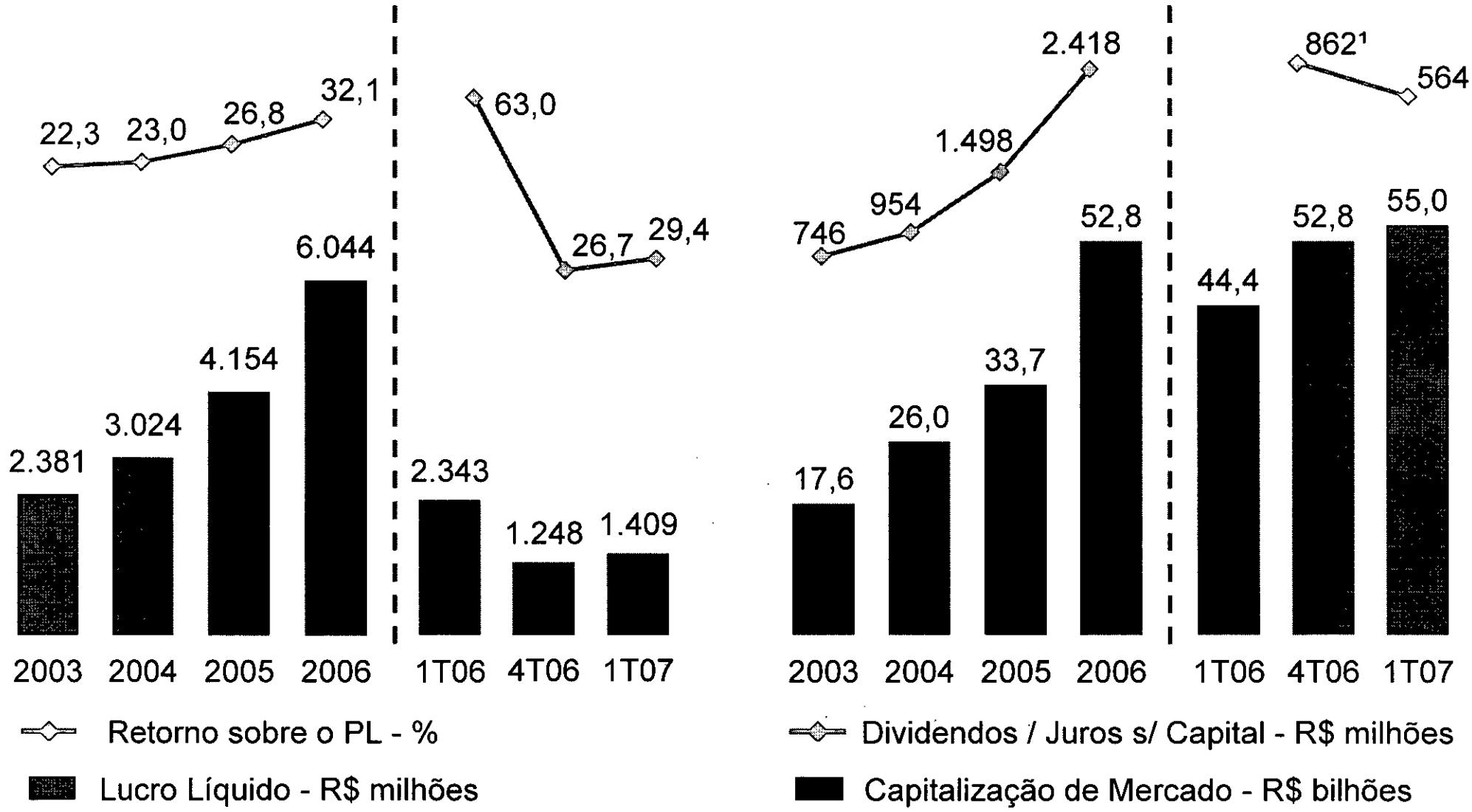
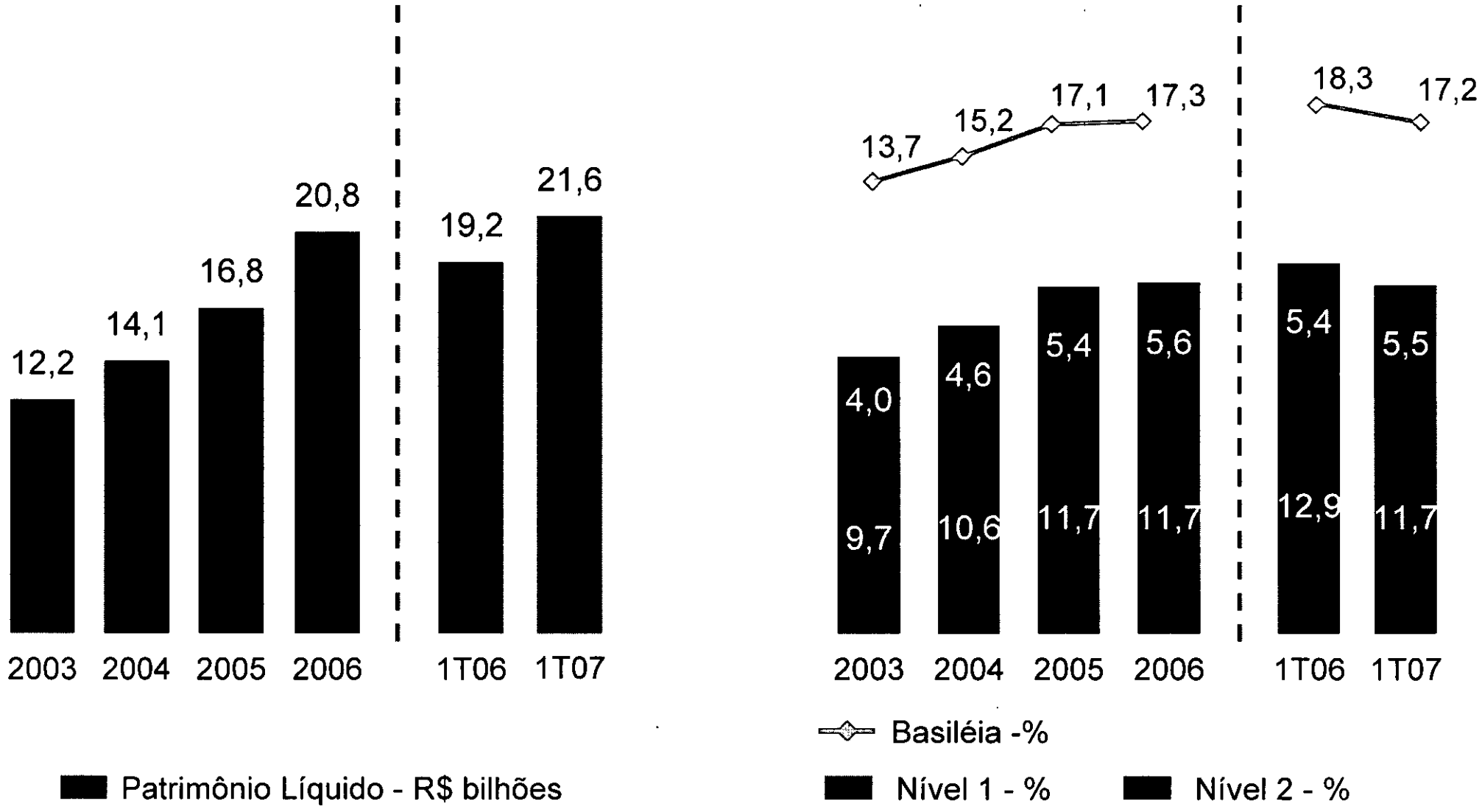
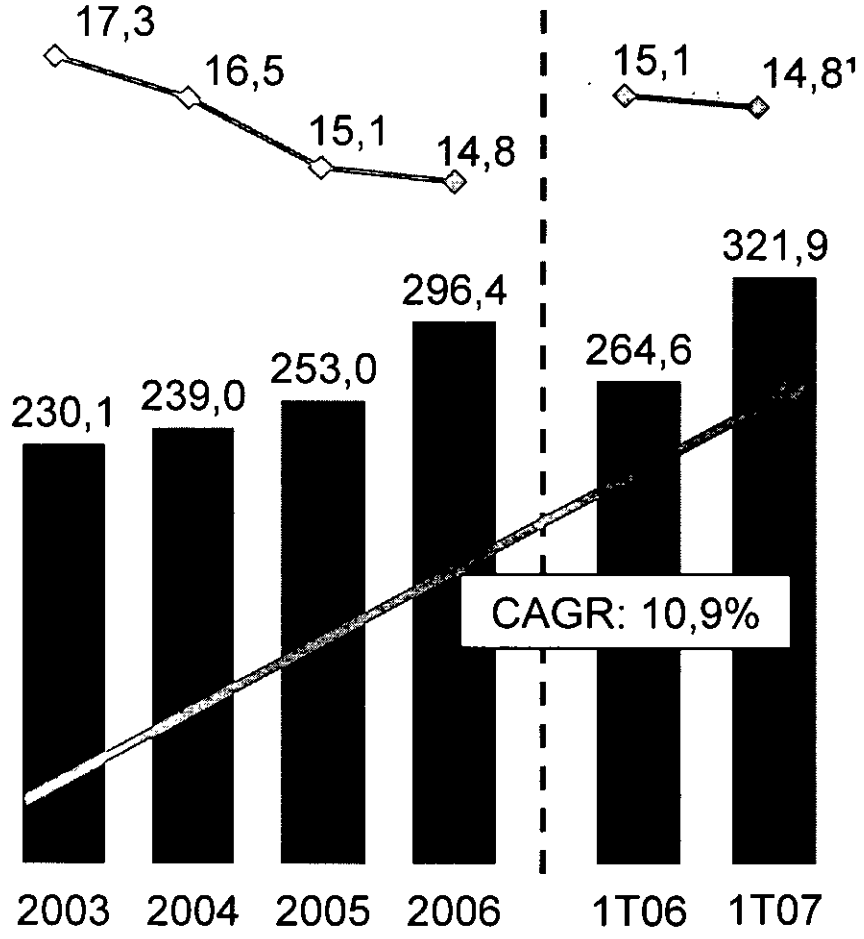
Retorno para os Acionistas



(1) Rendimentos do 2S06

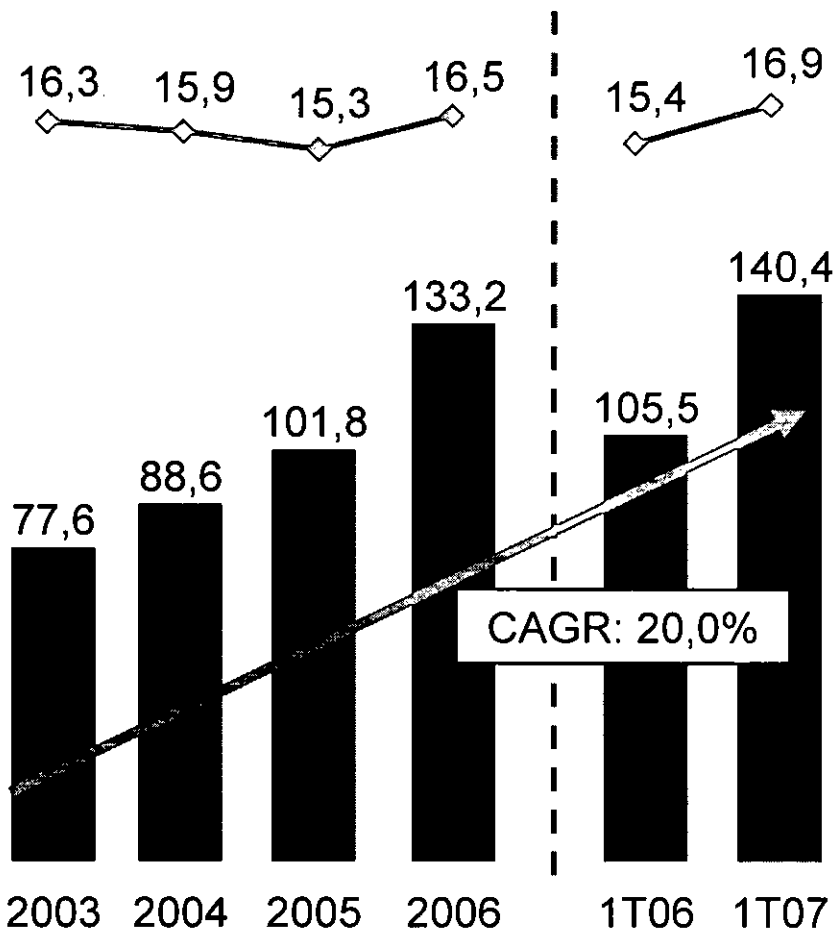
Estrutura de Capital





Participação de Mercado - %

Ativos - R$ bilhões

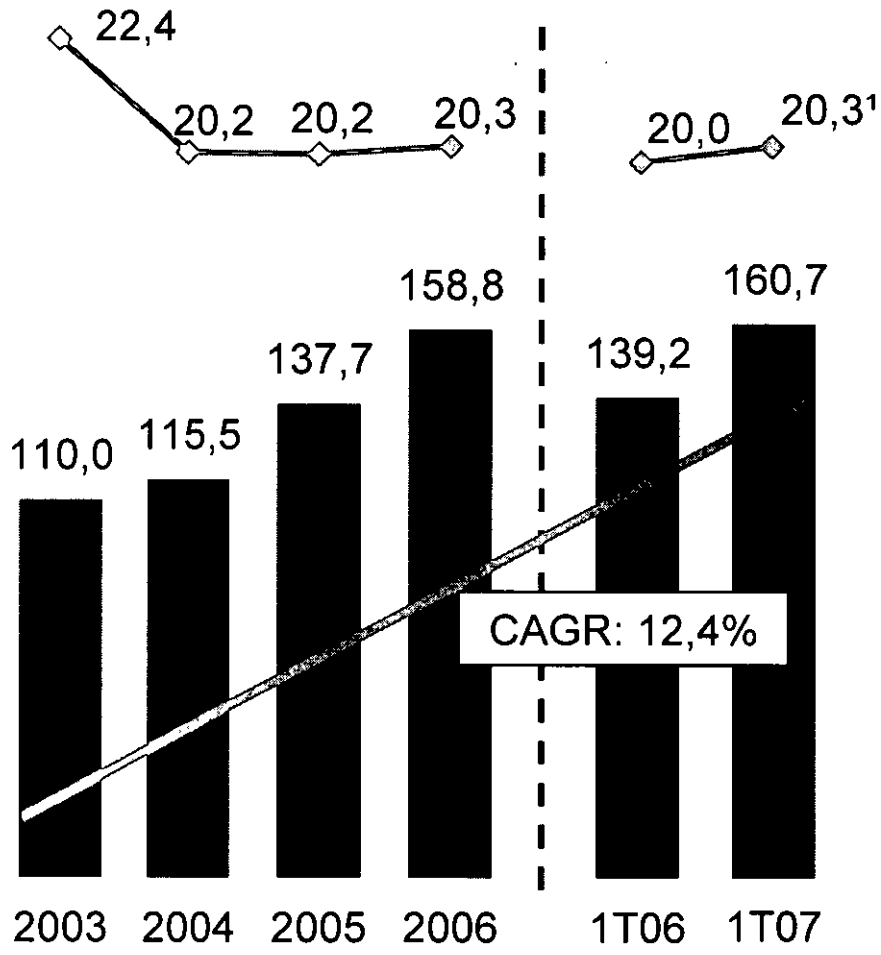


Participação de Mercado² - %

Carteira de Crédito - R$ bilhões

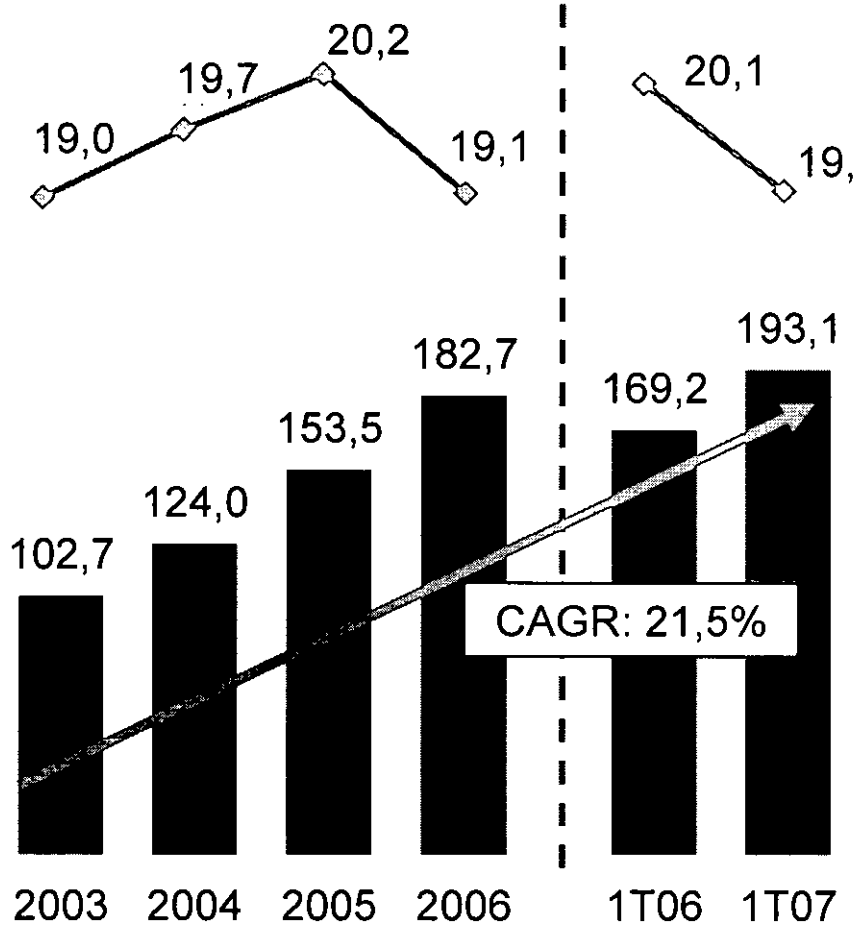
(1) Participação em dez/06

(2) Somente carteira doméstica



Participação de Mercado - %

Depósitos - R$ bilhões

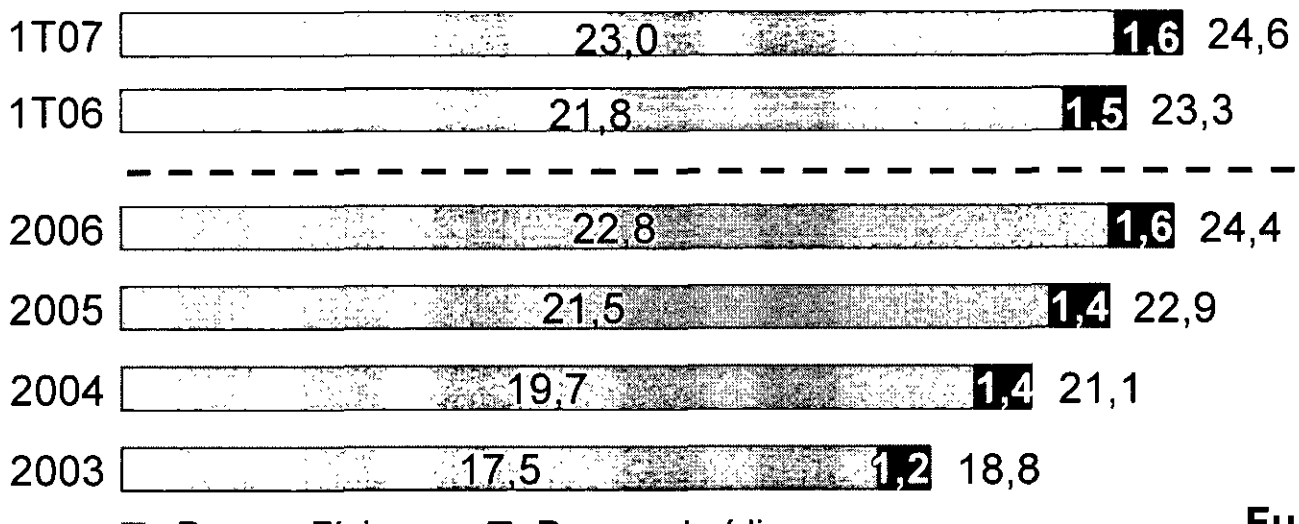


Participação de Mercado - %

Recursos Administrados - R$ bilhões

(1) Participação em dez/06

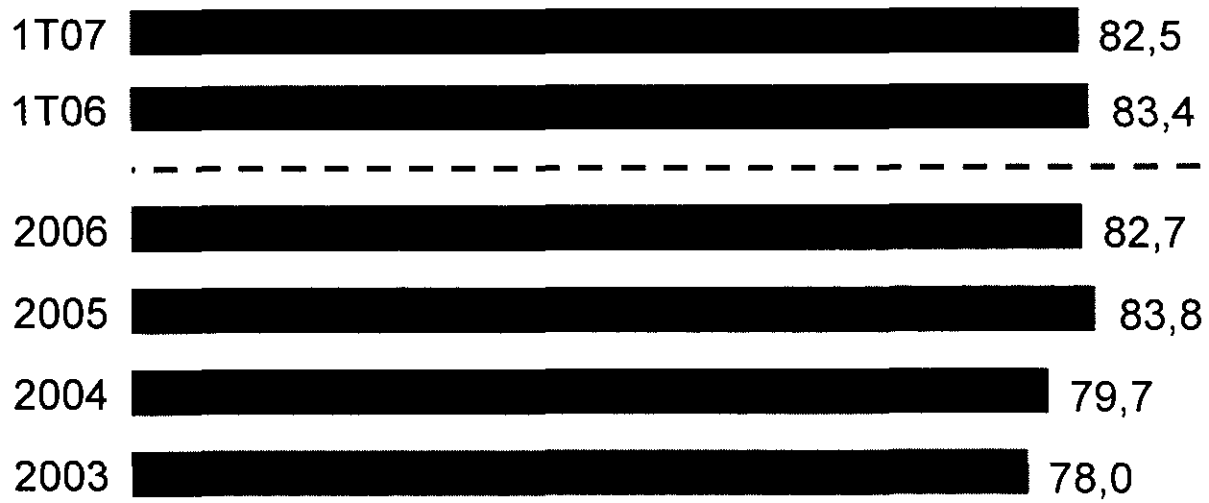
Clientes - milhões



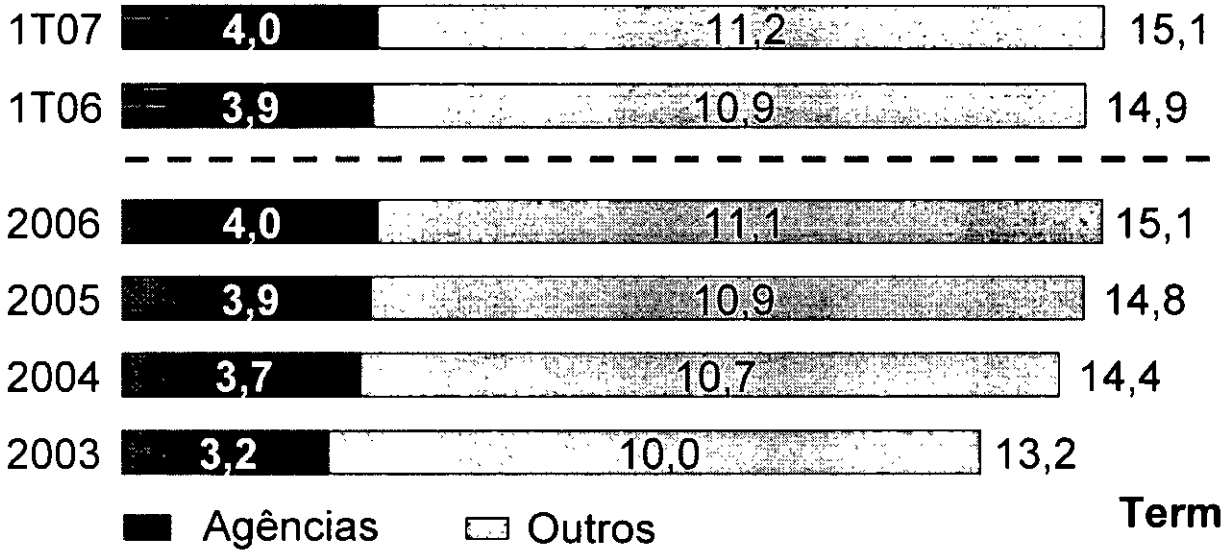
CAGR:

- 8,7%
- 8,4%

Funcionários - mil



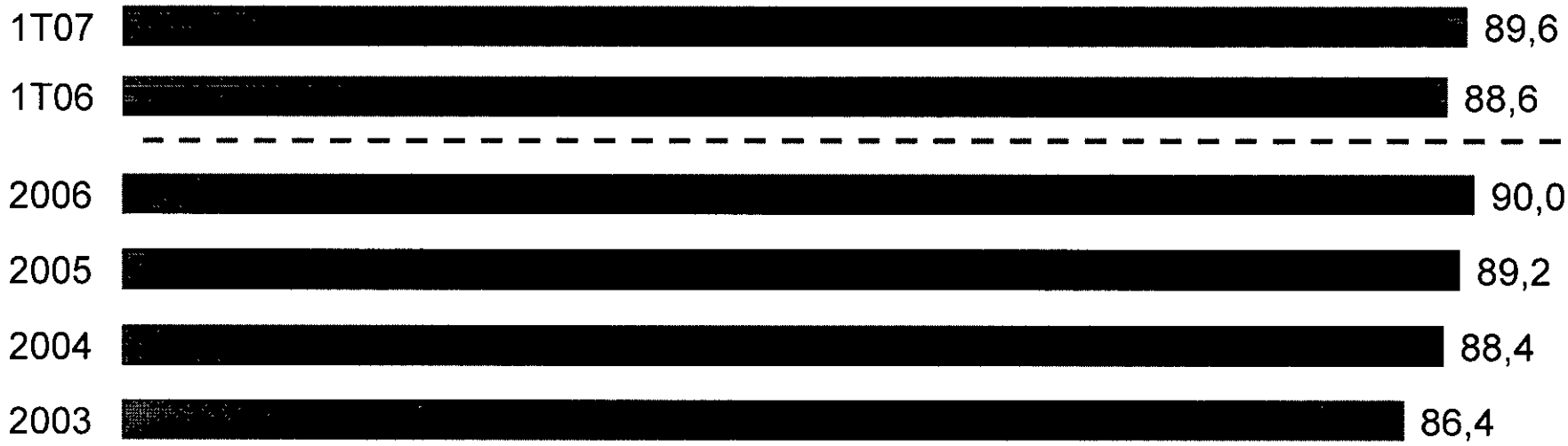
Pontos de Atendimento - mil



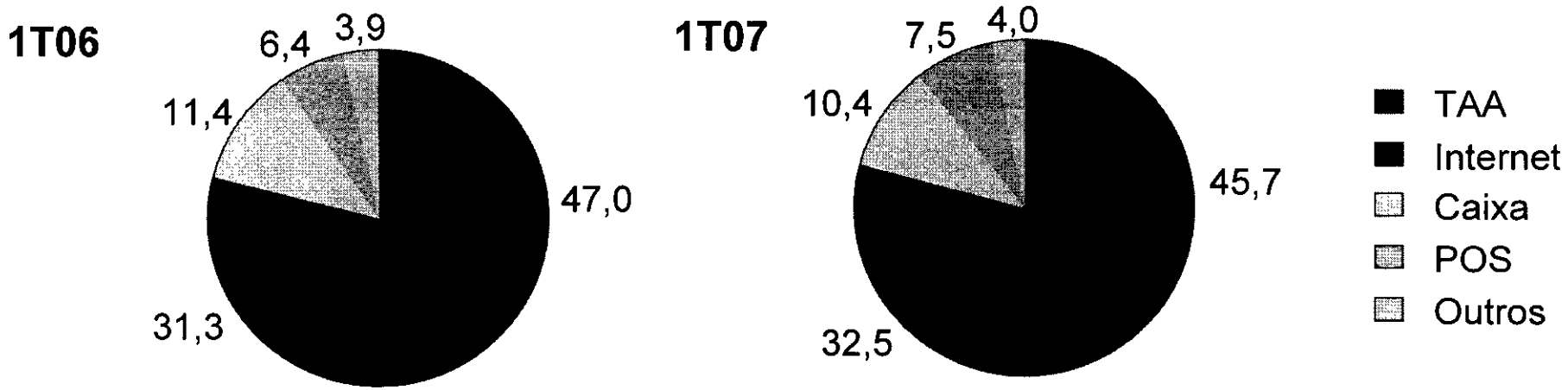
Terminais de Auto Atendimento - mil



Transações em Canais Automatizados - %

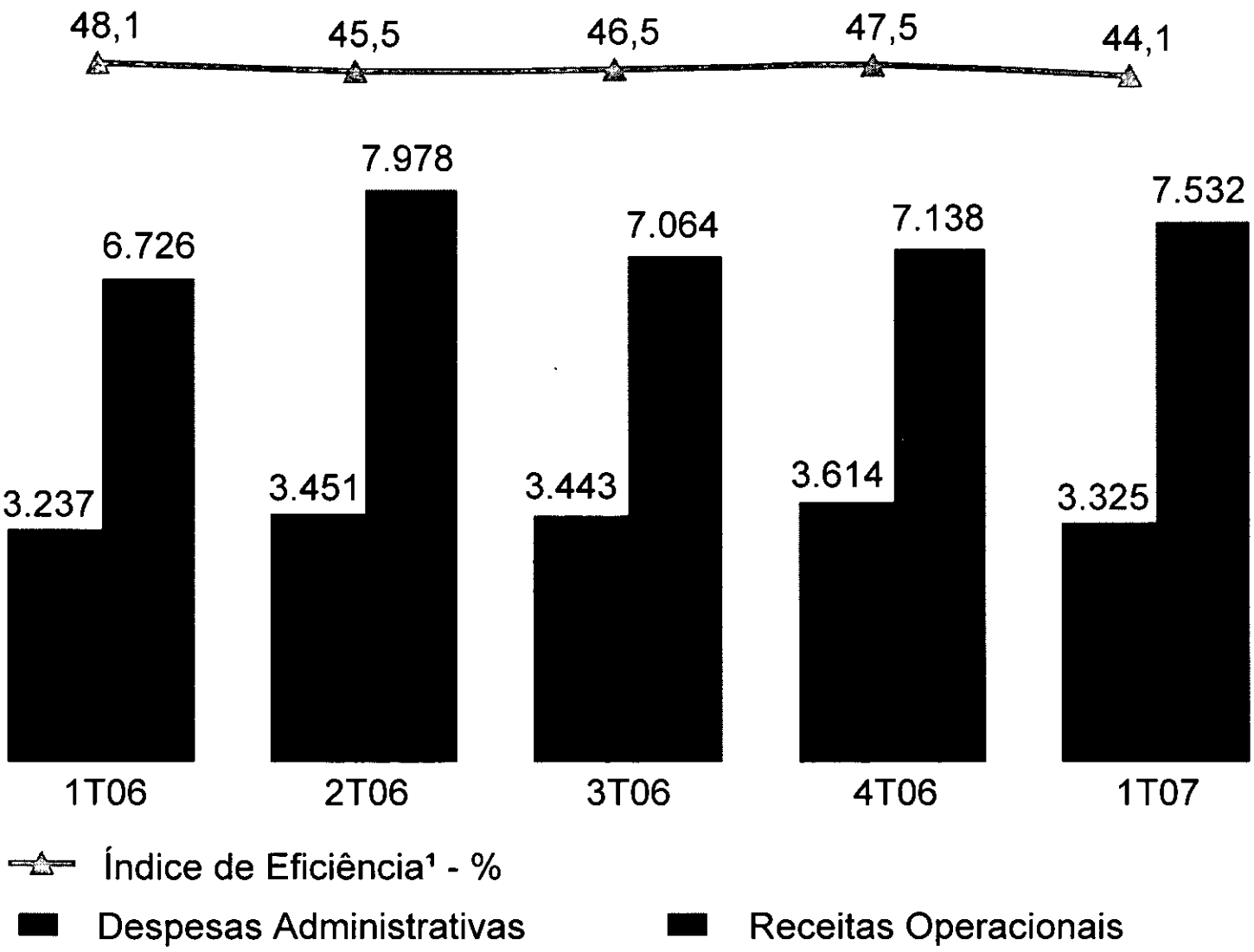


Transações por Canais - %



Produtividade

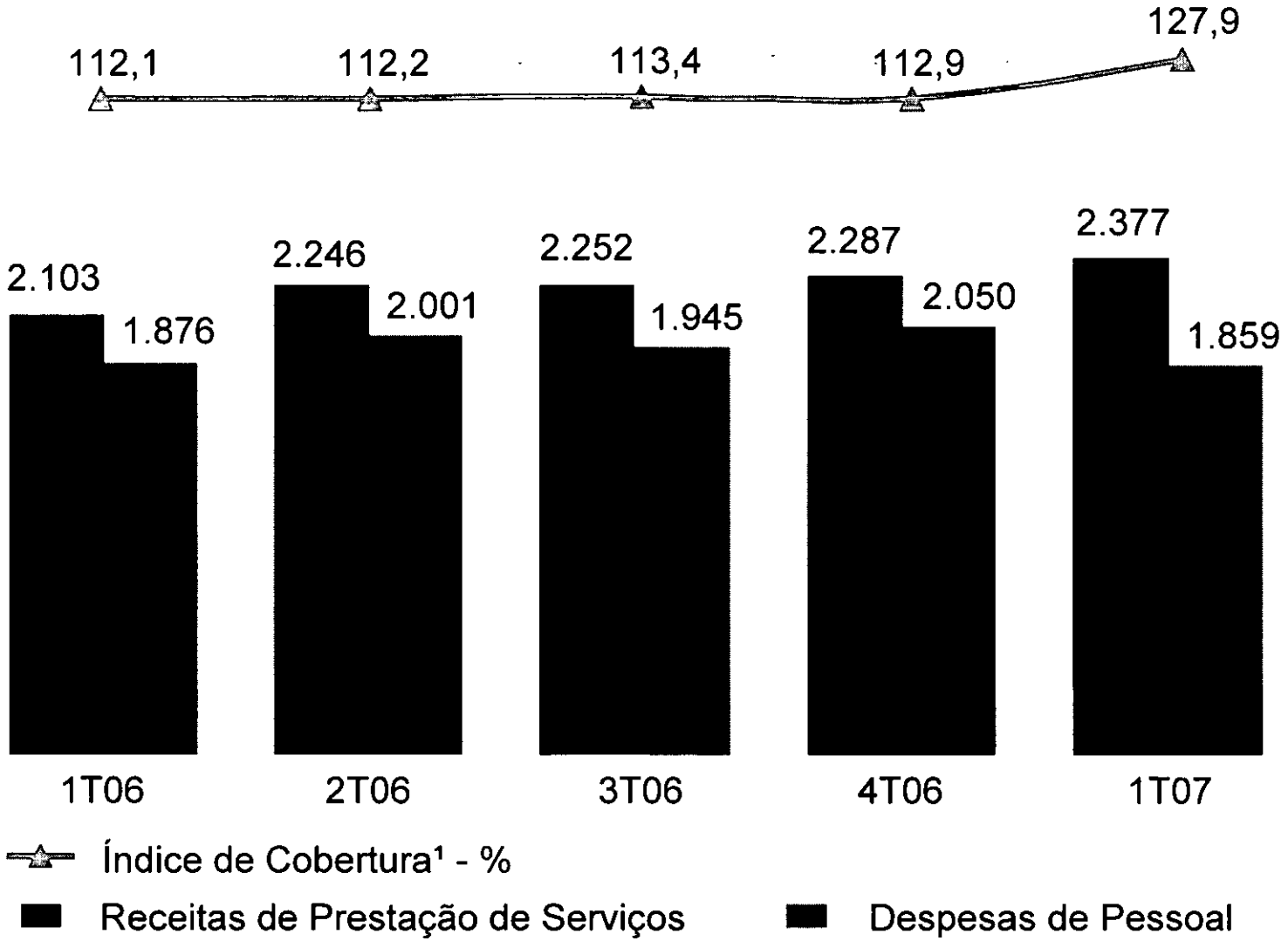
R$ milhões



(1) Índice acumulado em 12 meses

Produtividade

R$ milhões



(1) Índice acumulado em 12 meses

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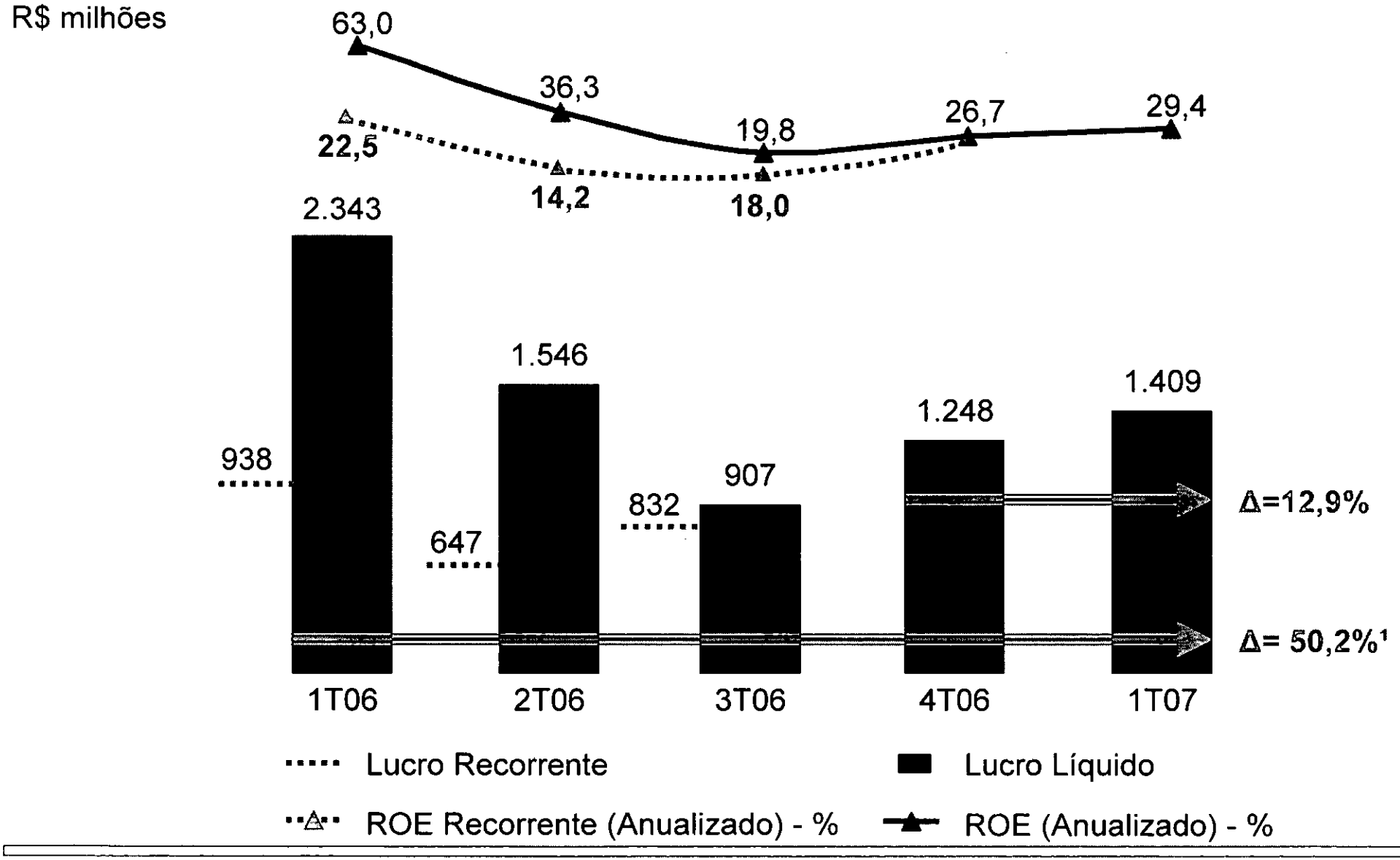
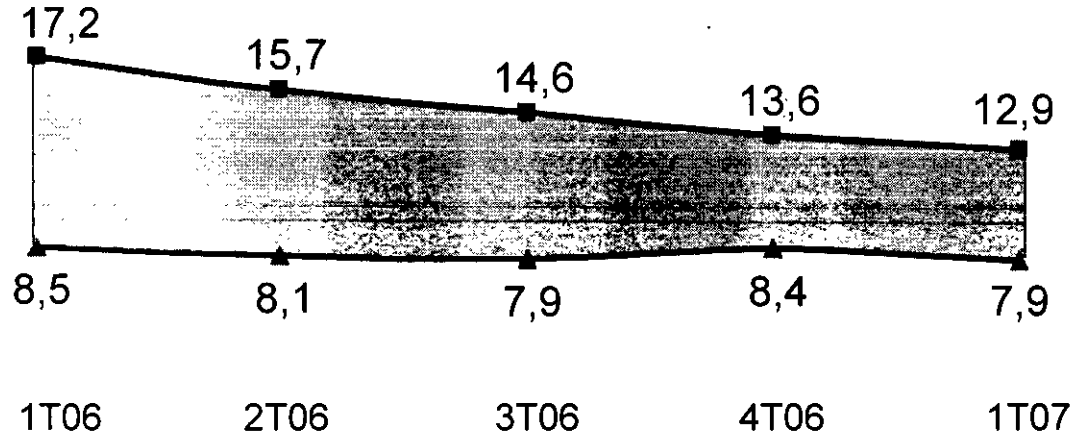
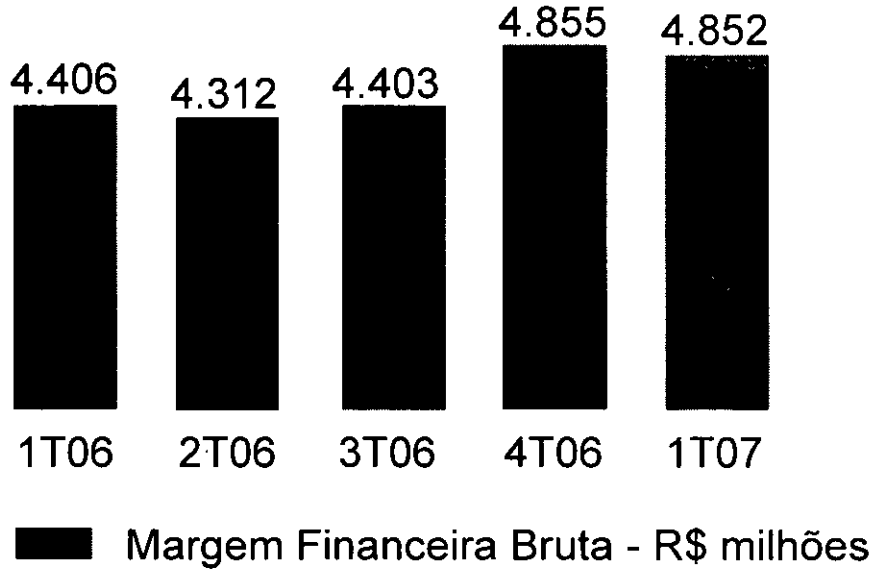
Evolução do Lucro



(1) Variação sobre o lucro recorrente

Margem Financeira Bruta

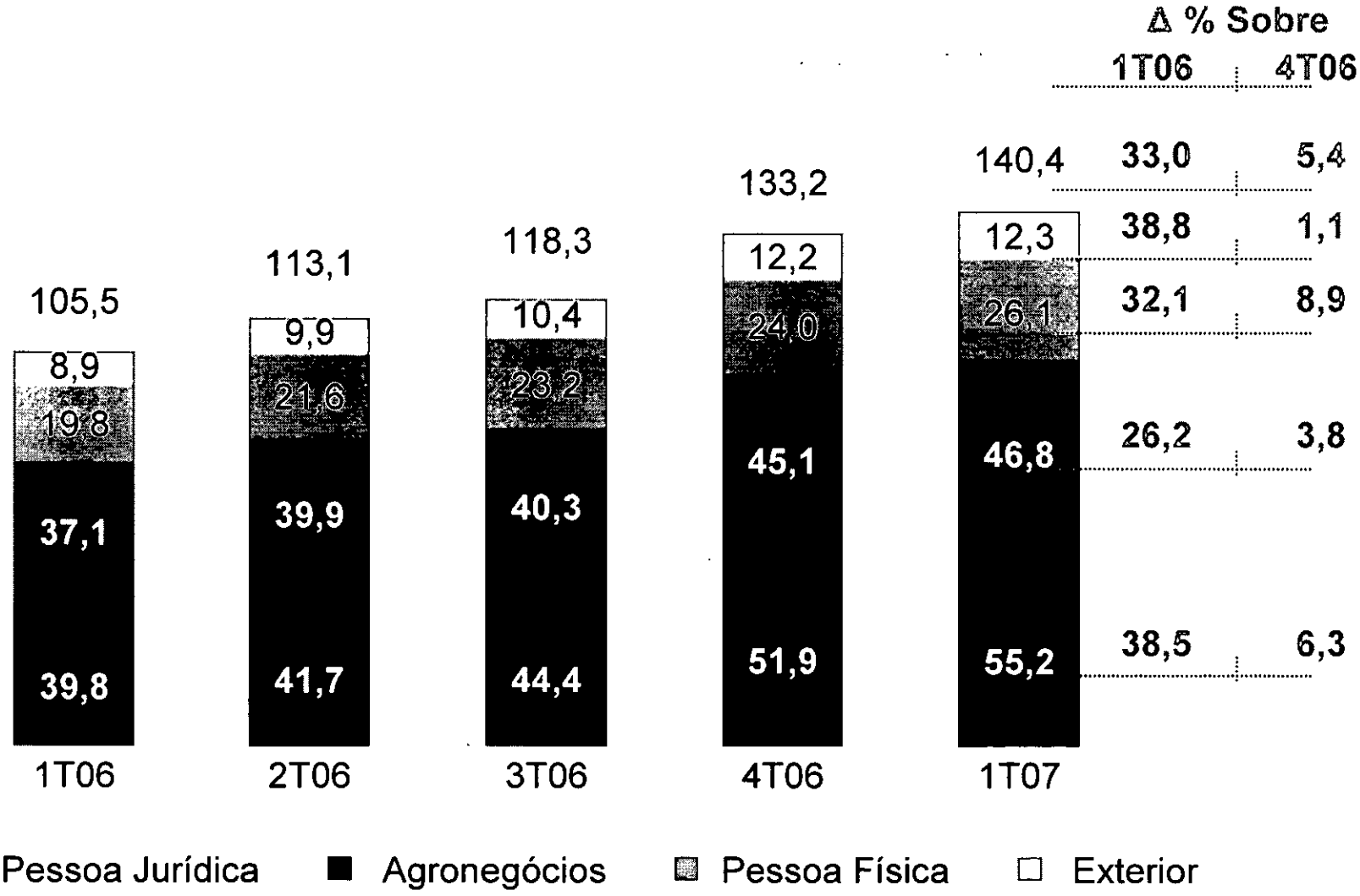




(1) Margem Financeira Bruta sobre Ativos Rentáveis

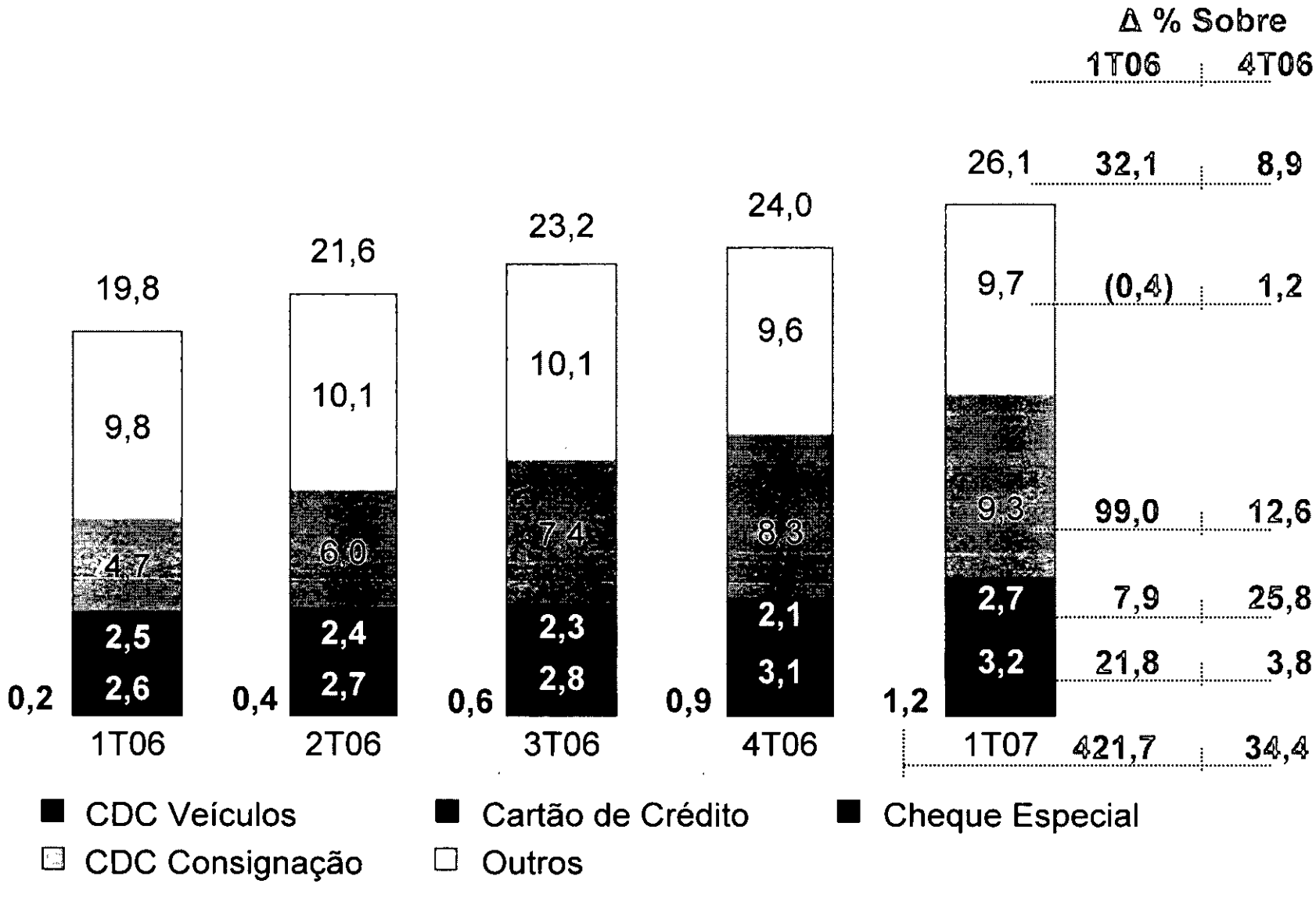
Carteira de Crédito

R$ bilhões

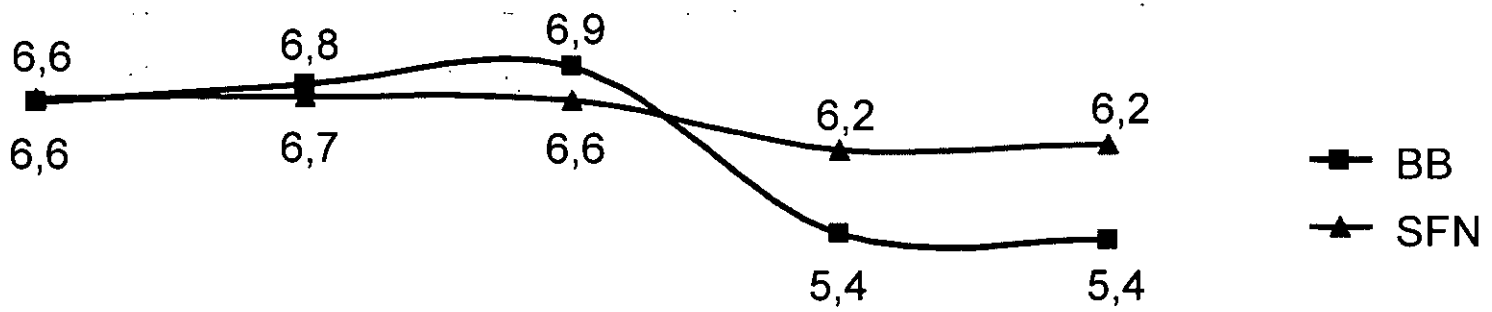


Carteira de Crédito - Pessoa Física

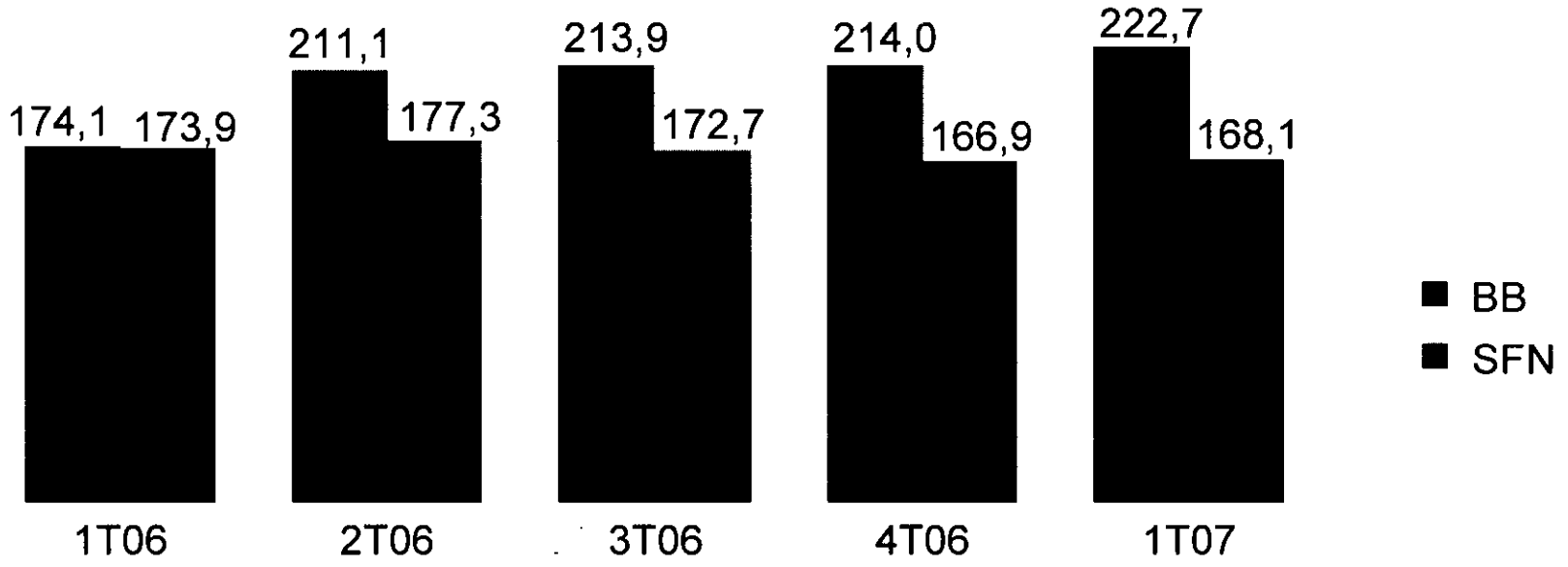
R$ bilhões



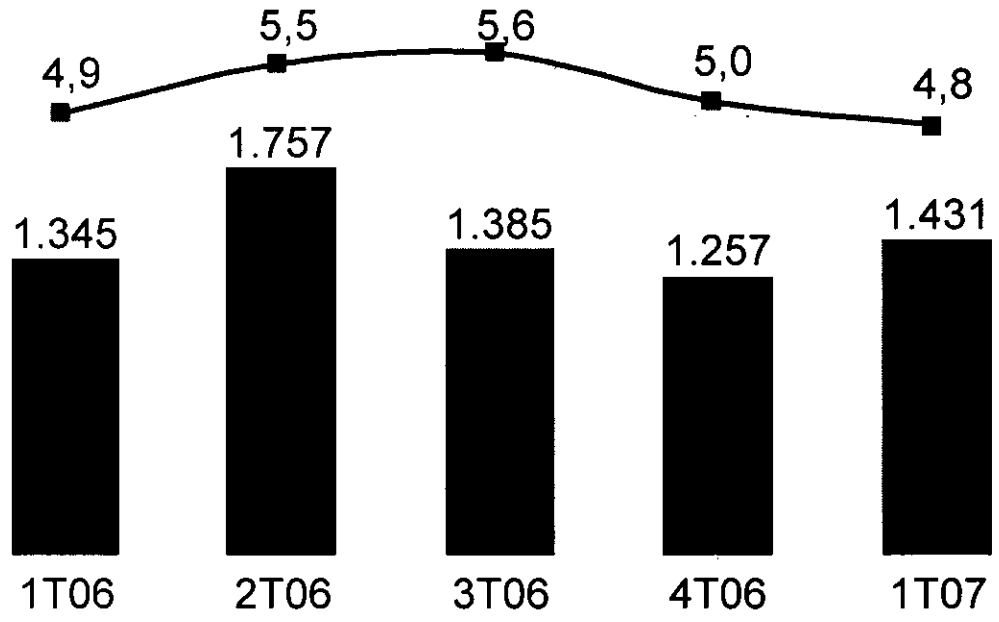
Risco Médio - %

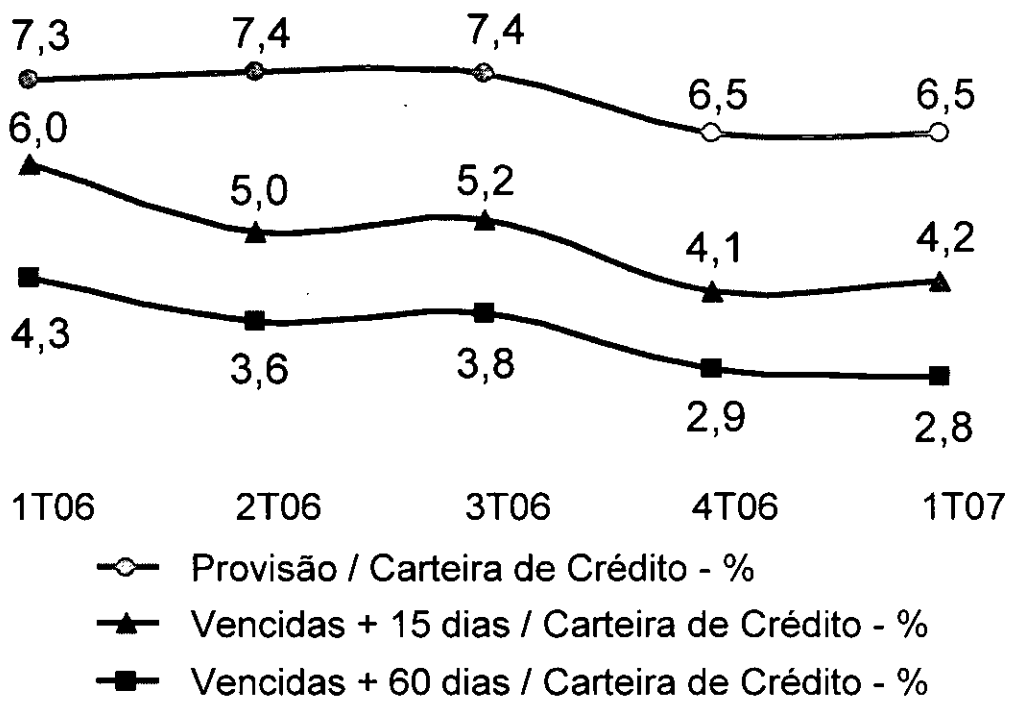


Provisão Requerida / Vencidas + 90 dias - %



Provisão para Risco de Crédito e Inadimplência

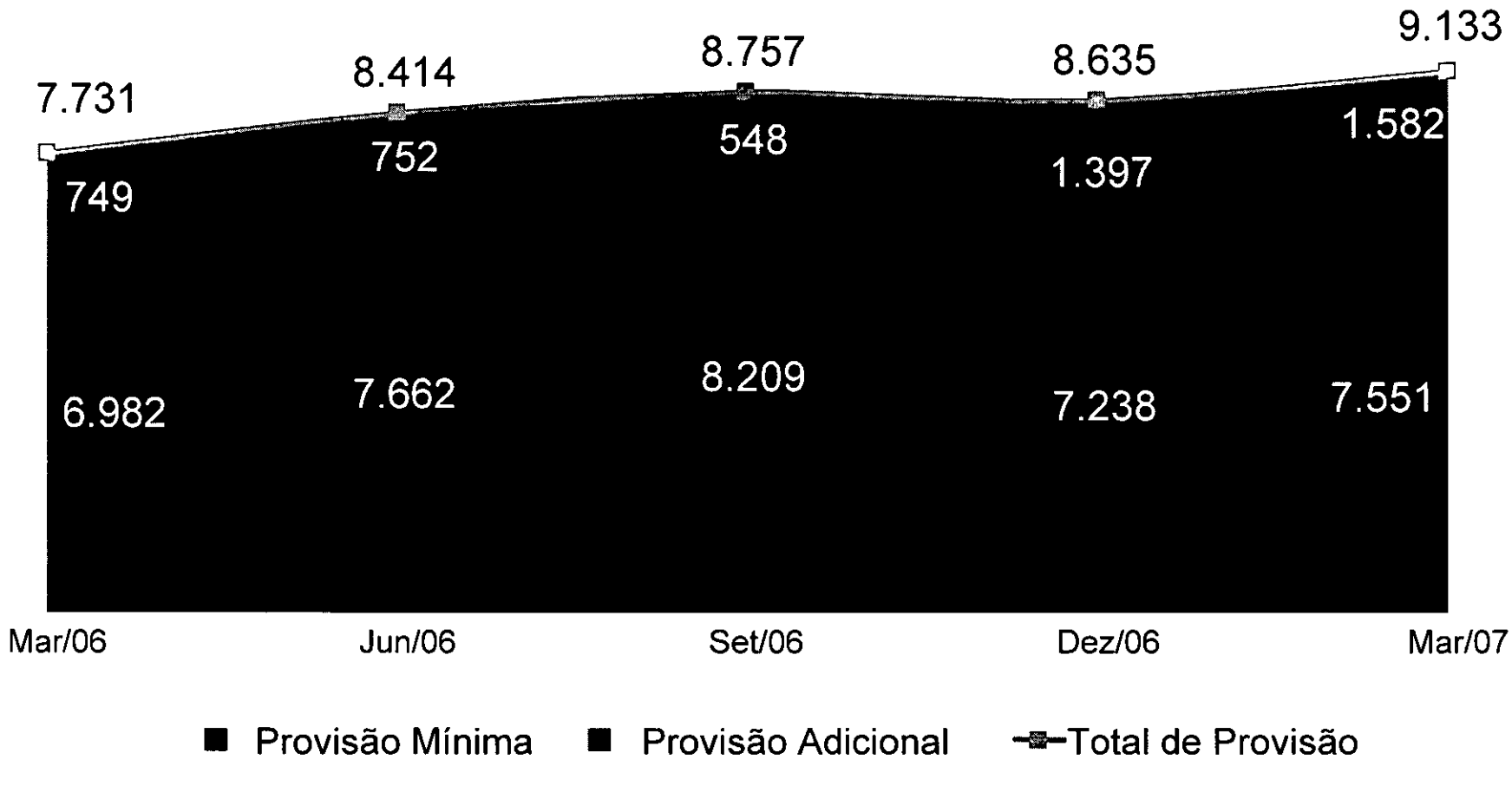




(1) Carteira média e Despesas dos últimos 12 meses

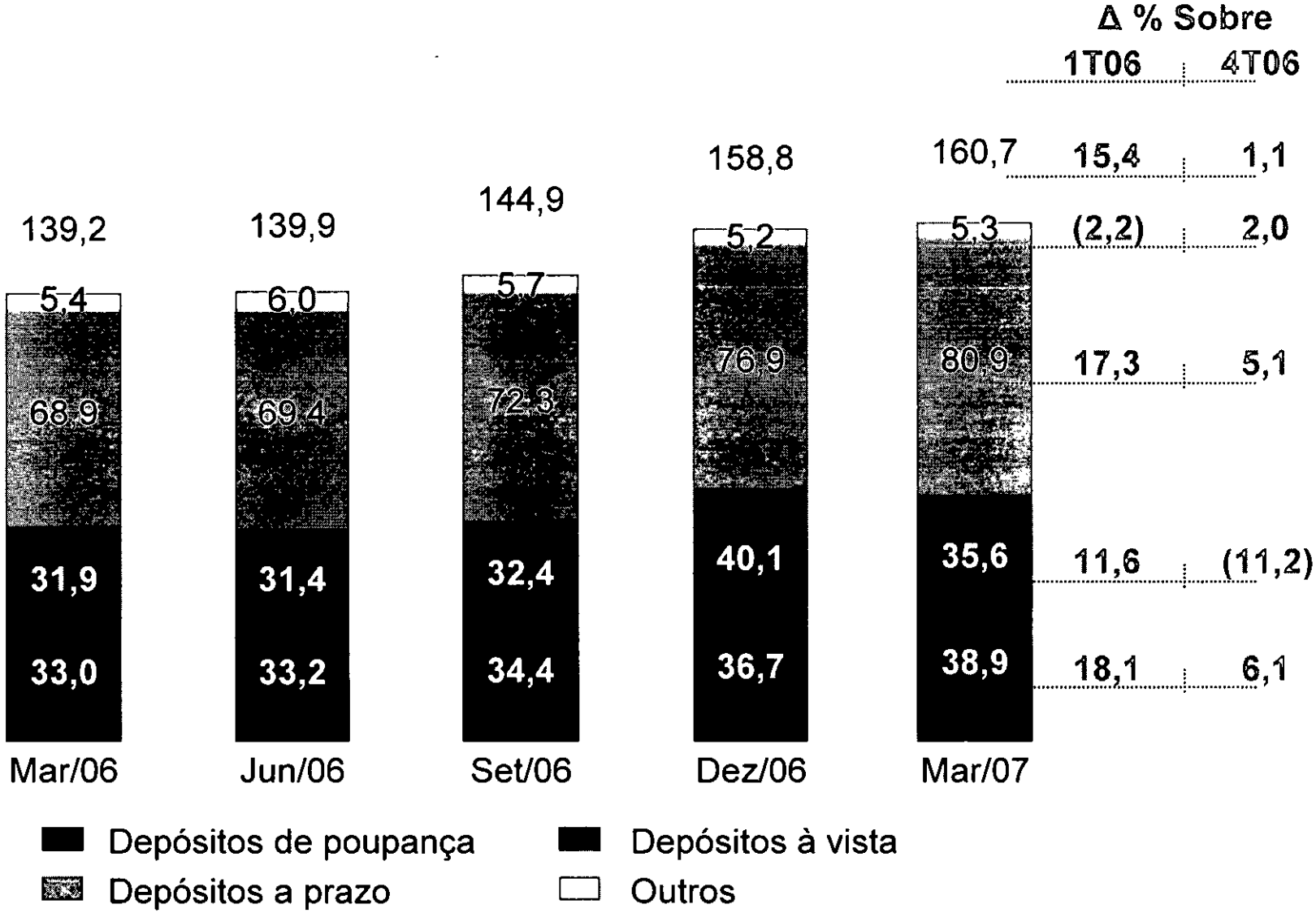
Abertura das Provisões

R$ milhões



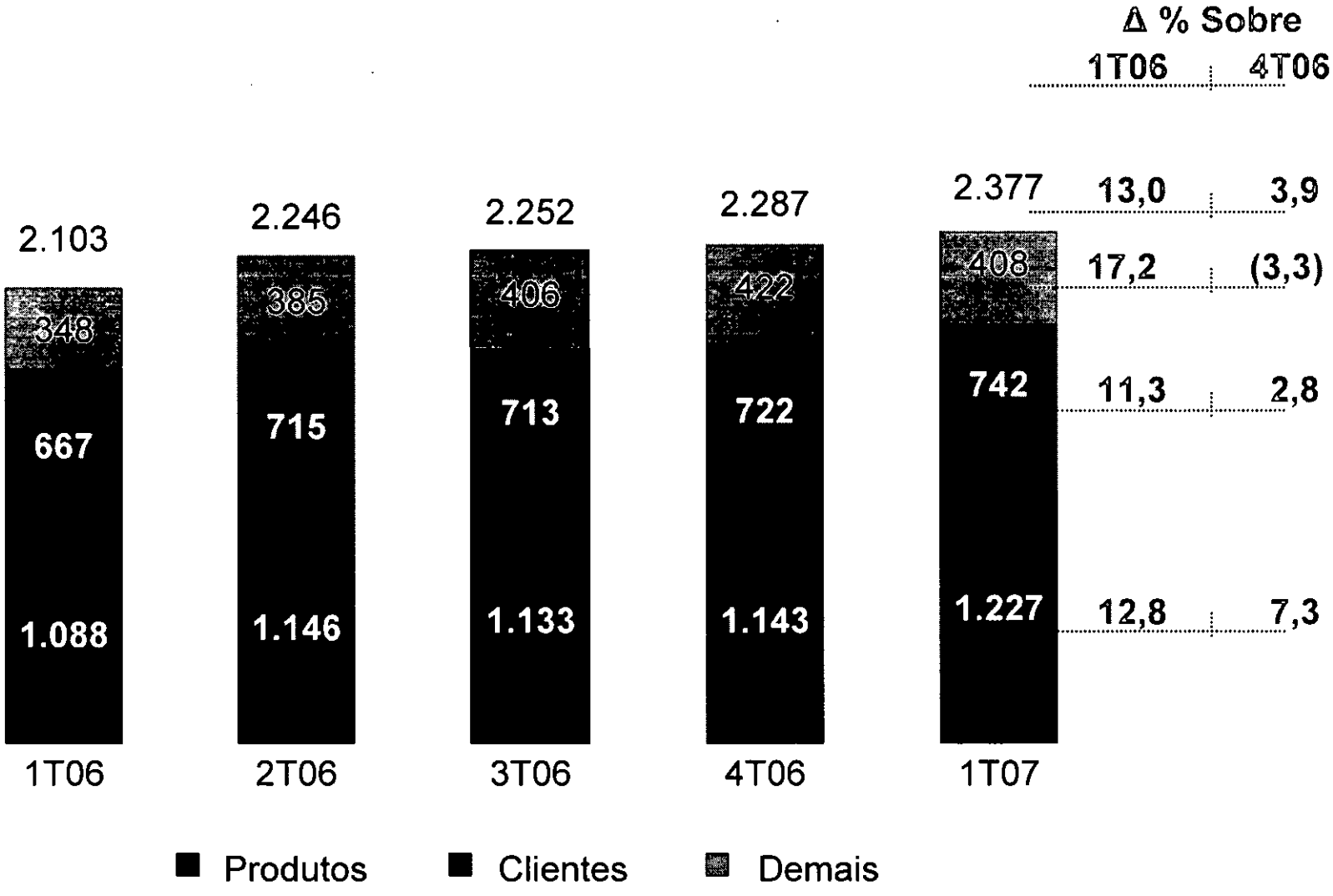
Depósitos

R$ bilhões

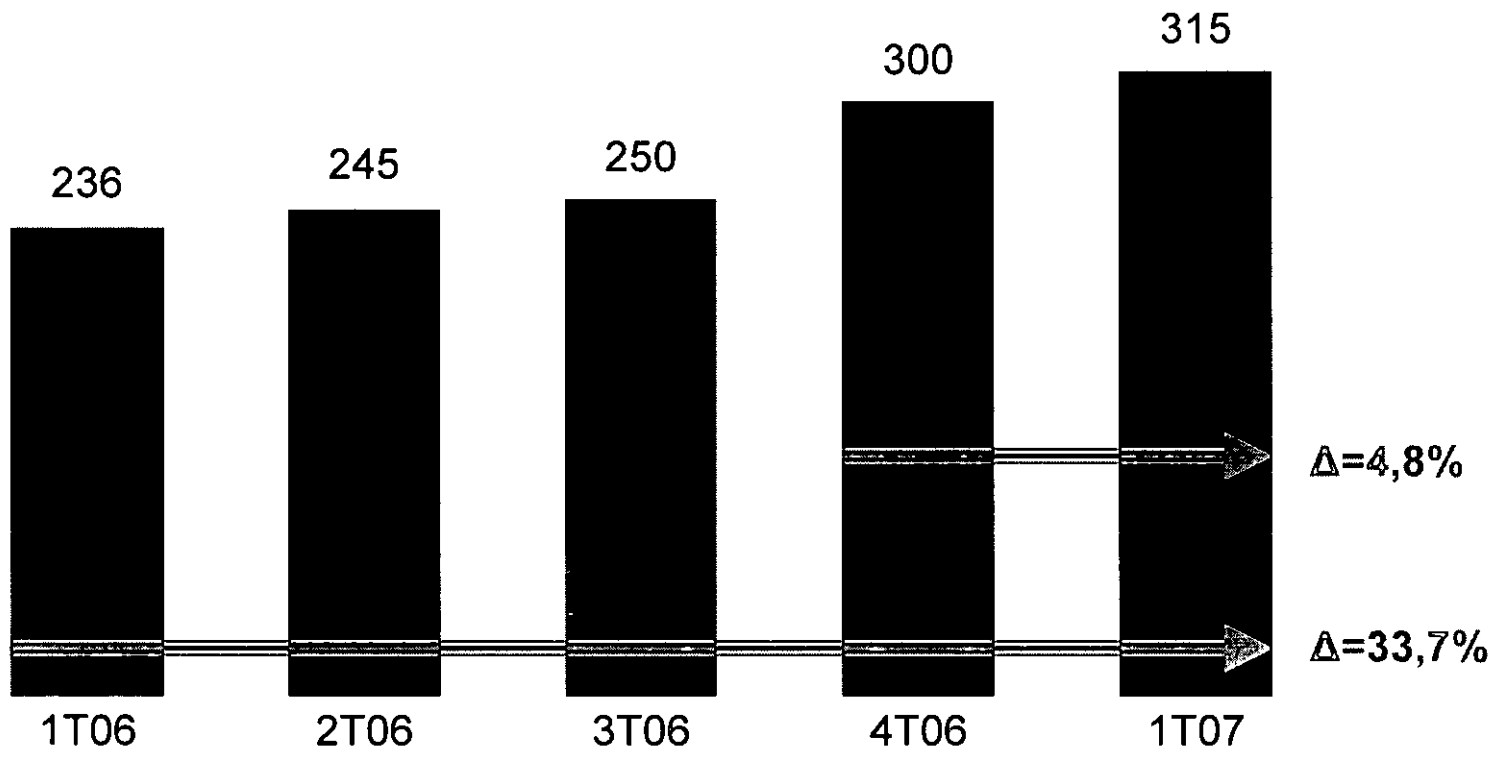


Receitas com Tarifas

R$ milhões

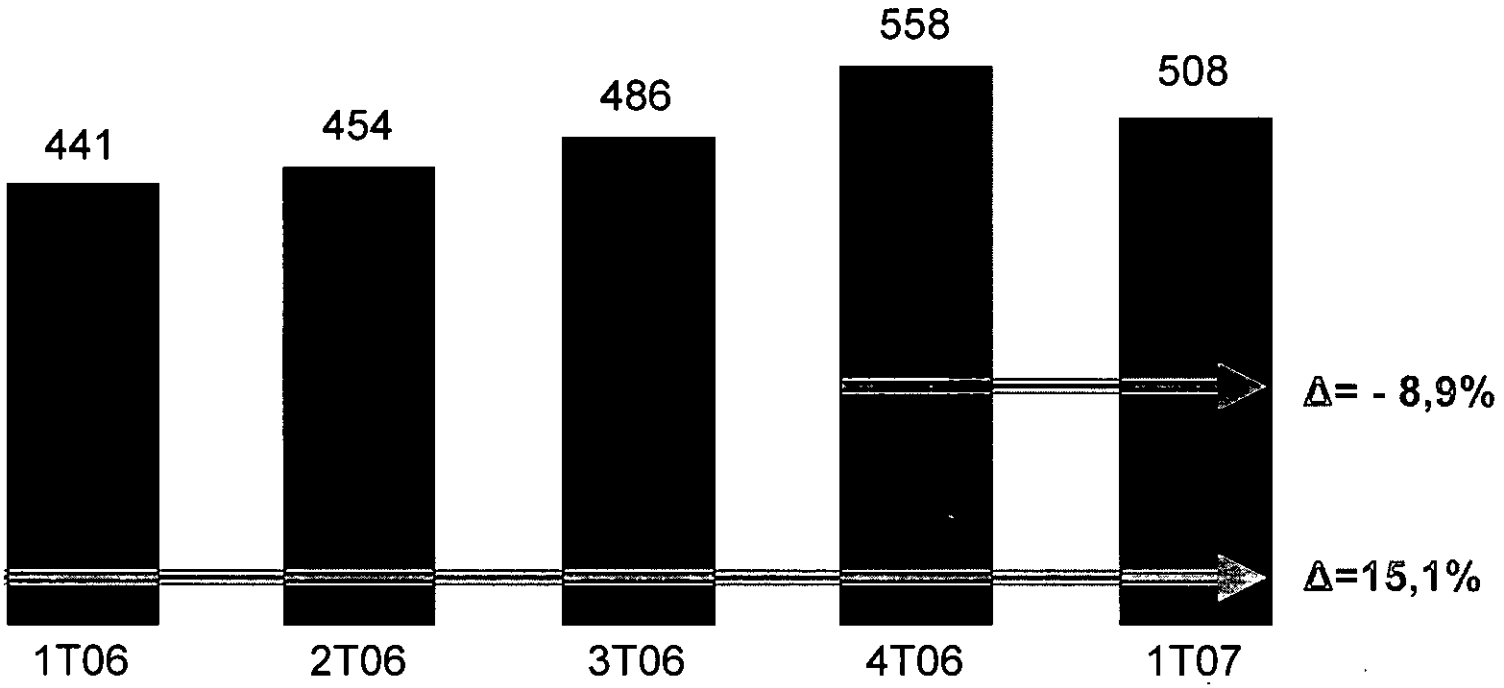


Valor Agregado[1] - R$ milhões



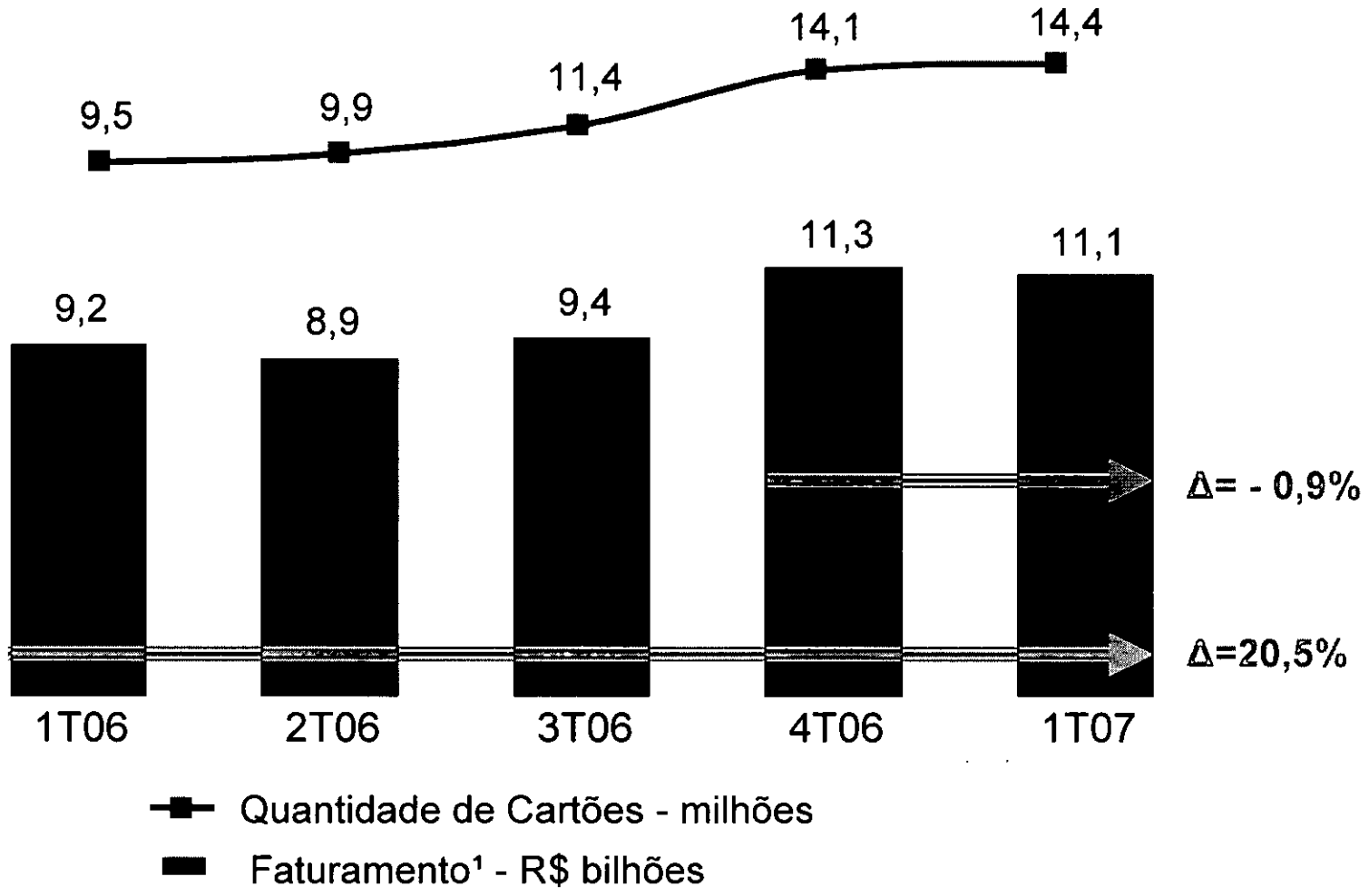
(1) Soma de: equivalência patrimonial, corretagem, tarifas e taxa de adm. de fundos

Valor Agregado[1] - R$ milhões



(1) Soma de: receita de prestação de serviços, rendas de financiamento, equivalência Visanet e demais

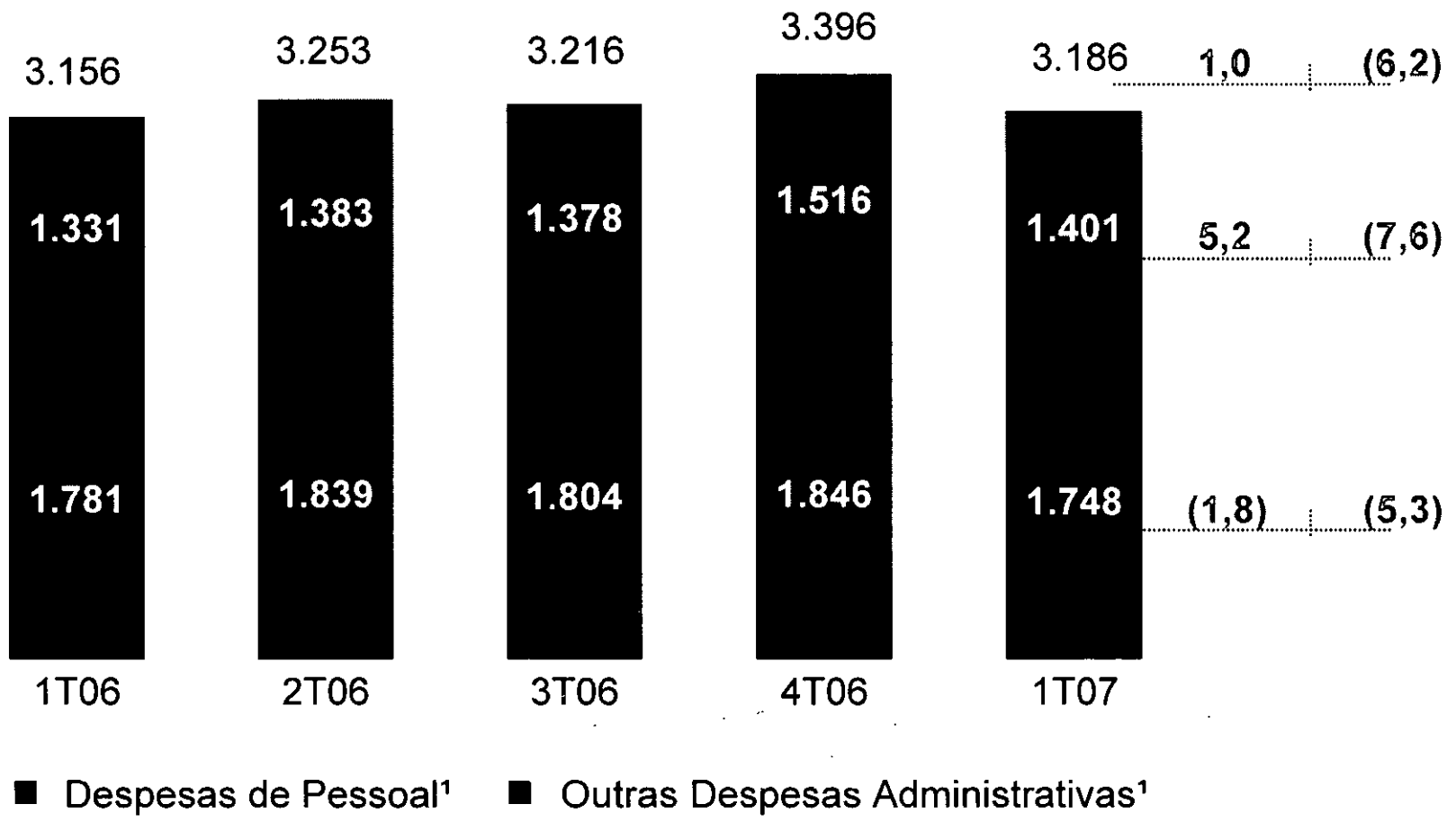
Cartões de Crédito



(1) Inclui Cartão de Crédito e de Débito

Despesas Administrativas

R$ milhões



(1) Não inclui risco legal

Agenda

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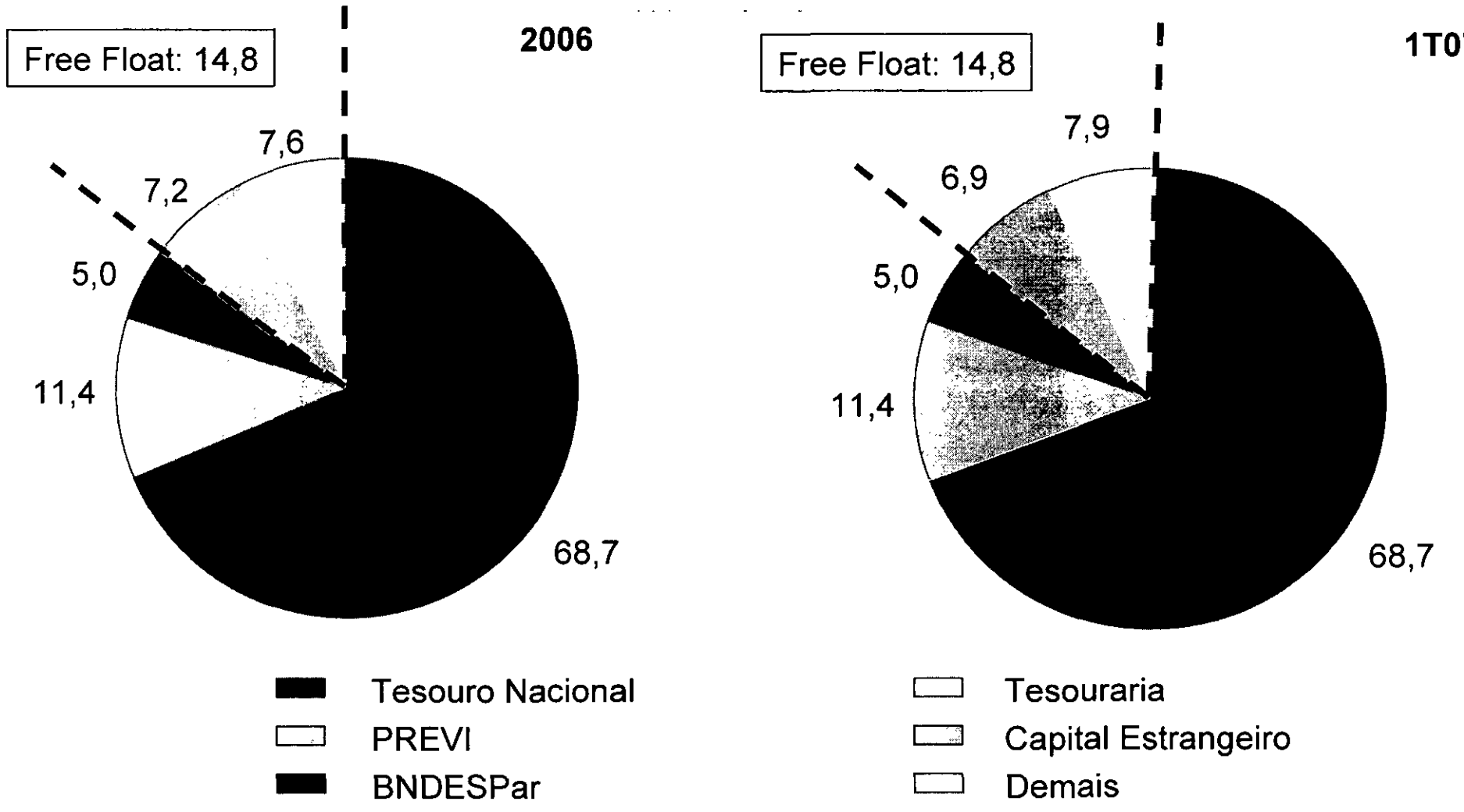
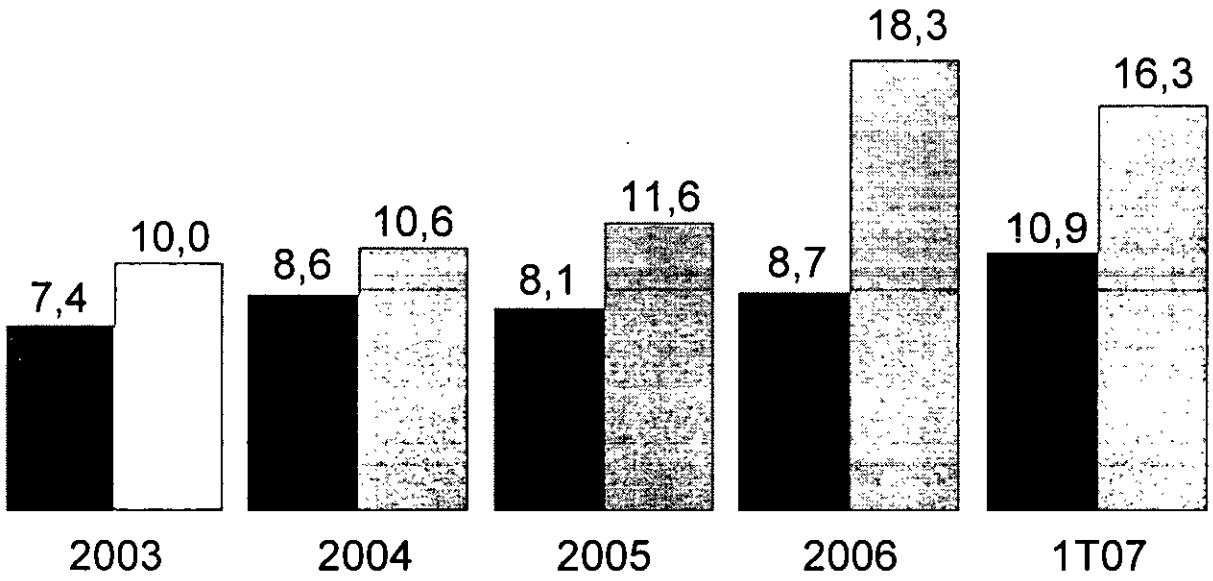
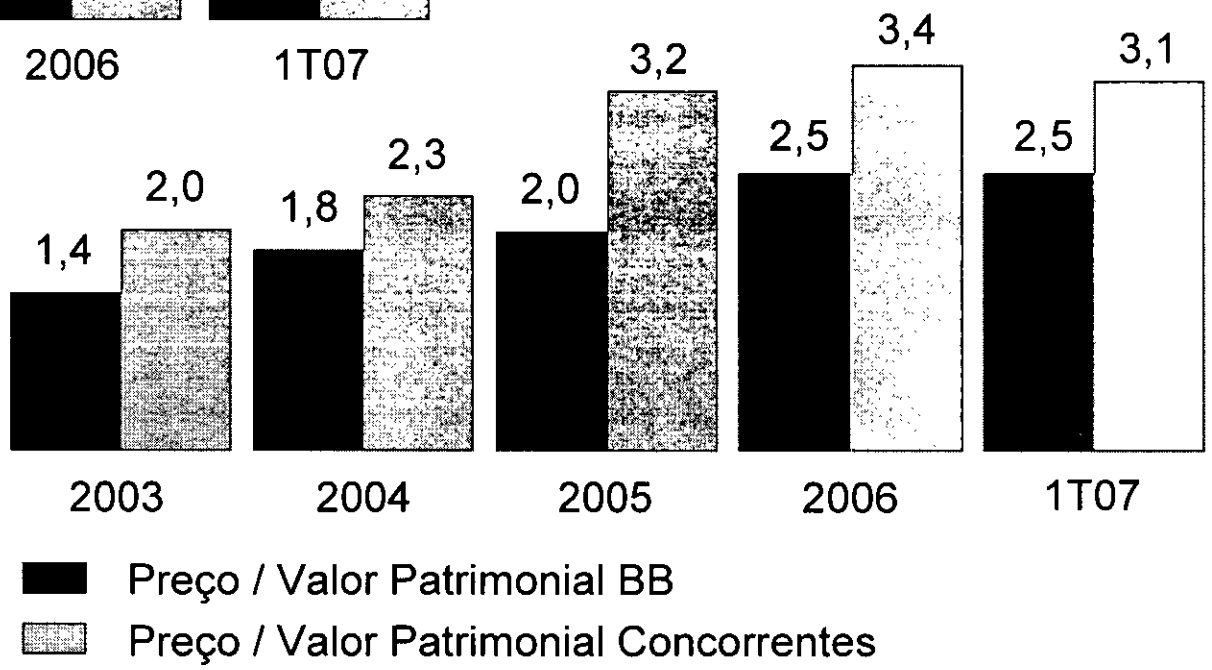
Base Acionária

Participação - %

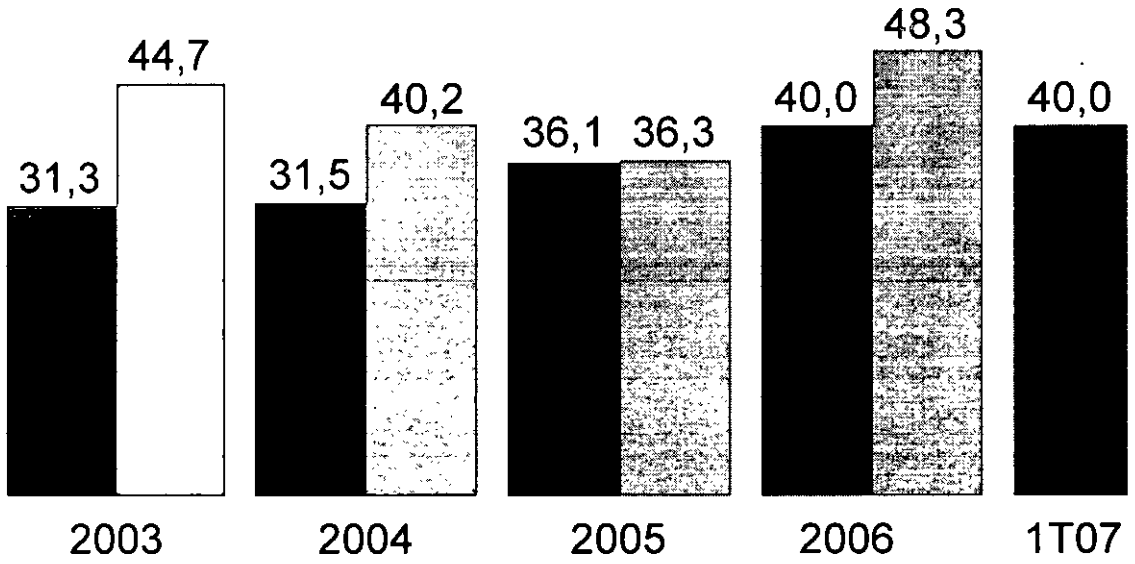


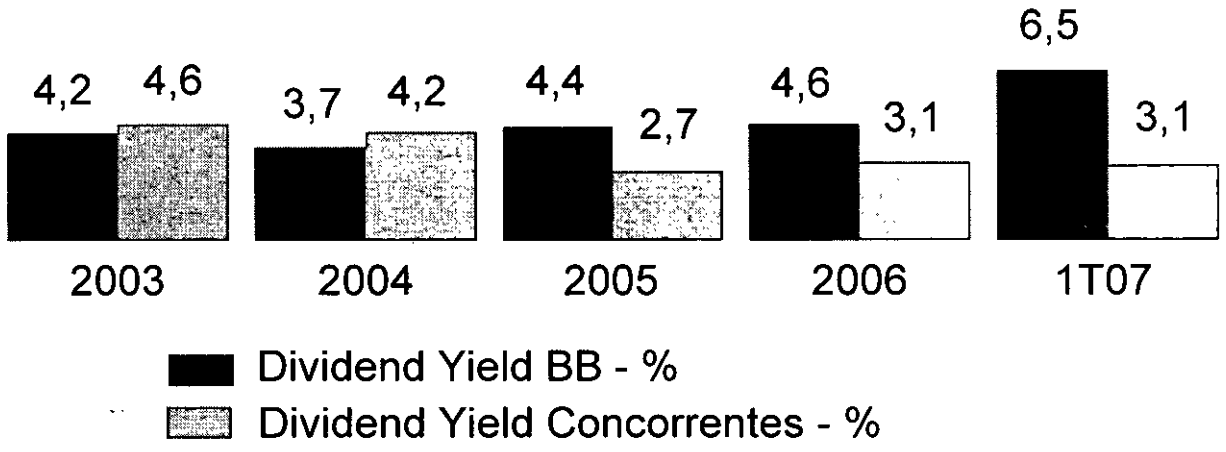




ara apuração dos índices dos concorrentes (Bradesco, Itaú e Unibanco) foi utilizada média aritmética simples.

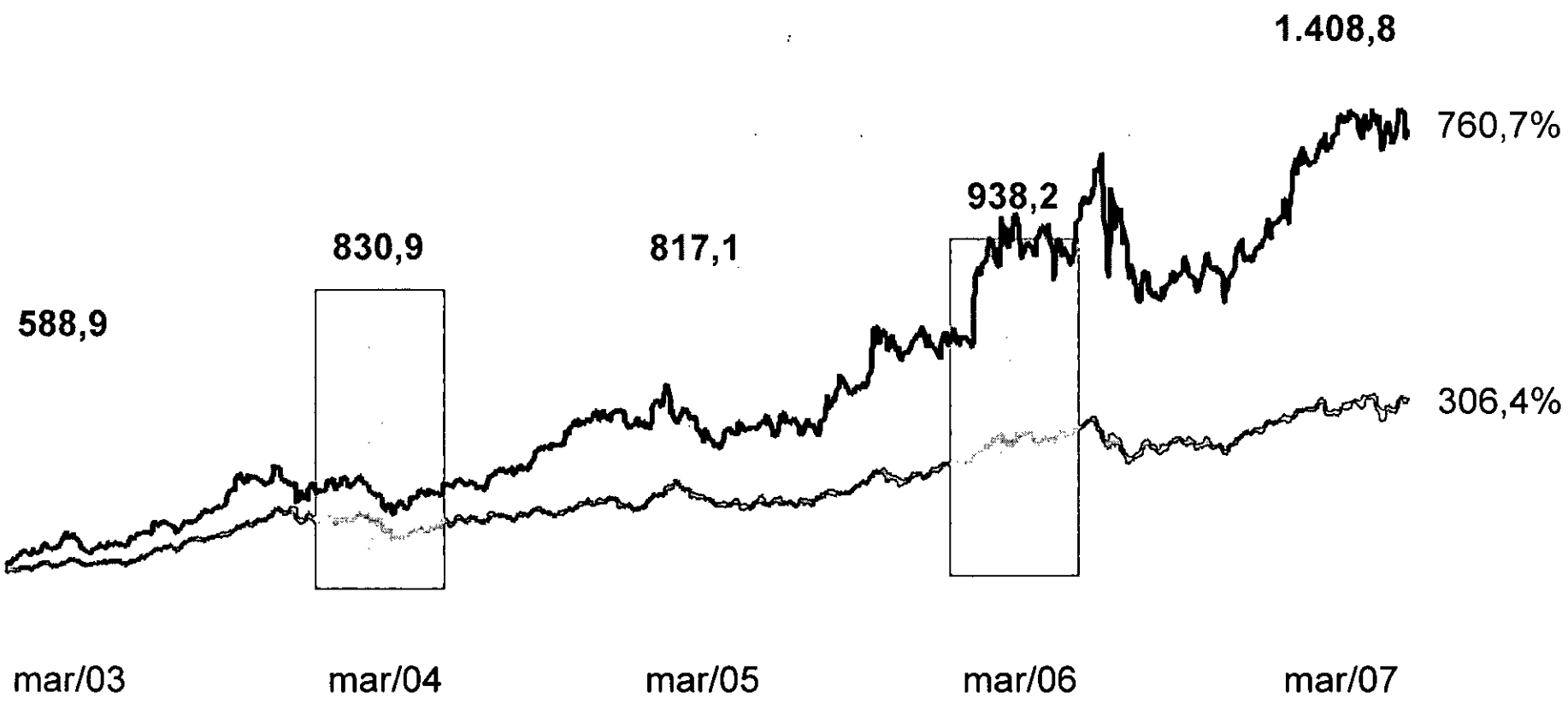
Performance Acionária





ara apuração dos índices dos concorrentes (Bradesco, Itaú e Unibanco) foi utilizada média aritmética simples.

Performance Acionária



Parcerias Varejistas

- Cinco novas parcerias varejistas firmadas em 2007, totalizando 18;
- Private Label Híbrido: base de cartões passou de 68 mil em dez/06 para 155 mil em mar/07.

Veículos

- 694 convênios formalizados (concessionárias e multimarcas);
- Localiza: R$ 28 milhões contratados em 1,4 mil operações;
- Demais parceiros: R$ 50 milhões contratados em 2,5 mil operações no 1º trim./2007.

Crédito Imobiliário

- Negócios atingiram R$ 16 milhões em cartas de crédito e R$ 1,7 milhão de recursos disponibilizados em menos de dois meses de atividade;
- Expectativa de desembolsos até o final do ano: R$ 650 milhões;
- Carteira própria: prevista para ser implantada no 2º semestre deste ano.

Agenda

1 **Ambiente**

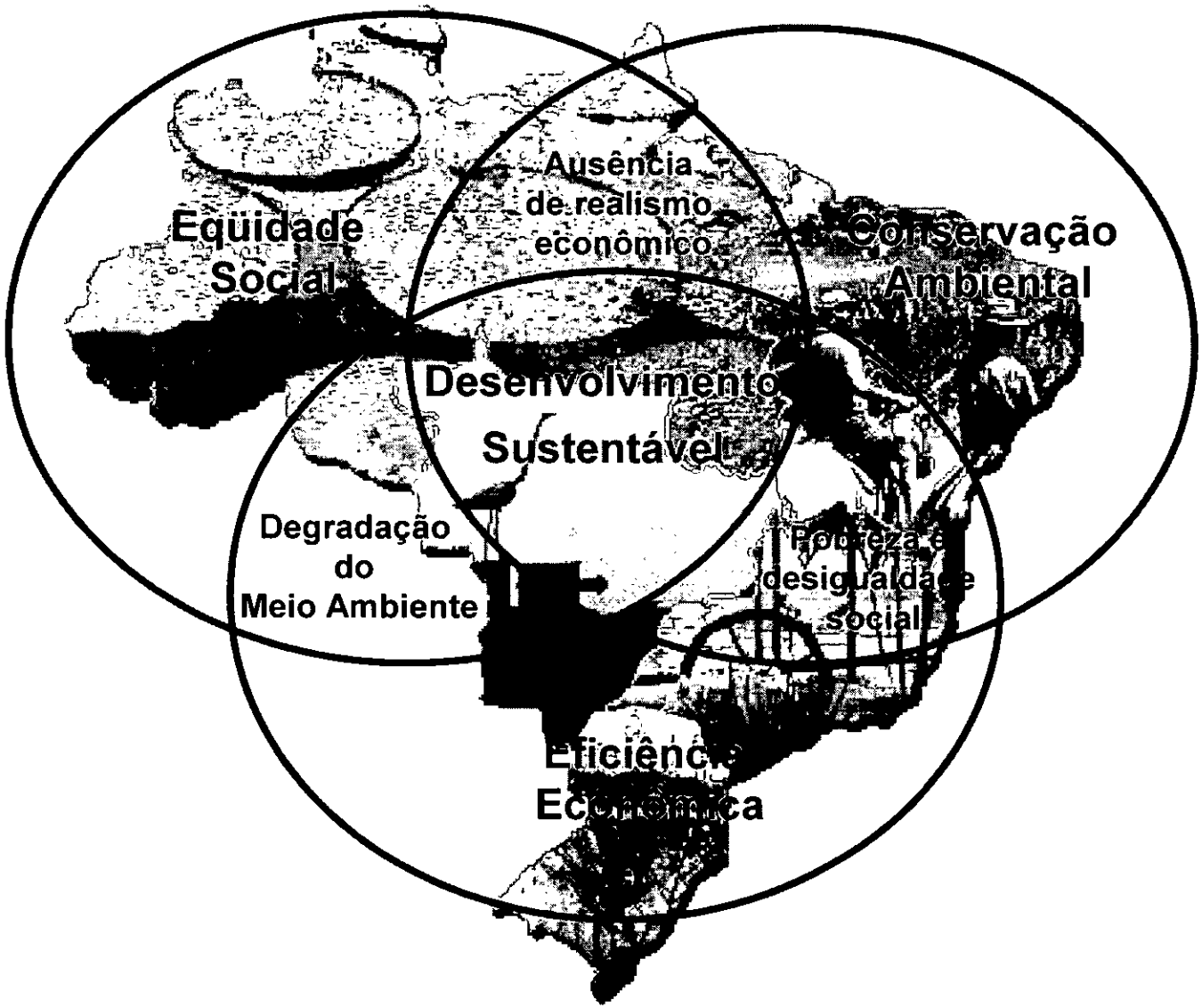
2 **Destaques**

3 **Desempenho 1T07**

4 **Mercado de Ações e Perspectivas**

5 **Desenvolvimento Regional Sustentável**

Desenvolvimento Regional Sustentável



Fonte: Prof. Sérgio Buarque

Desenvolvimento Regional Sustentável



Empresas

Cooperativas

Governos

Novas Tecnologias/
Capacitação

Região

ONGs

Atividade
Produtiva
DRS

Sindicatos

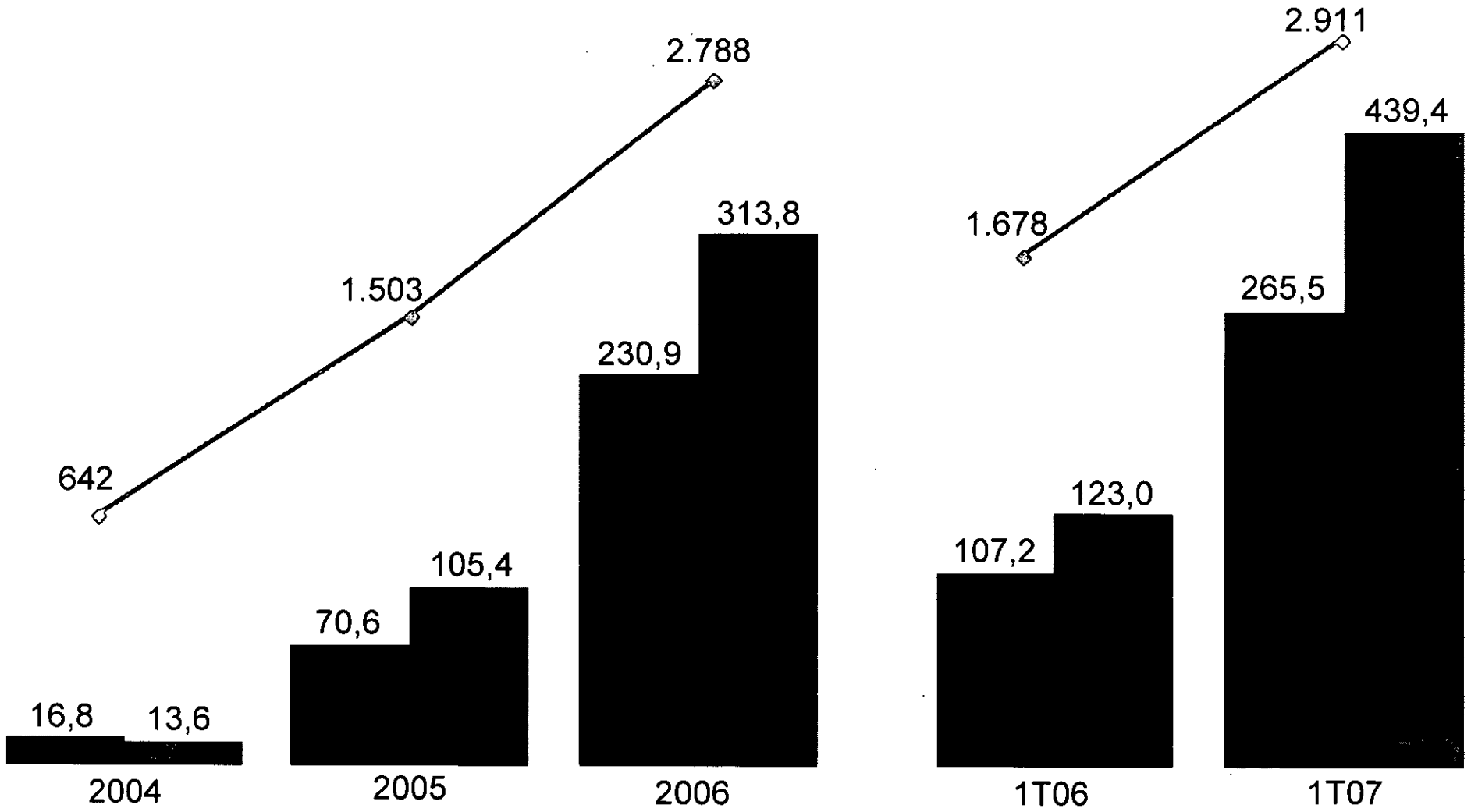
Associações

Universidades

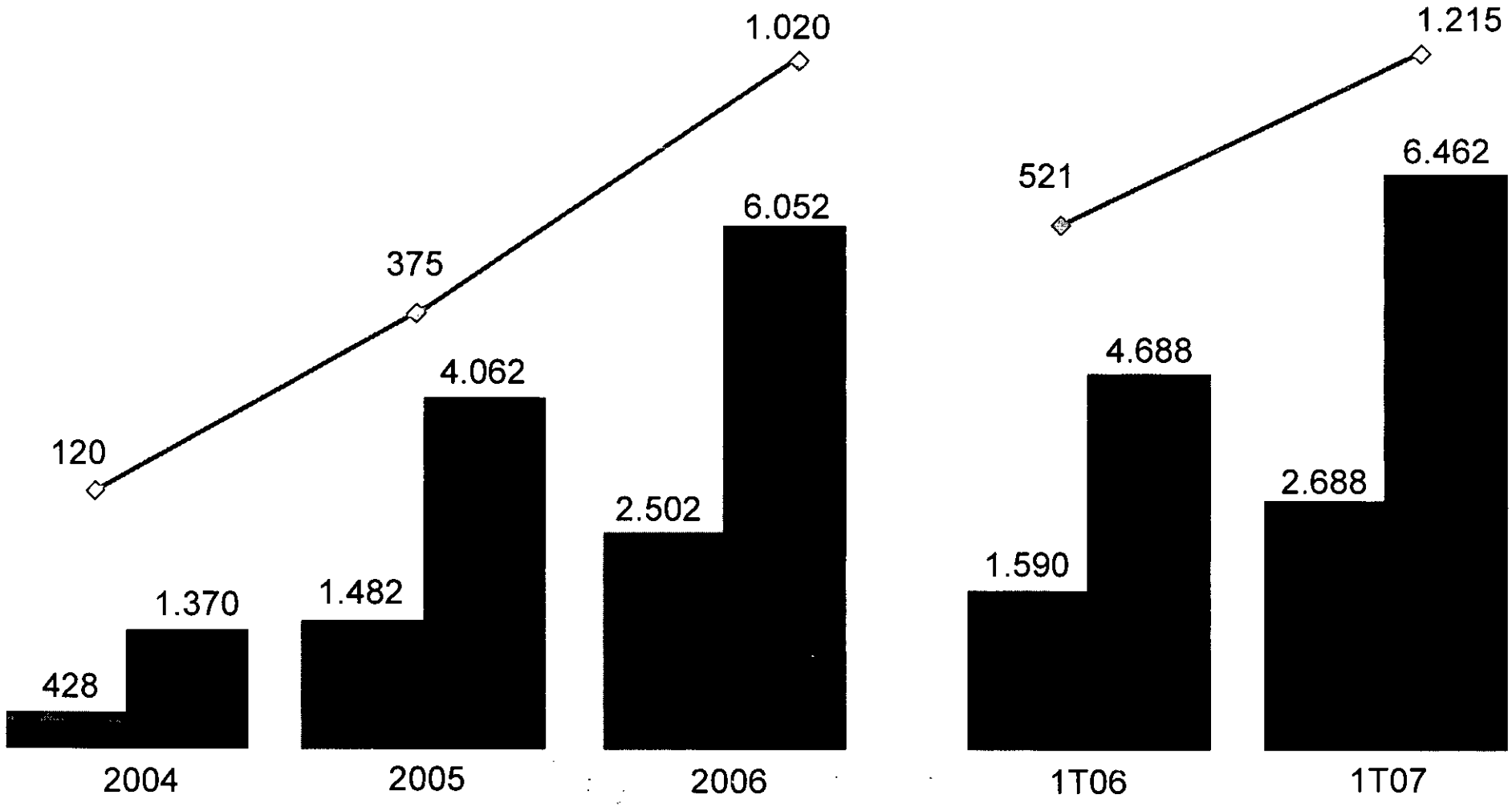
Desenvolvimento Regional Sustentável - Metodologia



Desenvolvimento Regional Sustentável



Desenvolvimento Regional Sustentável



Unidade Relações com Investidores

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ri@bb.com.br

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2008 APR 23 P 3:20
OFFICE OF INTERNATIONAL
CORPORATE FINANCE

(M3) Shareholder Meeting Notices, Summaries and Minutes

Call Notice for OSM/ESM 04.17.2008

BANCO DO BRASIL S.A.
CNPJ 00.000.000/0001-91
Ordinary and Extraordinary Shareholders Meeting
Call Notice

The shareholders of Banco do Brasil S.A. — public company — are invited to take part, in a first summons, in the Ordinary and Extraordinary Shareholders Meeting that will be held at Headquarter Building III, 20th floor, Brasilia (DF), at 3 p.m. on April 17th, 2008, in order to deal with the following subjects:

Ordinary Shareholders Meeting

I- to be informed about the management report and to examine, for deliberation, accounts, financial statements, opinions of the Audit Board and of the independent auditors and the report of the Audit Committee relating to fiscal year 2007;

II- to deliberate on dividends and 2007 earnings retention;

III- to elect the Board of Auditors members;

IV- to set the remuneration of the Board of Auditors members;

V- to set the overall annual amount of the remuneration of the management bodies members.

Extraordinary Shareholders Meeting

- to deliberate on a proposal for changes in the BB's Bylaw article 23, due to the numbers of Banco do Brasil's Executive Board members.

The instruments of proxy should be deposited with Banco do Brasil, in the Executive Secretariat, 23rd floor of the HQ Building III, by 24 hours before the Meetings are held.

The documents concerning the proposals to be deliberated by the Meeting are available in the Executive Secretariat, 23rd floor of the HQ Building III, in Brasília (DF) and in the Bank's Investor Relations website (www.bb.com.br/ir).

Brasília (DF), March 14th, 2008

Antonio Francisco de Lima Neto
Board of Directors Vice-President

Call Notice for ESM 01.24.2008

BANCO DO BRASIL S.A.
CNPJ 00.000.000/0001-91
Extraordinary Shareholders Meeting Call Notice

The shareholders of Banco do Brasil S.A. — public company — are invited to take part, in a first summons, in the Extraordinary General Meeting that will be held at Headquarter Building III, 20th floor, Brasilia (DF), at 3 p.m. on 01.24.2008, in order to deal with the following subjects:

I- Changes in the article 7 of the Bylaws, concerning the increase of the capital and the increase in the amount of shares of the shareholding base, due to the anticipated exercise of the Subscription Warrants Series C; and

II- Changes in the article 33 of the Bylaws, adding impediments to Banco do Brasil's Audit Committee members, regarding their duties and responsibilities.

The proxy instruments should be deposited with Banco do Brasil, in the Executive Secretariat, 23rd floor of the HQ Building III, preferably, within 24 hours before the Meeting is held.

The documents concerning the proposals to be deliberated by the Meeting are available in the Executive Secretariat, 23rd floor of the HQ Building III, in Brasília (DF) and in the Bank's Investor Relations website (www.bb.com.br/ir).

Brasília (DF), December 19th 2007

Antonio Francisco de Lima Neto
Board of Directors Vice-President

Call Notice for ESM 10.23.2007

BANCO DO BRASIL S.A.
CNPJ 00.000.000/0001-91
Extraordinary Shareholders Meeting
Call Notice

The shareholders of Banco do Brasil S.A. — public company — are invited to take part, in a first summons, in the Extraordinary General Meeting that will be held at Headquarter Building III, 20th floor, Brasilia (DF), at 3 p.m. on 10.23.2007, in order to deal with the following subjects:

I- elective anticipation of the Subscription Warrants "Series C" exercise to November, 2007; and

II- inclusion of the article 33-B in the Bylaws concerning Banco do Brasil's ombudsman, pursuant to regulation CMN 3,477, dated June 26th, 2007.

The proxy instruments should be deposited with Banco do Brasil, in the Executive Secretariat, 23rd floor of the HQ Building III, preferably, within 24 hours before the Meeting is held.

The documents concerning the proposals to be deliberated by the Meeting are available in the Executive Secretariat, 23rd floor of the HQ Building III, in Brasília (DF) and in the Bank's Investor Relations website (www.bb.com.br/ir).

Brasília (DF), September 20th, 2007

Antonio Francisco de Lima Neto
Board of Directors CFO

Call Notice for ESM 07.12.2007

BANCO DO BRASIL S.A.
CNPJ 00.000.000/0001-91
Extraordinary Shareholders Meeting
Call Notice

The shareholders of Banco do Brasil S.A. — public company — are invited to take part, in a first summons, in the Extraordinary General Meeting that will be held at Headquarter Building III, 20th floor, Brasilia (DF), at 3 p.m. on 7.12.2007, in order to deal with the following subjects:

I - to deliberate on a proposal for alterations in the article 23 of Banco do Brasil's Bylaws, seeking to increase the Board of Officers members quantity;

II - to deliberate on a proposal for alterations on the articles 21, 25, 27, 29, 30, 31 and 33-A of the Bylaws, changing Banco do Brasil's management functioning;

III - to deliberate on a proposal for alterations in the article 13 of the Bylaws, which encompasses restrictions and prohibitions;

IV - to deliberate on a proposal for alterations in the article 41 of Banco do Brasil's Bylaws, which covers the financial statements preparation;

V - to deliberate on a proposal for alterations in the article 33, which comprehends the Board of Auditors functioning;

VI - to deliberate on a proposal for changing the annual remuneration amount of the management bodies members due to the modifications mentioned in the item "I" above.

The proxy instruments should be deposited with Banco do Brasil, in the Executive Secretariat, 23rd floor of the HQ Building III, preferably, by 24 hours before the Meeting is held.

The documents concerning the proposals to be deliberated by the Meeting are available in the Executive Secretariat, 23rd floor of the HQ Building III, in Brasília (DF) and in the Bank's Investor Relations website (www.bb.com.br/ir).

Brasília (DF), June 26th, 2007

Antonio Francisco de Lima Neto
Board of Directors Vice-Chairman

Call Notice for OSM/ESM 04.25.2007

The shareholders of Banco do Brasil S.A. — public company — are invited to take part, in a first summons, in the Ordinary and Extraordinary Shareholders Meetings that will be held at Headquarter Building III, 20th floor, Brasilia (DF), at 3 p.m. on 4.25.2007, in order to deal with the following subjects:

Ordinary Shareholders Meeting:

I - to deliberate on the Capital Budget;

II - to be informed about the management report and to examine, for deliberation, accounts, financial statements, opinions of the Audit Board and of the independent auditors and the report of the Audit Committee relating to fiscal year 2006;

III - to deliberate on dividends and earnings retention;

IV - to elect the Board of Auditors members;

V - to set the remuneration of the Board of Auditors members;

VI - to elect the members of the Board of Directors; and

VII - to set the overall annual amount of the remuneration of the members of the management bodies.

Extraordinary Shareholders Meeting:

I - to deliberate about the 200% split of BB's Shares, entitling two new shares for each one existing share;

II - to deliberate on the capitalization of part of retained earnings to expansion and capital reserves,

without issuing new shares; and

III - to deliberate on a proposal for alterations in the BB's Bylaw article 7th.

In accordance with Instruction 282, of 6.26.1998, of the Brazilian Securities Commission (CVM), the minimum percentage of the voting capital for requesting the adoption of the multiple vote process in the election of the members of the Board of Directors will be 5% (five per cent). The request should be formulated to the President of the Bank, by 48 hours before the Meetings.

The rules of CVM Instruction 367, of 5.29.2002, should be observed for the indication of members of the Board of Directors.

The instruments of proxy should be deposited with Banco do Brasil, in the Executive Secretariat, 23rd floor of the HQ Building III, by 24 hours before the Meetings are held.

Brasília (DF), March 23rd, 2007

Antonio Francisco de Lima Neto
Board of Directors Vice-Chairman

01.24.2008 - Summary of ESM

We hereby inform that the Extraordinary General Shareholders Meeting held on 10.23.2007 approved:

a) To approve the followings changes in the article 33 of Banco do Brasil's Bylaws, considering the new rules of impediment to the Board of Auditors Audit Committee.

TODAY	PROPOSAL
Article 33 (...)	Article 33 (...) **[no changes]**
Paragraph 1 (...)	Paragraph 1 (...) **[no changes]**
Paragraph 2 In addition to the impediments provided for in article 13 of these bylaws, the office at the Audit Committee shall be taken provided that basic conditions and other requirements of the effective legislation are met.	Paragraph 2 In addition to the impediments provided for in article 13 of these bylaws, the office at the Audit Committee shall be taken provided that basic conditions and other requirements of the effective legislation are met, **and its members are prohibited, in their term, the practice of the activities related in paragraphs 6 of the article 23 of this Bylaws.**
Paragraph 3 to 6 (...)	Paragraph 3 to 6 (...) **[no changes]**
	Paragraph 7 After the end of their term, the Board of Auditors' ex-counselors, member or deputy, shall follow the impediments provided by the paragraph 6 of the article 23 of this Bylaws, observed in the paragraphs 7 to 12 of this article.

b) To approve the raise of the Banco do Brasil's Capital Stock in R$ 500,951,519.87 and the raise of the numbers of shares in 66,232,261, due to the anticipation of the exercise of series C Subscription Warrants and the change of the article 7 of Banco do Brasil's Bylaws, as follows:

Article 7 The Capital Stock is R$ 13,211,644,135.82 (thirteen billion, two hundred and eleven millions, six hundred and forty-four thousand, one hundred and thirty-five reais and eighty-two cents), divided into 2,542,181,530 (two billion, five hundred and forty-two millions, one hundred and eighty-one thousand, five hundred and thirty) ordinary dematerialized shares without a nominal value.

Brasília (DF), January 24th, 2008.

Marco Geovanne Tobias da Silva
Investor Relations Manager

10.23.2007 - Summary of ESM

We hereby inform that the Extraordinary General Shareholders Meeting held on 10.23.2007 approved:

a) an elective anticipation of the Subscription Warrants "Series C" exercise to November, 2007; observing the following:

1) the anticipation must be elective, decided by the warrants holders;

2) the non-exercise of the right in the anticipation period does not extinguish the right to exercise; and

3) the maintenance of the right of exercise in the initially settled period – 03.31.2011 and 06.31.2011.

b) inclusion of the article 33-B in the Bylaws concerning Banco do Brasil's ombudsman, pursuant to regulation CMN 3,477, dated June 26th, 2007, as follows:

Art. 33-B The Bank will make use of an Ombudsman that will have the purpose to act as communication channel between the Institution, customers and users, allowing them to search the solution in their relationship with Banco do Brasil, by means of register claims, denunciations and suggestions.

Paragraph 1 Besides the legal ones, the Ombudsman attributions are:

I- to receive, register, instruct, analyze and give formal and adequate treatment to the customers and users claims;

II- to give the necessary explanations concerning the course of its demands and the steps;

III- to inform the deadline for reply, which cannot take more than thirty days and must be sent in this period;

IV- to propose to the Board of Directors corrective measures or improvement to procedures and institution routines;

V- to build and send to the Internal Audit, Audit committee and Board of Directors, half yearly reports on its performance with the proposals mentioned in the previous items.

Paragraph 2 The Ombudsman performance will be issued by the transparency, independence, fairness, having conditions adjusted for its effective functioning.

Paragraph 3 The Ombudsman will have assured access to the necessary information for its performance, being able, in such way, to request information and documents for the exercise of its activities, observed the relative legislation to the secrecy banking.

Paragraph 4 The Ombudsman function will be played by an effective employee, with compatible commission of the Ombudsman attributions, which will have 1 (one) year term, renewable for equal periods, being assigned and resigned, any time, by the Bank's President.

Paragraph 5 The employee assigned for the position of ombudsman will not receive other remuneration but the one that the position originally requires.

Brasilia (DF), October 23rd, 2007

Marco Geovanne Tobias da Silva
Investor Relations Manager

07.12.2007 - Summary of ESM

We hereby inform that the Extraordinary Shareholders' Meeting approved the following alterations in Banco do Brasil's Bylaws, and also the raise of the annual remuneration amount of the management bodies members for the 2007/2008 period from R$18,839,000 to R$22,326,000,00, due to the alterations on article 23 of the Bylaws.

Alterations in the Bylaws:

Art. 23. The Bank's management shall be in charge of the Executive Board, and will comprise from 10 to 36 members, as follows:
I – (...);
II - up to nine Vice-Presidents elected as provided for in item VI of article 21 of these bylaws; and
III - up to twenty-six Executive Officers elected as provided for in item VI of article 21 of these bylaws.

Art. 25 (...)

Paragraph 1 – The President of the Bank functions shall be exercised, during absences, annual paid leaves and other leaves as follows:
I – (...)
II – over 30 consecutive days, by whoever, as provided for by law, is temporarily appointed by the President of the Republic;

Paragraph 2 – (...)

Paragraph 3 – During the Vice-Presidents and the Executive Officers absences, the functions shall be exercised by other Vice-President or other Executive Officer, respectively, as follows:

a) (...)
b) over 30 consecutive days, or in case of vacancy, up to the elected substitute takes office, upon assignment by the President and approval, within the period of exercising the position functions, by the Board of Directors.

Paragraph 4 – For the events mentioned in the paragraphs 1 to 3 of this article, the Vice-President or the Executive Officer shall accumulate his functions with the President, Vice-President or Executive Officer ones, upon assignment and without additional earnings.

Art. 27. The out-of-court representation and appointment of the Bank's attorneys in fact shall be made by the President or any of the Vice-Presidents and, within the limits of their duties and powers, by the Executive Board members. The representation in court shall be made by the President, Vice-Presidents or the legal officer, and all of them are responsible for conferring power of attorney.

Art. 29. The duties of the Board of Officers are as follows:
I – submit to the Board of Directors, through the President of the Bank, or through the coordinator assigned by him, proposals for their resolution, especially on the matters listed in items I III, IV, head, VIII,

XII, XIII and XIV of article 21 of these bylaws;

Art. 30.

I – The President shall:
a) to e) (...)
f) nominate, among the Vice-Presidents, Coordinator with the specific purpose of call and chair, during his absences or impediments, the Board of Officers and Executive Board meetings.

II – each Vice-President:
a) each Vice-President shall manage, oversee and coordinate the areas assigned to them and the work of Executive Officers and units under its direct oversight;
b) coordinate the Board of Officers and Executive Board meetings, when assigned by the President.

III – (...)

Paragraph 1 The Coordinator assigned by the President to call and chair the Board of Officers and Executive Board meetings will not cast a qualifying vote or receive additional earnings for acting the function.

Paragraph 2 The Executive Officers duties could be exercised, during they absences or impediments, by the Office Management Committee of their own directorates, observed the Executive Board Rules and the competences attributed by the Board of Officers.

Art. 31. (...)

Paragraph 1 The Executive Board shall meet on a regular basis once every three months and on extraordinary basis whenever convened by the Bank's President or by the Coordinator assigned by him.

Paragraph 2 The Board of Officers:
I – is a body that takes joint resolutions and meet on a regular basis at least once a week and on extraordinary basis whenever convened by its President or by the Coordinator assigned by him, taking into account that it requires the attendance of, at least, the majority of its members;
II – resolutions are approved upon the favorable vote of, at least, the majority of the attending members; in case of draw, the President's vote will prevail; and

(...)

Paragraph 3 The Board of Officers shall be assisted by an executive secretariat, the President of the Bank being responsible for assigning the effective member.

Art. 33-A (...)

Sole paragraph. The chief of the Internal Audit shall be appointed among effective employees of the Bank and shall nominate or removed by the Board of Directors, pursuant to the provisions of article 22, paragraph 3, item I of these bylaws.

Art. 13. – (...)
I, II e III – (...)

Sole Paragraph. Nominees to a public elective mandate are not admitted in the Bank's management bodies and they shall resign, under penalty of losing their position, since the moment that their candidature becomes public. During this period, earnings will be not paid to the member of the management bodies, who will lose the position since the date of the candidature enrollment.

Art. 41 The financial statements for quarters, six-month periods and years shall also be prepared in English and at least the yearly financial statements will be prepared in accordance with international accounting standards.

Art. 33. (...).

Paragraphs 1 and 2 (...)

Paragraph 3 (...):
I - an effective member may be chosen among the Board of Directors elected by minority shareholders;
II - an effective member may be chosen among the Board of Directors members appointed by the Ministry of Finance;

III - (...).

Paragraphs 4 to 6 (...)

Brasília (DF), July 12, 2007

Marco Geovanne Tobias da Silva

Investor Relations Manager

04.25.2007 - Summary of OSM/ESM

Banco do Brasil informs that the Extraordinary Shareholders Meeting held on 04.25.2007 decided:

1 – To approve:

a) the Capital Budget for 2007, amounting R$ 2,023 million;

b) the management report, accounts, financial statements, opinions of the Audit Board and of the independent auditors and the report of the Audit Committee relating to fiscal year 2006;

c) to set the net income of R$ 6,043,776,622.01;

d) 200% split of BB's Shares, entitling two new shares for each one existing share;

e) the capitalization of part of retained earnings to expansion and capital reserves, without issuing new shares;

f) the alteration in the BB's Bylaw article 7th, due to items "d" e "e" above.

2 – To set:

a) the remuneration of the Board of Auditors members;

b) the overall annual amount of the management bodies members remuneration for the period of May 2007 to April 2008.

3 – To elect

a) the following Board of Auditors members to 2007/2008 term:

01.24.2008 - Minutes of ESM

On January 24th of two thousand and eight, at three p.m., an Extraordinary Shareholders' Meeting of Banco do Brasil S.A. (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) – an open capital company – was held, after a first summons, at the Bank's own registered office, in Brasilia (DF), attended by 123 (one hundred and twenty three) shareholders, in person or by delegation, owners of 2,008,652,825 (two billion, eight million, six hundred and fifty two thousand and eight hundred and twenty five) ordinary shares, representing 81.10% of the total of 2,475,941,269 (two billion, four hundred and seventy five million, nine hundred and forty one thousand and two hundred and sixty nine) ordinary shares, who signed the "Book of Presence", the legal prescriptions having been observed.

Mr. Antonio Francisco de Lima Neto, when installing the Meetings, invited, to complete the table, Mrs. Kátia Aparecida Zanetti de Lima, a representative of the government, the majority shareholder, as well as Mr. Marcos Machado Guimarães, representing the Board of Auditors. He also invited the shareholders Orival Grahl and Maurício Doff Sotta to act as First and Second Secretaries, respectively.

The matters presented to the Meetings were those recorded in the Call Notice, published on December 21st, 26th and 27th of 2008 in the Official Daily Government Newspaper and in the following newspapers: Correio Braziliense (Brasilia-DF), Jornal do Commercio (Rio de Janeiro-RJ) and Gazeta Mercantil (São Paulo-SP).

After starting to appreciate the subjects, it was decided:

a) To approve, unanimously, the raise of the Banco do Brasil's Capital Stock in R$ 500,951,519.87 and the raise of the numbers of shares in 66,232,261, due to the anticipation of the exercise of series C.

b) To approve, unanimously, change of the article 7 of Banco do Brasil's Bylaws, as follows:

Article 7 The Capital Stock is R$ 13,211,644,135.82 (thirteen billion, two hundred and eleven millions, six hundred and forty-four thousand, one hundred and thirty-five reais and eighty-two cents), divided into 2,542,181,530 (two billion, five hundred and forty-two millions, one hundred and eighty-one thousand, five hundred and thirty) ordinary dematerialized shares without a nominal value.

c) To approve, unanimously, changes in the article 33 of Banco do Brasil's Bylaws, considering the new rules of impediment to the Board of Auditors Audit Committee, as follows:

Article 33 (...)

Paragraph 1 (...)

Paragraph 2 *In addition to the impediments provided for in article 13 of these bylaws, the office at the Audit Committee shall be taken provided that basic conditions and other requirements of the effective legislation are met, and its members are prohibited, in their term, the practice of the activities related in paragraphs 6 of the article 23 of this Bylaws.*

Paragraphs 3 to 6 (...).

Paragraph 7 *After the end of their term, the Board of Auditors' ex-counselors, member or deputy, shall follow the impediments provided by the paragraph 6 of the article 23 of this Bylaws, observed in the paragraphs 7 to 12 of this article.*

The shareholder Goldman, Sachs & Co. abstained of vote in all of the matters in both of the Meetings.

And there being nothing else to be deal with, Mr. President thanked the Shareholders for their presence and declared the work of the Extraordinary Shareholders' Meeting of Banco do Brasil S.A. concluded, for which I (signed) Maurício Doff Sotta, Second Secretary, had these minutes drawn up in summary form,

as determined by paragraph 6 of article 9 of the Bylaws, which have read and found in accordance, are duly signed.

Signed) : Orival Grahl, first secretary; Antonio Francisco de Lima Neto, President and Kátia Aparecida Zanetti de Lima, Government Representative.

Sighted: Áurea Farias Martins, OAB DF 9.100, CPF-MF 327337121-87.

- Agostinho do Nascimento Netto / José Luiz Gomes Rôlo

- Marcos Machado Guimarães / Carla Goes Coelho de Souza

- Otávio Ladeira de Medeiros / Daniel Sigelmann

- Eduardo Grande Bittencourt / Egon Handel

- Eustáquio Wagner Guimarães Gomes / Alfredo Luiz Buso

b) the following Board of Directors members to 2007/2009 term:

- Bernard Appy - President

- Antonio Francisco de Lima Neto - Vice-president

- Tarcísio José Massote de Godoy

- José Carlos Rocha Miranda

- Francisco Augusto da Costa e Silva

- Carlos Augusto Vidotto

- João Carlos Ferraz

Brasília (DF), April 25th, 2007.

Marco Geovanne Tobias da Silva
Investor Relations Manager

10.23.2007 - Minutes of ESM

On October 23rd of two thousand and seven, at three p.m., an Extraordinary Shareholders' Meeting of Banco do Brasil S.A. (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) – an open capital company – was held, after a first summons, at the Bank's own registered office, in Brasilia (DF), attended by 46 (forty six) shareholders, in person or by delegation, owners of 2,009,747,224 (two billion, nine million, seven hundred and forty seven thousand and two hundred and twenty four) ordinary shares, representing 81.2% of the total of 2,475,941,269 (two billion, four hundred and seventy five million, nine hundred and forty one thousand and two hundred and sixty nine) ordinary shares, who signed the "Book of Presence", the legal prescriptions having been observed.

In the justified absence of Mr. Antonio Francisco de Lima Neto, the attending shareholders, unanimously, elected Mr. Aldo Luiz Mendes as President of the Meeting. Mr. Mendes, when installing the Meetings, invited, to complete the table, Mrs. Kátia Aparecida Zanetti de Lima, a representative of the government,

the majority shareholder, as well as Mr. Eustáquio Wágner Guimarães Gomes, representing the Board of Auditors. He also invited the Legal Director Joaquim Portes de Cerqueira César, and the shareholder Maurício Doff Sotta to act as First and Second Secretaries, respectively.

The matters presented to the Meetings were those recorded in the Call Notice, published on September 24th, 25th and 26th of 2007 in the Official Daily Government Newspaper and in the following newspapers: Correio Braziliense (Brasilia-DF), Jornal do Commercio (Rio de Janeiro-RJ) and Gazeta Mercantil (São Paulo-SP).

After starting to appreciate the subjects, it was decided:

a) To approve, unanimously, the proposal of an elective anticipation of the exercise of subscription warrants "series C" to the month of November 2007, observing the following:

1) The anticipation is elective to the warrant holder;
2) The non exercise in the established period to the anticipation does not extinguish the right, and
3) The maintenance of the right to exercise to the initially settled period – 03.31.2011 through 06.30.2011.

b) To approve, unanimously, the inclusion of article 33-B in Banco do Brasil's Bylaws as follows:

Art. 33-B The Bank will make use of an Ombudsman that will have the purpose to act as communication channel between the Institution, customers and users, allowing them to search the solution in their relationship with Banco do Brasil, by means of register claims, denunciations and suggestions.

§ 1º Besides the legal ones, the Ombudsman attributions are:

I- to receive, register, instruct, analyze and give formal and adequate treatment to the customers and users claims;

II- to give the necessary explanations concerning the course of its demands and the steps;

III- to inform the deadline for reply, which cannot take more than thirty days and must be sent in this period;

IV- to propose to the Board of Directors corrective measures or improvement to procedures and institution routines;

V- to build and send to the Internal Audit, Audit committee and Board of Directors, half yearly reports on its performance with the proposals mentioned in the previous items.

Paragraph 2 The Ombudsman performance will be issued by the transparency, independence, fairness, having conditions adjusted for its effective functioning.

Paragraph 3 The Ombudsman will have assured access to the necessary information for its performance, being able, in such way, to request information and documents for the exercise of its activities, observed the relative legislation to the secrecy banking.

Paragraph 4 The Ombudsman function will be played by an effective employee, with compatible commission of the Ombudsman attributions, which will have 1 (one) year term, renewable for equal periods, being assigned and resigned, any time, by the Bank's President.

Paragraph 5 The employee assigned for the position of ombudsman will not receive other remuneration but the one that the position originally requires.

And there being nothing else to be deal with, Mr. President thanked the Shareholders for their presence and declared the work of the Extraordinary Shareholders' Meeting of Banco do Brasil S.A. concluded, for

which I (signed) Maurício Doff Sotta, Second Secretary, had these minutes drawn up in summary form, as determined by paragraph 6 of article 9 of the Bylaws, which have read and found in accordance, are duly signed.

Signed) Joaquim Portes de Cerqueira César, Primeiro Secretário; Aldo Luiz Mendes, Presidente e Kátia Aparecida Zanetti de Lima, Government Representative. Sighted: Áurea Farias Martins, OAB DF 9.100, CPF-MF 327337121-87.

07.12.2007 - Minutes of ESM

On July twelve of two thousand and seven, at three p.m., an Extraordinary Shareholders' Meeting of Banco do Brasil S.A. (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) – an open capital company – was held, after a first summons, at the Bank's own registered office, in Brasilia (DF), attended by 81 (eighty one) shareholders, in person or by delegation, the owners of 2,026,752,771 (two billion, twenty six million, seven hundred and fifty two thousand and seven hundred and seventy one) ordinary shares, representing 81.9% of the total of 2,475,941,269 (two billion, four hundred and seventy five million, nine hundred and forty one thousand and two hundred and sixty nine) ordinary shares, who signed the "Book of Presence", the legal prescriptions having been observed.

The President of the Meeting, Mr. Antonio Francisco de Lima Neto, when installing the Meetings, invited, to complete the table, Mrs. Maria Teresa Pereira Lima, a representative of the government, the majority shareholder, as well as Mr. Eustáquio Wágner Guimarães Gomes, representing the Board of Auditors. He also invited the Legal Director, deputy, Mauricio Doff Sotta, and the shareholder Acélio Jacob Roehrs to act as First and Second Secretaries, respectively.

The matters presented to the Meetings were those recorded in the Call Notice, published on June 27th, 28th and 29th of 2007 in the Official Daily Government Newspaper and in the following newspapers: Correio Braziliense (Brasilia-DF), Jornal do Commercio (Rio de Janeiro-RJ) and Gazeta Mercantil (São Paulo-SP).

After starting to appreciate the subjects, it was decided:

a) to approve, by a majority of the votes, changes in the caput II and III of the article 23 of Banco do Brasil's Bylaws, as follows:

Art. 23. The Executive Board shall be responsible for the Bank's management and shall be comprised of ten to thirty-six members, as follows:
I - (...);
II - up to nine Vice-Presidents elected as provided for in item VI of article 21 of these bylaws; and
III - up to twenty-six Executive Officers elected as provided for in item VI of article 21 of these bylaws.

b) to approve, by a majority of the votes, changes in the articles 21, 25, 27, 29, 30, 31 and 33-A of Banco do Brasil's Bylaws, as follows:

Art. 21 (...)
IV - to establish the duties of the Internal Audit and regulate its operation, and also be responsible for appointing and removing the General Auditor;

Art. 25 (...)
Paragraph 1 Banco do Brasil's President attributes will be applied for a substitute during his annual paid leave and leaves of absence as follows:
I – (...);
II – over thirty consecutive days, by whoever, as provided for by law, is temporarily appointed by the President of the Republic.

Paragraph 2 (...)

Paragraph 3 In the absences of the Vice-presidents and the Directors, the functions of their positions will be reassigned to the responsibility of another Vice-president or another Director, respectively, as follows:

I- up to thirty consecutive days upon assignment by the President;
II- over thirty consecutive days, or in case of a vacancy, until the elected substitute takes office, upon assignment by the President and approval, during the period of substitution where the substitute applied their functions, by the Board of Directors.

Paragraph 4 In the paragraphs 1 to 3 of this article, the Vice-president or Director will accumulate its functions with the ones of the President, the Vice-president or the Director, upon assignment, without addition remuneration.

Art. 27. The out-of-court representation and appointment of the Bank's attorneys-in-fact shall be made by the President or any of the Vice-Presidents and, within the limits of their duties and powers, by the Executive Board members. Representation in court shall be made by the President, Vice-Presidents or the legal officer, anyone is responsible for conferring power of attorney.

Art. 29. The duties of the Advisory Council are, as follows:
I – to submit to the Board of Directors, through the President of the Bank, or through a coodinator assigned by the president, proposals for their resolution, especially on the matters listed in items I, III, IV, the head, VIII, XII, XIII and XIV of article 21 of these bylaws.

Art. 30. (...)

I – The President shall:
a) to e) (...)
f) appoint, among the Vice-Presidents, the Coordinator with the specific purpose to call and to run, in their absences or impediments, the Executive Board and Board of Directors meetings.
II – each Vice-President shall: manage, oversee and coordinate the areas assigned to them and the work of Executive Officers and units under their direct oversight:
a) each Vice-President: manage, oversee and coordinate the activities of the executive board and units under their responsibility;
b) coordinate the Executive Board and Board of Directors meetings, upon assignment by the President.

Paragraph 1 The coordinator assigned by the President to call and to run the Executive Board and Board of Directors meetings will not pronounce quality vote and will not be remunerated by the exercise of this function.

Paragraph 2 The individual attributions of the Directors will be applied, in their absences or impediments, by the Management Committee of its respective Directorships, in agreement with the Executive Board Regiment and the legal restraint settled by the Board of Officers.

III – (...)

Art. 31. (...)

Paragraph 1 The Executive Board shall meet on a regular basis once every three months and on extraordinary basis whenever convened by the Bank's President or by the Coordinator assigned by him.

Paragraph 2 The Board of Officers:

I – is a body for taking joint resolutions and should meet on a regular basis at least once a week and on extraordinary basis whenever convened by its President or by the Coordinator assigned by him, taking into account that it requires the attendance of the majority of its members, either effective or alternate, including its President;

II – resolutions are approved upon the favorable vote of the majority of the attending members, and the President or his alternate shall have the casting vote; and
(...)

Paragraph 3 The Board of Officers shall be assisted by an executive secretariat, being the presidente responsible assigning its member.

Art. 33-A (...)

Sole Paragraph. The Internal Audit shall be chosen among Banco do Brasil's effective employees and appointed or removed from office by the Board of Directors, pursuant to the provisions of article 22, paragraph 3, item I of these bylaws.

c) to approve, by a majority of the votes, inclusion of sole paragraph in the article 13 of Banco do Brasil's Bylaws, as follows:

Art. 13. - (...)

I, II and III - (...)

Sole Paragraph. It is unsuitable the participation in Banco do Brasil's Administration bodies, the candidate who has an elective public term, making the interested party to require its removal, under penalty of position loss, from the moment where becomes public its intention to the candidacy. During the period of absence, any remuneration will not be given to the Administration bodies member, which will lose the position from the candidacy register.

d) to approve, by a majority of the votes, change in the article 41, as follows:

Art. 41 The quarterly, half-yearly and yearly Financial Statements shall also be prepared in English, and, at least the yearly Financial Statements in accordance with international accounting standards.

e) to approve, by a majority of the votes, the followings changes in the Banco do Brasil's Bylaws:

Art. 33. (...)

Paragraphs 1 and 2 (...)

Paragraph 3 (...):
I- an effective member shall be chosen from the members of the Board of Directors elected by minority shareholders;
II- an effective member shall be chosen from the members of the Board of Directors appointed by the Ministry of Finance;
III - (...)

Paragraphs 4 to 6 (...)

f) to approve, by a majority of votes, to increase the overall remuneration to be paid to BB's management from R$ 18,839,000.00 (eighteen million, eight hundred and thirty nine thousand reais), to R$22,326,000.00 (twenty and two million and three hundred and twenty six thousand reais) for the period comprising May/2007 to April/2008, included therein: monthly fees, Christmas bonus (13th salary), substitution - annual leave, remunerated annual leave, conversion of remunerated annual leave, annual leave and remunerated absence, health plan (CASSI), private pension plan (PREVI), meal allowance, food basket, participation in the profits, group life insurance, housing allowance, in the terms of Decree nº 3255, of 11.19.1999, as well as compensatory remuneration (quarantine), in accordance with the Bank's Bylaws; the fees should be maintained at the same nominal values practiced in the month immediately

prior to the Shareholders' Meeting/2007, and the same readjustments that may possibly be granted to the Bank's employees on the occasion of the formalization of the Collective Labor Agreement at its respective 2007 base date may be passed on to them;

g) to approve, by a majority of the votes, the delegation of competence to the Board of Directors to carry out the distribution of the amounts intended for the payment of the Executive Board's remuneration, observing the overall amount and after deducting the amount intended for the Board of Directors.

the shareholder Goldman, Sachs & Co. abstained of vote in all of the matters in both of the Meetings.

And there being nothing else to be deal with, Mr. President thanked the Shareholders for their presence and declared the work of the Extraordinary Shareholders' Meeting of Banco do Brasil S.A. concluded, for which I (signed) Acélio Jacob Roehrs, Second Secretary, had these minutes drawn up in summary form, as determined by paragraph 6 of article 9 of the Bylaws, which have read and found in accordance, are duly signed.

Signed) Mauricio Doff Sotta, First Secretary; Antonio Francisco de Lima Neto, President and Kátia Aparecida Zanetti de Lima, Government Representative.

Sighted: Áurea Farias Martins, OAB DF 9.100, CPF-MF 327337121-87.

04.25.2007 - Minutes of OSM/ESM

On April twenty five of two thousand and seven, at three p.m., an Ordinary and an Extraordinary General Meeting of the Shareholders of Banco do Brasil S.A. (CNPJ: 00.000.000/0001-91; NIRE: 5330000063-8) – an open capital company – was held, after a first summons, at the Bank's own registered office, in Brasilia (DF), attended by 57 (fifty seven) shareholders, in person or by delegation, the owners of 648,284,254 (six hundred and forty eight million, two hundred and eighty four thousand, two hundred and fifty four) ordinary shares, representing 78,5% of the total of 825,316,423 (eight hundred and twenty five million, three hundred and sixteen thousand, four hundred and twenty three) ordinary shares, who signed the "Book of Presence", the legal prescriptions having been observed.

The President of the Meeting, Mr. Antonio Francisco de Lima Neto, when installing the Meetings, invited, to complete the table, Mrs. Kátia Aparecida Zanetti de Lima, a representative of the Union, the majority shareholder, as well as Mr. Eustáquio Wágner Guimarães Gomes, representing the Board of Auditors. He also invited the Legal Director, deputy, Mauricio Doff Sotta, and shareholder Acélio Jacob Roehrs to act as First and Second Secretaries, respectively.

The matters presented to the Meetings were those recorded in the Notice of Summons, published on March 26, 27 and 28 of 2007 in the Official Gazette of the Union and in the following newspapers: Correio Braziliense (Brasilia-DF), Jornal do Commercio (Rio de Janeiro-RJ) and Gazeta Mercantil (São Paulo-SP).

After starting to appreciate the subjects, it was decided:

ORDINARY GENERAL MEETING

to approve, by a majority of the votes, the Bank's capital budget, in the amount of R$ 2.023 millions, to carry out the Bank's Fixed Investment Plan, as shown below:

b) to approve, by a majority of the votes of the stockholders present, with the legal abstentions, the Financial Statements, accompanied by the Management Report and the Opinions of the Board of Auditors and of the Independent Auditors, the Report of the Audit Committee, and the manifestation of the

Board of Directors, referring to financial year 2006, all published on 02.27.2007, in the Official Gazette of the Union and in newspapers: Gazeta Mercantil, Correio Braziliense, Jornal do Commércio and Valor Econômico;

c) to approve, by a majority of the votes, the proposal relating to the destination of the net income of the financial year, in the amount of R$ 6.043.776.622,01 (six billion, forty three million, seven hundred and seventy six thousand, six hundred and twenty two reais and one cents), in the following way, with the recommendation to observe the conditions in the Term n.° 446/2006/MP/SE, of 09.05.2006, of Planning, Budget and Management Department for payment of Profit Sharing of the exercise locked up in 2006, to the employees and managers of the Bank:

It was clarified that the interest on capital paid by the Bank was totally imputed to the amount of the dividends, in the terms of paragraph 7 of article 9 of Law 9249, of 12.26.1995;

d) to elect, by a majority of votes, the members of the Board of Directors, to fulfill the 2007/2009, mandate, and of the Board of Auditors, to fulfill the 2007/2008 mandate, , having clarified that those elected meet the requirements to be found in the Bylaws and the legislation in force. The opportunity was taken to present copies of the declarations of being unimpeded and curriculums of the candidates, to comply with what is laid down in CVM Instruction nº 367, of 5.29.2002, about the election of members of the Board of Directors. The Representative of the Union also advised that the indication of its members for the Board of Directors took place by virtue of the public interest, thus giving the grounds for her vote and meeting the provisions contained in paragraph 1 of article 3 of CVM instruction n° 367:

BOARD OF DIRECTORS - 2007/2009 Mandate

President:
BERNARD APPY, Brazilian, married, economist, resident and domiciled at SHIS QI 19, conjunto 11, casa 12, Lago Sul - Brasilia (DF), bearer of CPF nº 022.743.238-01 and of identity card n° 23.568-7, issued on 10.07.1992 by the Regional Council of Economy of the State of São Paulo;

Vice-President:
ANTONIO FRANCISCO DE LIMA NETO, brazilian, married, economist, resident and domiciled at SQS 303, bloco G, ap. 606, Asa Sul - Brasília (DF), bearer of CPF n.º 231.877.943-00 and of Identity Card nº 96.002.754.791, issued on 26.12.1996, by the Secretariat for Public Security of Ceará;

Representative of the Union, indicated by the Minister of State for Finance:
TARCÍSIO JOSÉ MASSOTE DE GODOY, Brazilian, married, engineer, resident and domiciled at SMLN MI 03, conjunto 1, lote 11/A, Lago Norte - Brasilia (DF), bearer of CPF nº 316.688.601-04 and of Identity Card nº 554.548, issued on 9.11.1984 by the Secretariat for Public Security of the Federal District;

Representative of the Union, indicated by the Minister of State for Planning, Budget and Management:
JOSÉ CARLOS ROCHA MIRANDA, Brazilian, unmarried, economist, resident and domiciled at SQS 312, bloco G, ap. 504, Asa Sul - Brasilia (DF), bearer of CPF nº 296.819.287-68 and of Identity Card nº 2.252.915-0, issued on 1.03.1979 by the Félix Pacheco Institute/RJ;

Representatives indicated by the minority shareholders:
CARLOS AUGUSTO VIDOTTO, Brazilian, unmarried, economist, resident and domiciled at Avenida Almirante Ernane do Amaral Peixoto, 84, ap. 802 - Niterói (RJ), bearer of CPF nº 775.888.358-34 and of Identity Card nº 7.660.698, issued on 12.02.1976 by the Secretariat for Public Security of São Paulo;

FRANCISCO AUGUSTO DA COSTA E SILVA, Brazilian, married, lawyer, resident and domiciled at Rua Brusque, 255, Itanhangá - Rio de Janeiro (RJ), bearer of CPF nº 092.297.957-04 and of Identity Card nº

21.370, issued on 3.02.2000 by the Brazilian Bar Association – Rio de Janeiro/RJ Section;

JOÃO CARLOS FERRAZ, Brazilian, married, economist, resident and domiciled at Rua Paulo César de Andrade, 66, ap. 503, Laranjeiras - Rio de Janeiro (RJ), bearer of CPF nº 230.790.376-34 and of Identity Card MG-1.649.465, issued on 11.20.2000 by the Secretariat for Public Security of the State of Minas Gerais.

P.S.: according to the 5º paragraph of the article 18 of the Bylaws, the members elected by the minority shareholders are independent members.

BOARD OF AUDITORS - 2007/2008 Mandate

Representatives of the National Treasury, indicated by the Minister of State for Finance:

Incumbent:
OTAVIO LADEIRA DE MEDEIROS, Brazilian, married, economist, resident and domiciled at SQS 315, bloco E, ap. 401, Asa Sul - Brasilia (DF), bearer of CPF nº 065.675.548-27 and of Identity Card nº 1.473.608, issued on 8.26.1991 by the Secretariat for Public Security of the Federal District; Alternate:

DANIEL SIGELMANN, Brazilian, single, economist, resident and domiciled at SQN 216, bloco F, ap. 603, Asa Norte - Brasília (DF), bearer of CPF n.° 021.484.577- and of Identity Card n.° 08497543-2, issued on 06.20.1989, by Félix Pacheco Institute - IFP (RJ).

Representatives of the Union, indicated by the Minister of State for Finance:

Incumbent:
AGOSTINHO DO NASCIMENTO NETTO, Brazilian, married, Attorney of Finance Ministry, resident domiciled at Rua Ministro Otávio Kelly, 221/901, Jardim Icaraí , Niterói (RJ), bearer of CPF nº 641.072.727-53 and of Identity Card nº 1.338-B, issued on 03.20.2003, by the Brazilian Bar Association - RJ;

Alternate:
JOSÉ LUIZ GOMES RÔLO, Portuguese, married, lawyer, resident domiciled at QNG 15, casa 04, Taguatinga Norte - Brasília (DF), bearer of CPF n.° 003.172.501- and of Identity Card n.° 60.869, issued on 06.13.1996, by the Secretariat for Public Security of the Federal District;

Incumbent:
MARCOS MACHADO GUIMARÃES, Brazilian, single, economist, resident and domiciled at SQSW 306, bloco A, ap. 605, Setor Sudoeste - Brasília (DF), bearer of CPF n.° 398.826.591-87 and of Identity Card n.° 885.769, issued on 09.12.1983, by the Secretariat for Public Security of the Federal District.

Substitute:
CARLA GOES COELHO DE SOUZA, Brazilian, single, industrial designer, resident and domiciled at CLN 311, bloco C, ap. 214, Asa Norte - Brasília (DF), bearer of CPF nº 794.950.607-53 and of Identity Card n.° 06103039-1, issued on 22.05.2004, by the Félix Pacheco Institute - IFP (RJ);

Representatives indicated by the minority shareholders:

Incumbent:
EDUARDO GRANDE BITTENCOURT, Brazilian, married, accountant, resident and domiciled at Rua Otávio Dutra, n.° 164, ap. 1304, Santa Tereza - Porto Alegre (RS), bearer of CPF n.° 003.702.400-06 and of Identity Card n.° 1005587934, issued on 03.07.1995, by the Secretariat for Public Security of Rio Grande do Sul;

Alternate:
EGON HANDEL, Brazilian, divorced, accountant, resident and domiciled at Travessa Saúde, n.° 65, ap.

1002, Bairro Auxiliadora - Porto Alegre (RS), bearer of CPF n.° 029.279.850-49 and of Identity Card n.° 1003651997, issued on 10.13.1975, by the Secretariat for Public Security of Rio Grande do Sul;

Incumbent:
EUSTÁQUIO WAGNER GUIMARÃES GOMES, Brazilian, married, manager, resident and domiciled at Rua Bernardo Guimarães, 749, ap. 402, Bairro Funcionários - Belo Horizonte (MG), bearer of CPF n.° 009.513.746-72 04 and of Identity Card n.° 4332, issued on 10.28.1980, pelo Conselho Regional de Administração de Minas Gerais;

Alternate:
ALFREDO LUIZ BUSO, Brazilian, married, economist, resident and domiciled at rua Amália de Noronha, 109, Pinheiros - São Paulo (SP), bearer of CPF n.° 495.101.348-72 and of Identity Card n.° 3510921, issued on 09.14.1964, by the Regional Council of Economy of the State of São Paulo;

e) to set, by a majority of votes with the abstention of the interested parties, the monthly fees of the members of the Board of Directors and of the incumbents of the Board of Auditors at one tenth of what, on a monthly average, the members of the Executive Board receive, excluding the benefits referring to: remunerated annual leave, conversion of remunerated annual leave, annual leave and remunerated absence, heath plan (CASSI), private pension plan (PREVI), meal allowance, food basket, participation in profits, group life insurance, housing allowance and compensatory remuneration (quarantine);

f) to set, by a majority of votes, with the legal abstentions, the overall remuneration to be paid to BB's management at R$ 18.839.000,00 (eighteen million, eight hundred and thirty nine thousand reais), for the period comprising May/2007 to April/2008, included therein: monthly fees, Christmas bonus (13th salary), substitution - annual leave, remunerated annual leave, conversion of remunerated annual leave, annual leave and remunerated absence, health plan (CASSI), private pension plan (PREVI), meal allowance, food basket, participation in the profits, group life insurance, housing allowance, in the terms of Decree n° 3255, of 11.19.1999, as well as compensatory remuneration (quarantine), in accordance with the Bank's Bylaws; the fees should be maintained at the same nominal values practiced in the month immediately prior to the OGM/2007, and the same readjustments that may possibly be granted to the Bank's employees on the occasion of the formalization of the Collective Labor Agreement at its respective 2007 base date may be passed on to them;

g) to approve, by a majority of votes, the delegation of competence to the Board of Directors to carry out the distribution of the amounts intended for the payment of the remuneration of the Executive Board, observing the overall amount and after deducting the amount intended for the Board of Directors.

EXTRAORDINARY GENERAL MEETING

a) to approve, by a majority of votes, the proposal 200% split of BB's Shares, entitling two new shares for each one existing share;

b) to approve, by a majority of votes, the proposal to capitalize the portion of R$ 442.159.945,41, recorded in Expansion Reserves, relating to the amount of the capital budget already carried out, and R$ 355.637.532,37, recorded in Capital Reserve, without the issue of new shares;

c) to approve, by a majority of votes, the alteration to article 7 of the Bylaws' due to the approval of the matters of the articles "a" and "b" supply, as follow:

"Article 7 - The Capital Stock is R$ 12.710.692.615,95 twelve billion, seven hundred and ten million, six hundred and ninety two thousand, six hundred and fifteen reais and ninety five cents), divided into 2.475.949.269 (two billion, four hundred and seventy five million, nine hundred and forty nine thousand and two hundred and sixty nine) ordinary dematerialized shares without a nominal value."

The shareholders Ruy Brito de Oliveira Pedroza and UNAMIBB - National Union of the Minority shareholders of the Banco do Brasil voted contraryly to the proposals contained in the items "b" and "c" of

the Ordinary Shareholders Meeting, according to the statements of votes delivered to the First Secretary, and in the items "a" and "c" of the Extraordinary Shareholders Meeting; the share holder Goldman, Sachs & Co. abstained of vote in all of the matters in both of the Meetings.

And there being nothing else to be deal with, Mr. President thanked the Shareholders for their presence and declared the work of the Ordinary and Extraordinary Shareholders' General Meeting of Banco do Brasil S.A. concluded, for which I (signed) Acélio Jacob Roehrs, Second Secretary, had these minutes drawn up in summary form, as determined by paragraph 6 of article 9 of the Bylaws, which have read and found in accordance, are duly signed.

Signed) Mauricio Doff Sotta, First Secretary; Antonio Francisco de Lima Neto, President e Kátia Aparecida Zanetti de Lima, Government Representative.

SIGHTED: Áurea Farias Martins, OAB DF 9.100, CPF-MF 327337121-87.

(M5) Visa's IPO

03.31.2008 - Visa's IPO

Banco do Brasil informs:

1. Visa Inc. concluded in March 2008, a process in which distributed shares to Visa cards issuers, aiming at adjusting the shareholding positions of those institutions, regarding the financial results in each of the five Visa's operational regions.

2. Accordingly, Banco do Brasil, Cia Brasileira de Meios de Pagamento (Visanet) and Cia Brasileira de Soluções e Serviços (Visavale) received, respectively, 4,682,697, 11,990,744 and 330,821 shares, costing US$ 0.0001 per share.

3. Also in March, Visa Inc concluded its IPO, with an offering price of US$ 44,00 per share. Banco do Brasil, Visanet and Visavale took part of this IPO selling 56.1% of the shares mentioned in item 2 above and submitted themselves to a 3 years lockup for the 43.9% remaining shares.

4. The offering result will bring to Banco do Brasil Conglomerate, in March 2008, approximately, R$ 362 million pre-tax income.

Brasília, March, 31st 2008.

Marco Geovanne Tobias da Silva
Head of IR

(M6) Mortgage Loan

03.28.2008 - Mortgage Loan

In an ordinary meeting held on March 27th, 2008, the National Monetary Council (CMN) approved a resolution allowing the financial institutions that raise savings deposits within the rules of the agricultural lending system, including Banco do Brasil (BB), to also raise funds in the Brazilian Savings and Lending System (SBPE), which finances the mortgage market. The amount of savings deposits that may be directed to mortgage, which is not mandatory, is up to 10% of this type of deposit.

With the announcement of the CMN resolution, the next step is the inclusion of Banco do Brasil in the Housing Loans System (SFH), what will allow it the use of FGTS to fund mortgage as well.

Banco do Brasil will focus in the mortgage loan market customers with monthly income from five minimum wages, and the loans will be up to R$ 350,000 and the amount financed will be limited to 80% of the real state. In order to reach a wider range of clients, BB intends to follow the partnership strategy adopted in other business segments, having agreements being negotiated with real state companies. Along with the individual mortgage financing, Banco do Brasil will offer credit lines to finance housing constructors.

Brasília, March 28th, 2008.

Marco Geovanne Tobias da Silva
Investor Relations Manager

(M7) Explanation about press note

03.26.2008 - Explanation about press note

Regarding the note published in the Brazilian press today, related to some possible losses on labor claims, Banco do Brasil informs:

Years ago, the Brazilian Central Bank decided to give, to some of its employees, an additional benefit to their salaries, called ACP ("Adicional em caráter pessoal").

In the middle 80's, the unions that represent the Banco do Brasil's employees started a synchronized campaign with the objective to extend to BB's employees the ACP.

The labor claims reached the Labor Supreme Court (TST) that concluded, in a non-appealing decision, that the ACP is not owed.

Opposed to what happened to the almost totality of claims with this objective and to the consolidated decision of the TST and the Brazilian Supreme Court, some claims had unfavorable decision to BB, as in the claims suited in the Courts of the states of Rio de Janeiro and Amazonas.

Complying to the Banco do Brasil's thesis, the Regional Labor Court of Rio de Janeiro was favorable to BB in the claim suited by the union of that state.

Due to procedural reasons, in the state of Amazonas, the Labor Public Prosecutor suited a specific claim, asking for the annulment of the decision that convicted BB to pay the ACP to the employees of that state.

The TST, in a judgement held on March 25th, 2008, declared the claim dismissed. This decision can be appealed to the Supreme Court.

If this decision is maintained, Banco do Brasil has the right to discuss the amounts owed and the number of beneficiaries of the decision.

It is worth to highlight that BB does not recognize the amount demanded by the Amazonas Union, that does not surpass R$ 4 million (in May/2004), limited to a specific period of time. Banco do Brasil does not also recognize the number of the beneficiaries informed to the Court by the Union.

Brasília, March 26th 2008.

Aldo Luiz Mendes
CFO

(M8) Establishment of two new companies in the USA

02.21.2008 - Establishment of two new companies in the USA

Banco do Brasil is pleased to communicate the establishment of two new companies in the United States. Further to its current operation in the USA, the Bank will run a remittance company - BB Money Transfers - and a retail bank - Federal Savings Bank.

The Brazilian Central Bank has already authorized the establishment of the new companies and Banco do Brasil awaits the approval of the US Federal Reserve System.

The main objectives of the Bank's operation in this market segment is to offer basic banking services to Brazilian residents in the USA, such as: remittances, deposits, investments and credit cards, among others.

Banco do Brasil intends to have its new subsidiaries start operations by the end of 2008. The new entrepreneurships will require the capitalization of US$ 44 million.

Brasília (DF), February 21st, 2008.

Marco Geovanne Tobias da Silva
IR Manager

(M9) Retreating of BESC and BESCRI from the PND

02.21.2008 - Retreating of BESC and BESCRI from the PND

In addition to the Material Facts released on April 19th, 2007 and June 22nd, 2007, and to the information to the market released on October 5th, 2007, Banco do Brasil's informs that the President of Federative Republic of Brazil signed yesterday afternoon (February, 20th), a Decree retreating BESC and BESCRI from the PND (National Program for Privatization).

The release of the Decree allows the carry on of the incorporation process concerning the corporate law and operational procedures. In relation to the corporate law aspects, the evaluating companies of BB, Besc and Bescri will be now contracted. After the valuation process, General Shareholders Meeting will be called to decide on the incorporation.

Brasília (DF), February 21th, 2008.

Aldo Luiz Mendes
Chief Finance Officer

(M10) Subscription Warrants

Subscription Warrants

Issued in 1996, the subscription warrants are negotiable securities that detain the right to subscription of shares of a company's capital stock, on the conditions shown in the relevant certificate.

Thus, the holder of the document is assured the right of subscribing to shares of the capital stock of the issuing company, on the conditions specified in the document (which may be of a book-entry class), particularly as regards defined price and term, irrespective of the market or equity value of the share at the time of subscription.

10.23.2007 - Information to the Subscription Warrants Holders

23-outubro, 16:00

Banco do Brasil informs to the owners of Series – C Subscription Warrants, issued and distributed for free to shareholders on June 17th, 1996, pursuant to the Extraordinary Shareholders Meeting of the same date, that the Extraordinary Shareholders Meeting, held on October 23rd, 2007 approved the anticipation of the Subscription Warrants "Series C" exercise under the following conditions:

a) Exercise of series C Subscription Warrants: in June 2007, Banco do Brasil's shares were split in the proportion of 1:3 and the conversion was the same for the Subscription Warrants Series C. It means that each Subscription Warrants Series C, that would grant the right to subscribe 1.043933 shares, now will grant the right to subscribe 3.131799 shares.

b) Treatment of fractions: the fractions of remaining shares of the exercise of subscription warrants series C will be reunited and then sold in the Stock Exchange by Banco do Brasil. The result of the sale will be proportionally divided respecting the position of each subscription warrants holder. The fractions of the shares resulted from the exercise of warrants series C cannot be transferred, having no cession of rights.

c) Exercise price: R$ 8.50 per subscription warrant, readjusted by the IGP-DI Index, published by Fundação Getúlio Vargas, from June 17th, 1996 until the date of the application for the exercise of subscription rights. For an example, on October 1st, 2007 the exercise price was R$ 23.36, per subscription warrant. If the IGP-DI index for the month is not available on the date of application, the subscription price shall be adjusted pro-rata-die using the last published index.

d) Maturity date for anticipation of the exercising warrants: from November 1st, 2007 up to November 30th, 2007. The term for subscription warrants that are in the custody of Stock Exchange will end up to November 28th, 2007.

e) Form of payment: in cash.

f) Subscription document: the subscription document shall be delivered to the holder of the warrants in any branch of Banco do Brasil and the payment may be done through any bank which takes part in the system. Holders of subscription warrants in the custody of stock exchanges shall exercise through their brokers.

g) Payment of Dividends: the Board of Directors, in a meeting held on October 15th, 2007, decided that the dividends will be paid to the new stock holders on the amount of 2/3 of the total dividends per share, regarding Banco do Brasil's results in the 4th Quarter 2007. The fractions of the shares, while they exist, will not receive any dividend.

h) Warrants not exercised: the exercise of the subscription warrants is optional and can be partially or entire exercised, now or in the original term, from March 31st, 2011 to June 30th, 2011.

i) Update of customer information file: in order to exercise their warrants, holders must have their information file updated.

j) Assistance for warrant bearers: we will be available for further information or for updating customer data at any Banco do Brasil's branch or by our Shareholders' Service in BB's Call Center, through the telephones 4004.0001 in Brazilian Capitals and 0800 7290001 in other Brazilian cities (portuguese only).

Brasília (DF), October 23th, 2007.

Aldo Luiz Mendes
CFO

Fonte: Banco do Brasil - Relações com Investidores

FAQ

What is a Subscription Warrant?
It is a negotiable security that detains the right to subscription of shares of a company's capital stock, on the conditions shown in the relevant certificate.

What are the Subscription Warrant Series "C" rights (BBAS13)?
The right is to subscribe Banco do Brasil Shares for the price and terms settled on, independent of the share market value at the time of the subscription.

What does it mean "anticipation of the exercise right" of the Subscription Warrant Series "C"?
Pursuant to the Extraordinary Shareholders Meeting held on October 23, 2007, the Series "C" Subscription Warrants holders will be able to anticipate their right to subscribe them from 11.01.2007 to 11.30.2007. The subscription warrants exercise is optional and can be partially or entire exercised. This anticipation does not extinguish the right of exercise in the due date, from 03.31.2011 to 06.30.2011, to the Subscription Warrants "Series C" remainders.

How many shares does one Warrant grant?
Each Subscription Warrants Series C grants the right to subscribe 3.131799 Banco do Brasil shares.

What is the maturity date for anticipation of the exercising warrants?
The term for subscription warrants that are in the custody of Stock Exchange will end up to November 28th, 2007.

What is the Subscription Warrant Series "C" exercise price?
The exercise price is R$ 8.50 per subscription warrant, readjusted by the IGP-DI Index, published by Fundação Getúlio Vargas, from June 17th, 1996 until the date of the application for the exercise of subscription rights.

Where shall the warrant holders exercise their right?
The holders shall exercise through their brokers.

What will it happen to the fractions of the remaining shares?
The fractions of the remaining shares will be reunited and then sold in the Stock Exchange by Banco do Brasil. The result of the sale will be proportionally divided respecting the position of each holder. The share fractions cannot be transferred, having no cession of rights.

Can the warrant holder exercise partially?
Yes, the subscription warrants exercise is optional and can be partially or entire exercised.

How will be the payment of the Banco do Brasil dividends and Interest on Own Capital, regarding 4Q07?
The dividends will be paid to the new stock holders on the amount of 2/3 of the total dividends per share, regarding Banco do Brasil's results in the 4th Quarter 2007.

Monetary Restatement

The subscription warrant exercise price is monetarily corrected by the IGP-DI (General Price Index – Domestic Supply) of the Getúlio Vargas Foundation, up to the date of the effective exercise. If on the date of the subscription the IGP-DI for the month is not available, the relevant price will be restated pro rata, using as a base the last published index.

We show below the monthly restatement of the subscription warrants, noting that:

- the restatement from June 17, 1996 to June 30, 1996 was effected pro rata;
- the negative IGP-DI were also taken into account for the restatement.

2007

Date	Subscription Price (R$)
December	23.786361
11.30.2007	23.709837
11.29.2007	23.703933
11.28.2007	23.698030
11.27.2007	23.692128
11.26.2007	23.686228
11.25.2007	23.680329
11.24.2007	23.674432
11.23.2007	23.668536
11.22.2007	23.662642
11.21.2007	23.656749
11.20.2007	23.650857
11.19.2007	23.644968
11.18.2007	23.639079
11.17.2007	23.633192
11.16.2007	23.627307
11.15.2007	23.621423
11.14.2007	23.615540
11.13.2007	23.609659
11.12.2007	23.603779
11.11.2007	23.597901
11.10.2007	23.592024
11.09.2007	23.586149
11.08.2007	23.580275
11.07.2007	23.692382
11.06.2007	23.683198
11.05.2007	23.674017
11.04.2007	23.664839
11.03.2007	23.655665
11.02.2007	23.646495
11.01.2007	23.637328
October	23.363969

September	23.093773
August	22.777170
July	22.693205
June	22.634356
May	22.598199
April	22.566605
March	22.517068
February	22.465397
January	22.369210

History and Characteristics

The Banco do Brasil's Board of Directors, with the aim of enhancing the process for capital increase, in a meeting held on May 3, 1996, approved and submitted to the Extraordinary Shareholders' Meeting (ESM) a proposal for issuance and cost-free distribution of subscription warrants to the shareholders. In a meeting held on June 17, 1996, the ESM accepted the Board of Directors' proposal and approved unanimously the free issuance of the subscription warrants.

Each warrant granted to its holder the right to subscribe to 0.56067 of a common share and 0.43933 of a preferred share, so as to maintain the proportionality of the capital stock of Banco do Brasil dated on June 17, 1996.

The warrants represent an available right that can be waived, i.e., the subscription warrants holders are not required to bring forward or exercise the right provided for in the securities.

The subscription warrant holder may trade the warrant right on stock exchanges at any time.

The subscription warrants are of the book-entry class, without issuance of a certificate.

On June 17, 1996, the subscription warrants were credited to the shareholding position of all BB shareholders, in a proportion of one warrant for each share held on that date, as follows:

Series	Number of Warrants Issued	% of Capital	Common	Preferred	Limit date
A	142,394,462,616	20	79,836,303,355	62,558,159,261	6.30.2001
B	213,591,693,924	30	119,754,455,032	93,837,238,892	6.30.2006
C	355,986,156,540	50	199,590,758,387	156,395,398,153	6.30.2006
Total	711,972,313,080	100	56.07%	43.93%	--------

The term for exercising the right to subscription, partly in common shares and partly in preferred shares, for each one of the series, was the following:

A = March 31, 2001 to June 30, 2001
B = March 31, 2006 to June 30, 2006
C = March 31, 2011 to June 30, 2011

A subscription warrant right not exercised up to the limit date for each series will be automatically cancelled.

The exercise price was R$ 8.50 per thousand shares subscribed, monetarily restated by the "IGP-DI" (General Price Index – Domestic Supply) of the Getúlio Vargas Foundation, up to the date of subscription.

The Shareholders' Meeting of June, 7th 2002 approved to apply in the subscription warrants, series "B" and "C" the same conversion rules adopted in the conversion of preferred (PN) into common shares (ON). Thus, each subscription warrant gave its holder the right to subscribe 1.043933 ON [0.56067 ON + (0.43933 PN x 1.1)] in the terms established for the year 2006 and will give the right for 2011.

On November 12, 2003, the Extraordinary General Meeting approved the exchange of each thousand (1,000) shares/subscription warrants for one (1) share/ subscription warrant.

On April 25th 2007, Banco do Brasil's Shareholders' Meeting approved a 200% split of its shares (BBAS3), which means two new shares for each one existing share. This split was accomplished in Bovespa from 06.04.2007. As the subscription warrants series "C" (BBAS13) did not split, the conversion ratio was modified. Fron this date on, each warrant gives its holder the right to subscribe to 3.131799 common shares (ON).

(M11) BB's Structure

Board of Directors

The Board of Directors performs strategic, elective and supervisory duties and is comprised of seven members, elected from among the shareholders by the General Meeting.

It is incumbent upon the Republic to appoint up to five members in the Audit Committee. Among them, one representative shall be chosen among those appointed by one or more investment clubs formed by employees of BB, provided that, when added up, the holdings amount to at least 3% of the capital stock of the Company. Of the seven vacant positions on the Board, at least two will be filled by Independent Board Members, appointed by the minority shareholders, as defined in the Listing Regulations of the New Market of the São Paulo Stock exchange (Bovespa - Novo Mercado).

The Board resolves by majority of votes, except for the following subjects, which require a favorable vote from at least five Board Members, thus ensuring the participation of the minority shareholders for their approval:

- approval of the policies, corporate strategies, general business plan, master plan and aggregate budget of the Bank;

- definition of the duties of the Internal Audit Unit and regulations of its operation. It is also responsible for appointing and discharging the General Auditor;

- choice and removal from office of the independent auditors;

- approval of its internal regulations and decision regarding the creation, the discontinuation and the functioning of committees in the sphere of the actual Board of Directors.

There follows below the full text of its Internal Regulations:

INTERNAL REGULATIONS

CHAPTER I - CONCEPTS AND STRUCTURE

Art. 1. The Board of Directors of Banco do Brasil S.A. is the administration body that determines the general guidelines for business of the Bank and of its subsidiaries and controlled companies.

Art. 2. The Board of Directors has, in the manner established in the law and in the bylaws, strategic, orienting, elective and supervisory duties, not encompassing operating or executive roles.

Art. 3. The structure and the management term of the Board are defined in the bylaws of the Bank.

Paragraph 1. A member of the Board of Directors that fails to appear, with or without justification, at three consecutive ordinary meetings or at four alternate ordinary meetings during his term of office will be removed from office, except in cases of force majeure or acts of God.

CHAPTER II - JURISDICTION

Art. 4. It is the responsibility of the Board of Directors, in addition to the duties defined by law or in the bylaws:

I - to grant paid or unpaid leave to deal with exceptional situations, to the members of the Board of Executive Officers, except for the President of the Bank; {art. 25-II of the bylaws}

II - to grant paid annual leave and to authorize suspensions from office of up to 30 days for the President of the Bank; {art. 25-I and II of the bylaws}

III - to ratify the nomination of a substitute for Vice-President and Officers, in periods of over thirty (30) days or in the event of a vacancy, and the ratification shall occur within the period of substitution; {art. 25, paragraph 3-b, of the bylaws}

IV - to authorize the performance of activities, by a member of the Board of Executive Officers, at for-profit institutions not related to the Bank, except when resulting from nomination by the President of the Republic; {art. 24-II of the Bylaws}

V - to establish a term for the disposal of interest resulting from renegotiations of loans; {art. 4, paragraph 3 of the bylaws}

VI - to submit to the General Shareholders' Meeting the formation of other reserves and retention of earnings, in conformity with Art. 42 of the bylaws;

VII - to examine the appraisal report of the credit and market risk analysis process and of the operation deferral process; {art. 49 of the bylaws}

VIII - to authorize the Bank to acquire its own shares to cancel or hold in treasury for subsequent disposal; {art. 7, paragraph 3 of the bylaws}

IX - to choose the temporary and respective alternate members of the Trustee Council of Fundação Banco do Brasil; and

X - to approve, by proposal of the Trustee Council, the amendment of the bylaws of Fundação Banco do Brasil.

Art. 5. It is incumbent upon the Chairman:

I - to convene and preside over the meetings of the Board;

II - to decide, by referendum of the Board, on matters that require urgent resolution.

Art. 6. It is incumbent upon the Vice-Chairman:

I - to stand in for the Chairman in cases of absence or vacancy;

II - to convene, by resolution of the Board, the General Shareholders' Meeting;

III - to submit to the Board of Directors the resolutions of the Board of Executive Officers that depend on the pronunciation of that Committee;

Art. 7. The other board members are responsible for performing their duties defined in the law, in the bylaws and in these Regulations.

CHAPTER III - MEETINGS OF THE BOARD OF DIRECTORS

Art. 8. The Board of Directors will meet:

I - ordinarily, at least once a month; and

II - extraordinarily, whenever it is convened by its Chairman, or at the request of at least two board members.

Sole paragraph. Except in urgent cases, the meeting of the Board will be convened eight days in advance, against written notice with the indication of the subject matters.

Art. 9. The Board meetings are opened with the presence of the majority of the members.

Sole paragraph. The person substituting the Vice-Chairman in the Presidency of the Bank must attend the meetings of the Board when the Vice-Chairman is absent, but will not be entitled to vote.

Art. 10 The Board resolves by a majority of votes, requiring:

I - the favorable vote of five Board Members for the approval of the subject matters addressed in clauses I, IV, V and XI of art. 21 of the bylaws; or

II - the favorable vote of the majority of board members present, for the approval of other subject matters, with the vote of the Chairman of the Board, or of his or her substitute in the performance of roles, prevailing in the event of a tie.

Paragraph 1. In the event of abstentions, these will not be counted as votes for decision purposes.

Paragraph 2. Dissenting votes and abstentions will be entered in the minutes.

Paragraph 3. At the sole discretion of the Chairman of the Board, resolutions concerning any topic may be adjourned and even removed from the agenda.

CHAPTER IV - MINUTES OF THE MEETINGS
Art. 11 The resolutions of the Board will be documented in the minutes, written up in the specific book, in compliance with the legal prescriptions.

Paragraph 1. The minutes of meetings of the Board of Directors that contain a resolution intended to produce effects before third parties will be filed in the trade registry and published.

Paragraph 2. Every subject matter offered to the examination of the Committee in a reserved manner and the pertinent decisions will be confidential in nature and for disclosure restricted to the members of the Board of Directors and to the participants referred to in articles 12 and 13, provided that they do not produce effects before third parties, and also comply with the provisions of art. 157 of Law 6404, of December 15, 1976.

CHAPTER V - SECRETARY AND ADVISOR FOR THE BOARD

Art. 12 The Board will have as its Secretary the permanent or acting Executive Secretary of the Steering Committee, who shall:

I - communicate the convening of the meetings of the Board;

II - distribute the agenda of the meetings, arrange for the writing of the respective minutes and the collection of signatures;

III - take steps to respond to requests for information formulated by members of the Board of Directors; and

IV - go through with all the other acts necessary for the operation of the Board, with the ability to issue certificates, statements, copies of minutes and others.

Art. 13 The regular member or the respective substitute of the position of Chief Legal Officer will participate in the meetings in the capacity of advisor of the Board.

Art. 14 At the sole discretion of the Chairman of the Board or of a member of the Committee, Members of the Board of Executive Officers, employees or the General Auditor may be invited to attend the meetings.

CHAPTER VI - FINAL PROVISIONS

Art. 15 It will be incumbent upon the Board to explain any unclear aspect of these Regulations, if any, and to arrange for the amendments it considers necessary and pertinent.

Approved by the Board of Directors, in a meeting dated May 9, 1978 and amended on July 18, 1979, April 16, 1985, October 19, 1987, March 21, 1989, May 31, 1991, April 9, 1992, January 26, 1993, May 25, 1993, June 26, 1995, October 21, 2002 and December 2, 2002.

Board of Auditors

The Board of Auditors is the supervisory body of administrative management acts and functions permanently. It is elected in a General Meeting, with a term of office of one year and is formed by five members and respective alternate members, with the minority shareholders guaranteed the right to elect two representatives.

There follows below the full text of its Internal Regulations:

INTERNAL REGULATIONS

Chapter I - Jurisdictions and Duties

OF THE FISCAL COUNCIL

Art. 1 The purpose of these regulations is to establish rules for the operation of the Board of Auditors, defining its responsibilities and duties, in compliance with the bylaws, Corporation Law, and good corporate governance practices.

Art. 2 The Board of Auditors of Banco do Brasil S.A. is the supervisory body of administrative management acts, for protection of the interests of the Bank, satisfying the demands of public welfare and of the corporate function of the firm.

Art. 3 In addition to the jurisdictions provided by law and in the bylaws of the Bank, the Board of Auditors also has the following duties:

I. to examine the proposal for the Annual Plan of Internal Audit Activities (PAAAI) and monitor its execution;

II. to ask the internal audit body for the delivery of reports produced on the management events of the Bank, and the investigation of specific events;

III. to decide on the Internal Regulations of the Board;

IV. to supervise, through any of its members, the acts of the directors and verify the performance of their legal and statutory duties.

OF THE CHAIRMAN:

Art. 4 It is incumbent upon the Chairman of the Board of Auditors:

I. to convene and preside over the meetings, submitting the agenda to the board members, under the terms of these Regulations, and any amendments;

II. to provide the guidelines for work, to keep debates in order, and to resolve issues brought up at the meetings;

III. to count the votes and announce the result;

IV. to forward the resolutions of the Board to whomsoever they are intended;

V. to appoint a rapporteur for examination of processes;

VI. to authorize, after consulting the Council, the presence at meetings of people that, per se or through bodies that they represent, may throw light on the subject matters on the agenda, and they may remain at the meetings while the subject of their specialty that gave rise to the invitation or in relation to which they are supposed to voice an opinion, is under discussion;

VII. to comply and enforce compliance with the Internal Regulations and the other legal or regulatory provisions for the operation of the Council;

VIII. to sign the official correspondence of the Council;

IX. to supervise the secretarial work of the Board of Auditors.

OF THE OTHER COUNCIL MEMBERS

Art. 5 It is incumbent upon each member of the Council:

I. to attend the meetings of the Committee and, if unable to attend meetings, to inform the Chairman, within a minimum period of 5 days prior to the meeting, for his or her substitute to be summoned in time;

II. to issue opinions about the matters submitted thereto for examination;

III. to take part in the discussions and voting, requesting an examination of the subject matter, if he or she considers this necessary, during the discussion and prior to the voting;

IV. to present a written or verbal voting statement, or, if preferred, record his or her dissent or restriction, when applicable;

V. to ask the administrative bodies for explanations or information, as well as the preparation of special financial statements, provided that these are related to his or her supervisory role;

VI. to ask the independent auditors for explanations or information and the investigation of specific events;

VII. to perform the legal duties inherent to the role of Board of Auditors Member.

Sole Paragraph: Before the end of the voting and annunciation of the result, any Council Member that has already proffered his or her vote may apply to the Chairman to record the reconsideration of the vote, indicating this circumstance and the new vote proffered in the Minutes.

Chapter II - Meetings of the Council

Art. 6 The Board of Auditors will meet in an ordinary session once a month, and extraordinarily, whenever this is considered necessary.

Paragraph 1 The meetings will be convened by the Chairman of the Board of Auditors or, extraordinarily, by at least two Council Members together.

Paragraph 2 The meetings will preferentially be held at the head office of the Bank or, exceptionally, in a virtual manner, through a "teleconference" or "videoconference".

Paragraph 3 At its first ordinary meeting, the members of the Board of Auditors will elect their Chairman.

Paragraph 4 The approval of subject matters submitted to the resolution of the Board of Auditors requires a favorable vote from a minimum of three of its members, except for the election of its Chairman and for the amendment of these Regulations, which requires the favorable vote of a minimum of four members of the Council.

Art. 7 The summons of the council member to ordinary meetings will be performed in writing at least seven days prior to the performance thereof.

Paragraph 1 The following documents will be sent to the council members when a meeting is convened:

I. an agenda of the meeting and a copy of the minutes of the previous meeting;

II. copies of the processes contained in the agenda.

Paragraph 2 In urgent cases, acknowledged by the plenary sitting, documents not included in the agenda may be submitted to discussion and voting.

Art. 8 The Board of Auditors will meet with a minimum of three council members and its decisions will be made as established in paragraph 4 of art. 6 of this Regulation.

Art. 9 If the Chairman is absent, the Council Members present will choose the person that will coordinate the meeting.

Art. 10 The resolutions and annunciations of the Board of Auditors will be entered in the book of Minutes and Opinions of the Board of Auditors.

Sole Paragraph: The minutes will be written in a summarized manner, with an indication of the number of order, date and place, Council Members present and reports of the topics addressed and decisions made.

Art. 11 The order the meetings will follow the sequence below:

I. verification of the existence of quorum;

II. drafting of minutes to indicate possible non-existence of a quorum;

III. reading, voting and signing of the minutes of the previous meeting;

IV. communications from the Chairman and from the Council Members;

V. examination of the notebook of pending issues;

VI. discussion and voting of topics on the agenda; and

VII. other subjects of general interest.

Art. 12 In the discussion of reports and opinions, the Chairman will grant the floor to the Council Members that request it, and these may, during the discussion, formulate verbal or written applications, requesting arrangements for instruction on the subject under discussion.

Art. 13 A Council Member that does not consider that he or she is sufficiently informed about the subject matter may request the viewing of the document or adjournment of the discussion, providing this occurs prior to the start of the voting.

Paragraph 1 The viewing period will be granted for a period not to go beyond the next meeting.

Paragraph 2 In urgent cases, the Chairman may determine the convening of a new meeting within up to three days.

Chapter III - Secretary and Advisor to the Board of Auditors

Art. 14 The Fiscal Council will have a secretary, who shall:

I. act as secretary at the meetings of the Council;

II. organize, under the direction of the Chairman, the agenda for the matters to be addressed in each meeting, and shall gather the necessary documents;

III. distribute the agenda and the documentation and note down the resolutions for entry in the minutes;

IV. draft the minutes of the meetings, which will be recorded in a specific book, and shall distribute them in the form of copies to the council members, upon respective approval;

V. issue and receive the documentation pertaining to the Council;

VI. prepare the correspondence to be signed by the Chairman and other members of the Council;

VII. make arrangements for administrative support for the Council, necessary for compliance with the provisions of these Regulations and of the legislation in force;

VIII. arrange for summoning the Council Members to the meetings, under the terms of art. 6 of this Regulation;

IX. arrange airfares, accommodation, transport and request the reimbursement of expenses necessary for travel, on business, by the Council Members;

X. arrange for the recording and binding of the Book of Minutes and Opinions of the Board of Auditors at the Board of Trade;

XI. perform other activities requested by the Chairman of the Council.

Chapter IV - Sundry Provisions

Art. 15 Without prejudice to the applicable legal and regulatory rules, the activities of the Board of Auditors will be governed by Corporation Law, by the Bylaws and by these Internal Regulations.

Art. 16 The members of the Board of Auditors will be installed in office, irrespective of the signing of a record of installment, as of their respective election.

Art. 17 In the event of a vacancy, resignation, death or impediment of a permanent member, the Chairman of the Council, or, in the absence thereof, any one of the other members, will summon the respective substitute on a timely basis.

Art. 18 It will be incumbent upon the Council to explain any matters requiring clarification and situations not mentioned in these Regulations, and to arrange for any amendments that it considers necessary.

Art. 19 The members of the Council shall immediately inform changes in their shareholding status in the Firm to the Secretary of the Council, under the conditions and in the manner determined by the Securities Commission, and under the conditions provided in the Information Disclosure Policy of the Bank.

Art. 20 When elected, the Council Members shall sign a nondisclosure commitment with the bank, guaranteeing, both during and after the exercise of their term of office, the non-disclosure of any information to which they have or will have access in the performance of their roles on the Board of Auditors, which is not publicly available, except in the performance of their legal obligations.

Note: These Regulations were approved by the Board of Auditors in a meeting on November 4, 1991 and amended at meetings on March 3, 1993, April 22, 1996, May 28, 1996, May 23, 1997, May 30, 2003, May 31, 2005 and October 16, 2006.

Audit Committee

The Audit Committee is a statutory body and its duties include, in addition to others provided in the legislation, counseling the Board of Directors in the performance of its supervisory roles. It is elected by the Board of Directors and formed by three permanent members and one alternate member, with an annual term of office, renewable up to a maximum of five years. One of them shall be chosen from among the Members of the Board of Directors elected by the minority shareholders and the others from among the Members of the Board of Directors appointed by the Minister of Finance.

There follows below the full text of its Internal Regulations:

01. PURPOSE

Art.1. The purpose of the Audit Committee is to:

I - counsel the Board of Directors with respect to the performance of its auditing and supervisory roles;

II - supervise the activities and evaluate the work of the Independent Auditors; and

III - supervise the activities of the General Auditor and evaluate the work of the Internal Auditors.

02. SUBORDINATION

Art.2. The Audit Committee reports to the Board of Directors.

03. ORGANIZATION AND STRUCTURE

Art.3. The Audit Committee functions permanently, and is comprised of three permanent members and one alternate member, elected by the Board of Directors.

Paragraph 1 The permanent members will have alternate terms of office of three (3) years;

Paragraph 2 The alternate member will have a term of office of three (3) years, and in the situations provided in these Regulations, will substitute any of the permanent members;

Paragraph 3 The alternation of the terms of office of the permanent members of the Audit Committee will occur through the substitution of one of its members every year, successively;

Paragraph 4 At least one of the members of the Audit Committee shall have proven knowledge in the areas of accounting and auditing;

Paragraph 5 The regular members of the Audit Committee will receive remuneration, to be defined by the Board of Directors, compatible with the work plan approved by that Board, provided that it is no higher than 80% of the average remuneration received by the Officers, and complies, in the case of public officials, with the pertinent legislation and regulations;

Paragraph 6 The remuneration of the alternate member will not exceed sixty percent (60%) of the remuneration attributed to the regular members, complying, in the case of public officials, with the pertinent legislation and regulations;

Paragraph 7 The role of member of the Audit Committee is not transmissible;

Paragraph 8 The members may only participate in the Audit Committee again after a minimum period of three (3) years has lapsed since the end of their previous term of office;

Paragraph 9 In addition to the situations provided in these Regulations, the members may be removed from office at any time upon proposal by the Board of Directors.

Art.4. The Regular Members will only be replaced by the Alternate Member in the event of:

I - suspension from office for over thirty (30) days;

II - resignation; or

III - removal from office by the Board of Directors.

Paragraph 1 The Alternate Member will assist the Regular Members in the work of the Audit Committee, but without the right to vote in its resolutions;

Paragraph 2 In the event of resignation or removal from office of a Regular Member, the Alternate Member will substitute the former, with the right to vote, until the election of a new member by the Board of Directors.

Art.5 The General Auditor, or his or her substitute in the effective performance of the position, will take part in the meetings as a permanent member, without the right to vote.

Art.6. In addition to the permanent members, the following parties may also be invited to take part in the meetings of the Committee, without the right to vote:

I - members of the Fiscal Council; and

II - any members of the Board of Executive Officers or employees of the Bank.

04. IMPEDIMENTS

Art.7. The following constitute impediments to the performance of the roles of member of the Audit Committee, besides those already provided in art.13 of the Bylaws of Banco do Brasil:

I - being or having been in the last 12 months:

a) a member of the Board of Executive Officers of Banco do Brasil or of the Senior Management of its associated companies;

b) an employee of Banco do Brasil or of its associated companies;

c) a qualified professional, director, manager, supervisor or any other member, with a management role, of the team involved in the audit work at Banco do Brasil;

d) a member of the Fiscal Council of Banco do Brasil or of its associated companies; and

e) an occupant of a permanent position or role in the sphere of the Federal Government.

II – being a spouse or relative in a direct line, collateral line or by affinity, up to the second degree, of the persons referred to in paragraphs ¨a¨ and ¨c¨ of clause I;

III - being an occupant of a permanent position on leave of absence in the sphere of the Federal Government;

IV - receiving any kind of remuneration from the institution or from its associated companies other than that related to his or her role as a member of the Audit Committee.

05. COORDINATION

Art.8. The Committee Coordinator will be chosen from among its members, in the first meeting after election by the Board of Directors.

Art.9. It is incumbent upon the Committee coordinator:

I - to convene and preside over the meetings;

II - to comply and enforce compliance with the rules of these Regulations;

III - to forward to the Board of Directors the analyses, opinions and reports prepared within the sphere of the Committee;

IV - to call, on behalf of the Committee, the representatives of the Fiscal Council, of the Board of Executive Officers and any other participants of the meetings;

V - to propose supplementary rules necessary for the work and activity of the Committee; and

VI - to practice other acts of a technical or administrative nature necessary for the performance of its roles.

06. OPERATION

Art.10. The Audit Committee will meet:

I - ordinarily, twice a month, prior to the monthly ordinary meeting of the Board of Directors, on a date,

and at a place and time established by its coordinator;

II - ordinarily, once every quarter, with the Board of Directors, at a place and time established by that Committee;

III - ordinarily, at least once every quarter, with the Steering Committee of Banco do Brasil;

IV - ordinarily, at least once every quarter, with the Independent Auditors, on a date, and at a time and place established by the coordinator of the Audit Committee;

V - with the Fiscal Council and Board of Directors, upon request thereby, to discuss policies, practices and procedures identified in the sphere of their respective jurisdictions;

VI - extraordinarily, convened by the coordinator, when considered necessary by any of its members or upon request from the Management of the Bank.

Art.11. A member of the Audit Committee that fails to appear, with or without justification, at three (3) consecutive ordinary meetings or at four (4) alternate meetings in the period of twelve months will be removed from office, except in cases of force majeure or acts of God, and at any time, by decision of the Board of Directors.

Art.12. The Audit Committee, at the request of any one of its members, will ask the administrative bodies for explanations or information, provided that these are related to the performance of its roles.

07. DUTIES

Art.13. The Audit Committee has the following duties:

I - to recommend to the Board of Directors, the entity to be contracted for the rendering of independent auditing services, as well as the replacement of the provider of these services, if it considers this necessary;

II - to review the semiannual financial statements prior to publication, including the notes to the financial statements, management notes and the independent auditors' report;

III - to evaluate the effectiveness of the independent and internal audits, including checking compliance with legal and normative provisions applicable to Banco do Brasil, besides internal regulations and codes;

IV - to evaluate compliance, by the Steering Committee, with recommendations made by the independent or internal auditors;

V - to establish and disclose procedures for the receiving and handling of information concerning non-compliance with the legal and normative provisions applicable to Banco do Brasil, besides internal regulations and codes, including a forecast of specific procedures for protection of the provider and of the confidentiality of the information;

VI - to recommend to the Steering Committee, the correction or refinement of policies, practices and procedures identified in the sphere of its duties;

VII - to verify, during the quarterly meetings with the Steering Committee, compliance with its recommendations or responses to inquiries;

VIII - to recommend to the Steering Committee the formation of an Audit Committee in the associated companies of BB, if it considers this applicable, fulfilling the requirements provided in the legislation;

IX - to examine, prior to forwarding for approval by the Board of Directors, the Annual Planning of Internal

Audit Activities- PAAAI, the Annual Report of Internal Audit Activities - RAAAI and the Semi-annual Report on Internal Controls;

X - to formally notify the Central Bank of Brazil, within a maximum of three business days as of identification, of the existence or evidence of error or fraud represented by:

a) non-compliance with legal and regulatory rules, which jeopardize the continuity of the audited institution;

b) fraud of any amount committed by the Board of Executive Officers of the Institution;

c) relevant fraud committed by employees of the institution or third parties;

d) errors that result in significant misrepresentations in the financial statements of the institution.

XI - to perform other duties determined by the Board of Directors and by the Central Bank of Brazil.

Paragraph 1 The members of the Audit Committee will have total independence in the performance of their duties, and shall treat information received from Banco do Brasil and from the Independent Auditors as confidential;

Paragraph 2 The duties and responsibilities of the Audit Committee also extend to the companies controlled by Banco do Brasil that have adopted the single Audit Committee system.

Art.14. The Audit Committee may, in the sphere of its duties, utilize the work of specialists.

Paragraph 1 The use of the work of specialists does not release the Audit Committee from its responsibilities;

Paragraph 2 The Internal Auditors, in cooperation with the other areas of the Bank and in conformity with the responsibilities and the jurisdictions and levels of authority established, will be responsible for adopting the necessary measures for satisfying the needs identified by the Committee.

Art.15. At the end of the semesters ended June 30 and December 31, the Audit Committee shall prepare a document designated Audit Committee Report containing at least the following information:

I - activities carried out in the sphere of its duties, in the period;

II - evaluation of the effectiveness of the internal control systems of Banco do Brasil, with an emphasis on compliance with the provisions of Resolution 2554, of September 24, 1998, and with evidence of deficiencies detected;

III - description of the recommendations presented to the Steering Committee, with evidence of those not accepted and the respective justifications;

IV - evaluation of the effectiveness of the independent and internal audits, including the verification of compliance with legal and regulatory provisions applicable to the Bank, besides internal regulations and codes, with evidence of the deficiencies detected;

V - evaluation of the quality of the financial statements related to the respective periods, with an emphasis on the application of accounting practices adopted in Brazil and on compliance with rules published by the Central Bank of Brazil, with evidence of the deficiencies detected.

Paragraph 1 The Audit Committee will maintain the Audit Committee Report at the disposal of the Central Bank of Brazil for the minimum period of five (5) years subsequent to its preparation;

Paragraph 2 The Audit Committee will publish a summary of the Audit Committee Report jointly with the semi-annual financial statements, evidencing the main information contained in that document;

Paragraph 3 The Audit Committee Report shall be signed by the Regular members, and is only signed by an Alternate member when this person is effectively substituting a Regular member, in the situations set forth in these Regulations.

08. RESOLUTION

Art.16. Decisions will be made by a majority of votes of the Committee members.

09. SUNDRY PROVISIONS

Art.17. Administrative and logistic support for the Committee will be provided by the Executive Secretary, who shall:

I - prepare and distribute the agenda for the meetings, within the minimum period of time established by the coordinator;

II - act as secretary at the meetings;

III - draw up minutes of the meetings;

IV - organize and keep in its safekeeping the documentation related to the activities performed by the Committee;

V - take care of other activities necessary for the operation of the Committee.

Art.18. Situations not mentioned and that are relating to these Regulations will be submitted to the Board of Directors.

Art.19. These Internal Regulations, as well as the proposed amendments hereto, shall be approved by the Board of Directors of Banco do Brasil.

10. TRANSITORY PROVISION

Art.20. The beginning of alternation of the terms of office of the permanent members of the Audit Committee will occur as from July 1, 2007.

Sole paragraph. The Board of Directors will appoint not later than June 30, 2007 two of the current members that will have their terms of office extended until June 30, 2008 and June 30, 2009, respectively.

Executive Board

The Board of Executive Officers, responsible for business administration, is comprised of the President, the Vice-President and the officers.

It shall comply and enforce compliance with the bylaws, the resolutions of the general shareholders' meeting and of the Board of Directors and the collegiate decisions of the Steering Committee and of the actual Board of Executive Officers. Each one of its members shall perform the duties defined in the bylaws and by the Board of Directors, always observing the principles of good banking technique and the procedures of corporate governance.

It is comprised of ten to thirty members (the President, up to seven Vice-President and up to twenty-two officers), with a term of office of three years, with reelection permitted. The President of BB is appointed and can be removed from office by the President of the Republic. The Vice-President and officers are

elected by the Board of Directors through the indication of the President of BB. The position of Officer is restricted to active employees.

There follows below the full text of its Internal Regulations:

INTERNAL REGULATIONS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

CHAPTER I - CONCEPTS, STRUCTURE AND JURISDICTION

Art. 1 - The Board of Executive Officers is one of the committees responsible for the management of the Bank, formed by the Steering Committee (President and up to seven Vice-President) and by the Officers (up to twenty-two).

Art. 2 - The jurisdiction of the Board of Executive Officers and its composition are those defined in the Bylaws of the Bank. These are currently:

I - Steering Committee:

Presidency;
Vice-presidency of Agribusiness and Government;
Vice-presidency of Credit, Controllership and Global Risk;
Vice-presidency of People Management and Socio-environmental Responsibility;
Vice-presidency of Finance, Capital Market and Investor Relations;
Vice-presidency of International Business and Wholesale;
Vice-presidency of Technology and Logistics;
Vice-presidency of Retail and Distribution;

II - Officers:

Commercial Directorship;
Agribusiness Directorship;;
Foreign Trade Directorship;;
Controlling Directorship;;
Internal Controls Directorship;;
Credit Directorship;;
Distribution and Retail Channels Directorship;;
Strategy and Organization Directorship;;
Finance Directorship;;
Risk Management Directorship;
Government Directorship;
Logistic Directorship;
Marketing and Communication Directorship;
Capital Market and Investments Directorship;
Micro and Small Businesses Directorship;
Restructuring of Operating Assets Directorship;
Employee Relations and Socio-environmental Responsibility Directorship;
Technology Directorship;
Retail Directorship;
Human Resources Directorship;
International Directorship;
Legal Directorship.

Art.3 - Paid annual leave, paid leave of absence, annual leave and suspension from office of up to 30 days, for the Vice-President and Officers will be authorized by the President, and leave for the President, by the Board of Directors.

Art.4 - Leave to deal with exceptional situations will be granted to the Bank's President by the Minister of Finance; and to the other members of the Board of Executive Officers, by the Board of Directors.

Art.5 - In the event of leave, leave of absence, suspension from office or a vacancy:

I - the Chairman will be substituted in the manner provided in the bylaws;

II - the Vice-President will be substituted by the Officers, and the Officers by active employees:

a) up to 30 consecutive days, upon appointment by the President;

b) over 30 consecutive days, or in the event of a vacancy, until the installment of the elected substitute, upon appointment by the President and ratification, within the substitution period, by the Board of Directors.

CHAPTER II - MEETINGS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

Section I - Board of Executive Officers

Art. 6 - The Board of Executive Officers will meet when convened by the President or, when impeded, by his or her substitute:

I - ordinarily, at least once a quarter;

II - extraordinarily, whenever considered necessary.

Section II - Steering Committee

Art. 7 - The Steering Committee will meet when convened by the President or, when impeded, by his or her substitute:

I - ordinarily, at least once a week;

II - extraordinarily, whenever considered necessary.

Section III - Rules common to the meetings of the Board of Executive Officers and of the Steering Committee.

Art. 8 - The presidency will be exercised by the President or, when impeded, by his or her substitute.

Art. 9 - The meetings are constituted with the minimum presence of the majority of their members, including the President.

Sole paragraph. The potential absence of a Vice-president or Officer at the meetings shall be justified.

Art. 10 - It is incumbent upon the members of the Committees:

I - to report on the topics of their respective areas; and

II - to discuss and vote on subject matters.

CHAPTER III - AGENDA OF THE MEETINGS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

Art. 11 - The agenda of the meetings will be approved by the President and distributed to the participants at least two business days in advance, accompanied by all the documents essential for the examination of the subjects included therein.

Paragraph 1 - The processes to be included in the agenda and their exhibits will be delivered to the Executive Secretary in their original form.

Paragraph 2 - If any member of the Committee wishes to consign a written vote on a topic included on the agenda, he or she shall send it to the Executive Secretary one business day prior to the date scheduled for the respective meeting, so that a copy may also distributed to the other participants.

Art. 12 - Topics not included in the agenda will not be permitted for resolution, unless they are considered relevant and/or urgent at the discretion of the Committee.

CHAPTER IV - RESOLUTIONS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

Art. 13 - Resolutions require the approval of at least the majority of members present; in the event of a tie, the Chairman's vote, or of his or her substitute performing the role, will prevail.

Paragraph 1 - Dissenting votes and abstentions will be recorded in the minutes.

Paragraph 2 - Any member of the Committees, upon justification, may request the viewing of the process, while the granting of this prerogative is incumbent upon the President. If the request is accepted, the process shall return in the following meeting, in compliance with the provisions of articles 11 and 12 of these Regulations.

Paragraph 3 - Resolution of any matter may be adjourned or even removed from the agenda at the sole discretion of the President.

Paragraph 4 - Once the decision has been made, it is incumbent upon the rapporteur to take steps for its implementation.

Paragraph 5 - It is incumbent upon the President to decide, by referendum, on matters that require urgent resolution.

CHAPTER V - MINUTES OF THE MEETINGS OF THE BOARD OF EXECUTIVE OFFICERS AND OF THE STEERING COMMITTEE

Art. 14 - Resolutions will be documented in minutes, entered in the specific book, in compliance with the legal prescriptions.

Sole paragraph. All subject matter offered for examination of a reserved nature, and the pertinent decisions, will be treated as confidential, with disclosure restricted to the members of each Committee and to the participants referred to in articles 16 and 17, in compliance with the provisions of article 155 of Law 6404, of December 15, 1976.

Art. 15 - When the minutes have been prepared, the Executive Secretariat will send a copy to each member present at the meeting, who will have two business days to examine them and indicate, if applicable, any corrections that are necessary.

§ 1 - Once this period has lapsed, the original documents will be forwarded for signing, observing the maximum period of 30 days as of the meeting.

§ 2 - After they have been signed, the Executive Secretary will be responsible for the safekeeping of the documents and delivery for reference purposes by the authorized units of the Group and for examination

by the various internal and external supervisory bodies.

CHAPTER VI - SECRETARY AND ADVISOR TO THE BOARD OF EXECUTIVE OFFICERS AND TO THE STEERING COMMITTEE

Art. 16 - The Board of Executive Officers and the Steering Committee shall have as secretary the regular member (permanent or acting) of the Executive Secretariat, who shall:

I - communicate the convening of meetings;

II - distribute the agenda for the meetings;

III - act as secretary at the meetings and arrange for the drafting of the respective minutes and the collection of signatures;

IV – carry out all the other acts needed for the operation of the Board of Executive Officers and of the Steering Committee, with the ability, also, to issue certificates, statements, copies of minutes and so on.

Art. 17 - The regular member (permanent or acting) of the Internal Audit Department may take part in the meetings of the Board of Executive Officers, in the capacity of consultant, and will only intervene in discussions when requested. In addition, the Chief Legal Officer and the Chief Strategy and Organization Officer (permanent or acting) may also take part in the meetings of the Steering Committee as consultants.

Sole paragraph - Other employees may be invited to take part in the meetings at the sole discretion of the President, at his or her initiative or that of a member of the Committee.

CHAPTER VII - FINAL PROVISIONS

Art. 18 - It will be incumbent upon the Board of Directors to explain any unclear aspects of the Regulations, and to arrange for the amendments that it considers necessary and pertinent.

Code of Professional Ethics

The Banco do Brasil's Code of Ethics is spread all over the Company, guiding the employees in the conduction of businesses and relationship with a variety of stakeholders.

The Code of Ethics systemizes the essential values adopted by the Conglomerate in the relationship with several segments of the Society.

The Code allows the dissemination and the sharing of these values, in the internal and external scopes, and stimulates the reflection on the responsible professional exercise. It also makes possible the continuous improvement of the Professional Behavior and a high ethical conduct to the Organization.

Banco do Brasil enriches the ethical reflection to improve behaviors and attitudes considering the employee its legitimate representative, recognizing it as its ethical agent for merit.

The Bank's employees conduct their activities by the values enclosed in this Code and for the Rule of Professional Behavior of the Company.

Amongst the ethical values that justify their relations, Banco do Brasil and its employees adopt the following as priority for all relationships: justice, responsibility, confidence, civility and respect.

The shared exercise of this Code's principles supports the success of Banco do Brasil and consolidates the image of ethical company which guides its performance not only in the legal

rules of the banking business but in recognized social values

(M12) Company Profile

Mission

To be the solution in services and financial intermediation, to meet the expectations of customers and shareholders, to strengthen the commitment between employees and the Bank, and to contribute towards the development of the Country.

History

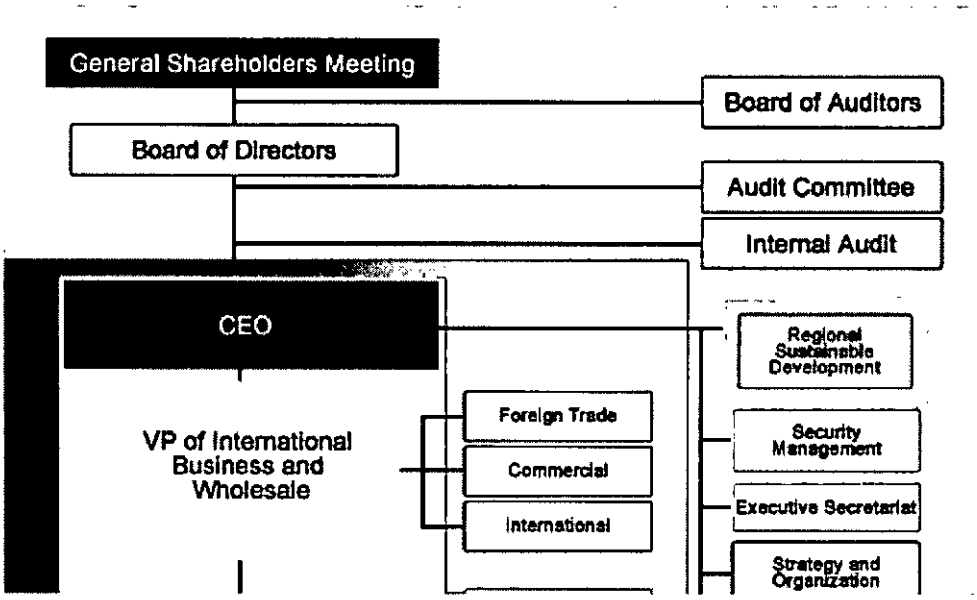
Today, Banco do Brasil is the largest financial institution in the Country with 24.4 million clients and 15.1 thousand points of service in 3.1 thousand cities and 22 countries and it serves every segment of the financial market.

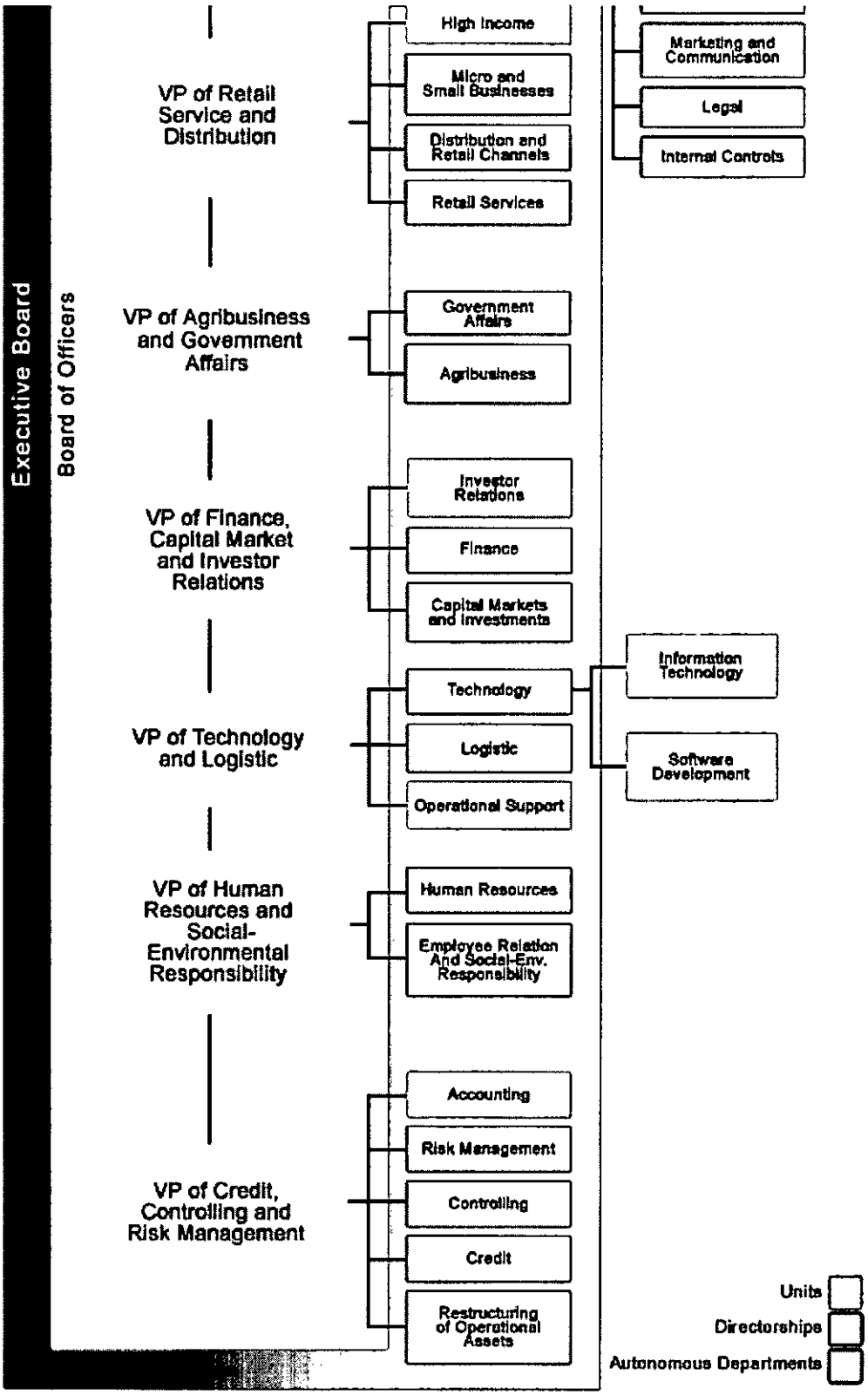
Throughout its 198 years of existence, the first bank to operate in the Country has collected stories of pioneer actions and leadership. It was the first one to go public; to launch multiple function cards; to offer mobile banking services; to commit to Corporate Agenda 21 and to adhere to the Equator Principles. Today, it is the leader in assets, total deposits, export exchange, asset management, loan portfolio, account holders, distribution network in Brazil and more.

These conquests are the result of investments in technology, the training of 82.7 thousand employees, its market segmentation strategy, specialized service and constant seas arch for efficiency. All this, together with the company's tradition, has made Banco do Brasil an agile, modern and competitive organization with the capacity to serve the most diverse business demands of the Country.

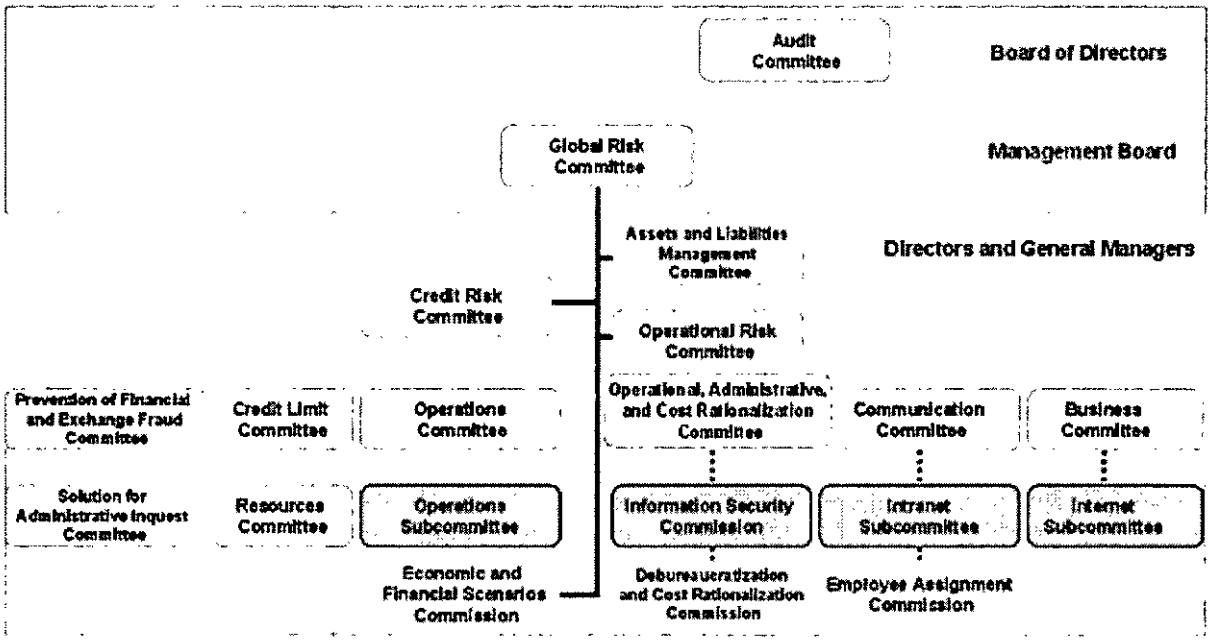
To learn more details, please consult the Banco do Brasil history or the time line.

BB's Structure

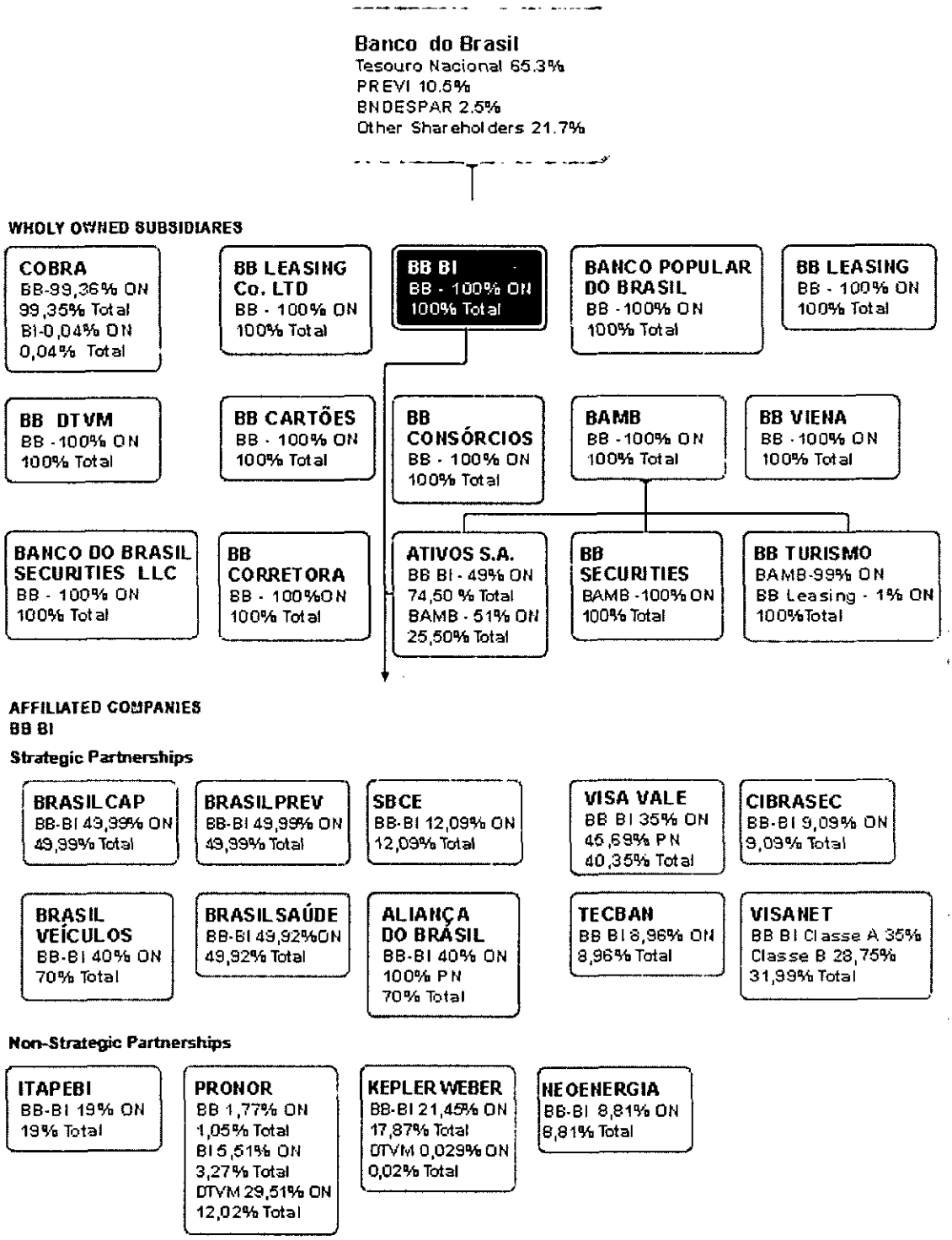



Executive Board
Board of Officers
VP of Retail Service and Distribution
High Income
Micro and Small Businesses
Distribution and Retail Channels
Retail Services
Marketing and Communication
Legal
Internal Controls
VP of Agribusiness and Government Affairs
Government Affairs
Agribusiness
VP of Finance, Capital Market and Investor Relations
Investor Relations
Finance
Capital Markets and Investments
VP of Technology and Logistic
Technology
Logistic
Operational Support
Information Technology
Software Development
VP of Human Resources and Social-Environmental Responsibility
Human Resources
Employee Relation And Social-Env. Responsibility
VP of Credit, Controlling and Risk Management
Accounting
Risk Management
Controlling
Credit
Restructuring of Operational Assets
Units
Directorships
Autonomous Departments

Committes



BB 's Conglomarate


Banco do Brasil
Tesouro Nacional 65,3%
PREVI 10,5%
BNDESPAR 2,5%
Other Shareholders 21,7%
WHOLY OWNED SUBSIDIARES
COBRA
BB-99,36% ON
99,35% Total
BI-0,04% ON
0,04% Total
BB LEASING Co. LTD
BB - 100% ON
100% Total
BB BI
BB - 100% ON
100% Total
BANCO POPULAR DO BRASIL
BB - 100% ON
100% Total
BB LEASING
BB - 100% ON
100% Total
BB DTVM
BB - 100% ON
100% Total
BB CARTÕES
BB - 100% ON
100% Total
BB CONSÓRCIOS
BB - 100% ON
100% Total
BAMB
BB - 100% ON
100% Total
BB VIENA
BB - 100% ON
100% Total
BANCO DO BRASIL SECURITIES LLC
BB - 100% ON
100% Total
BB CORRETORA
BB - 100%ON
100% Total
ATIVOS S.A.
BB BI - 49% ON
74,50 % Total
BAMB - 51% ON
25,50% Total
BB SECURITIES
BAMB - 100% ON
100% Total
BB TURISMO
BAMB-99% ON
BB Leasing - 1% ON
100%Total
AFFILIATED COMPANIES
BB BI
Strategic Partnerships
BRASILCAP
BB-BI 49,99% ON
49,99% Total
BRASILPREV
BB-BI 49,99% ON
49,99% Total
SBCE
BB-BI 12,09% ON
12,09% Total
VISA VALE
BB BI 35% ON
45,69% PN
40,35% Total
CIBRASEC
BB-BI 9,09% ON
9,09% Total
BRASIL VEÍCULOS
BB-BI 40% ON
70% Total
BRASILSAÚDE
BB-BI 49,92%ON
49,92% Total
ALIANÇA DO BRASIL
BB-BI 40% ON
100% PN
70% Total
TECBAN
BB BI 8,96% ON
8,96% Total
VISANET
BB BI Classe A 35%
Classe B 28,75%
31,99% Total
Non-Strategic Partnerships
ITAPEBI
BB-BI 19% ON
19% Total
PRONOR
BB 1,77% ON
1,05% Total
BI 5,51% ON
3,27% Total
DTVM 29,51% ON
12,02% Total
KEPLER WEBER
BB-BI 21,45% ON
17,87% Total
DTVM 0,029% ON
0,02% Total
NEOENERGIA
BB-BI 8,81% ON
8,81% Total



AFFILIATED COMPANIES
BB BI

Strategic Partnerships

BRASILCAP
BB-BI 49,99% ON
49,99% Total

BRASILPREV
BB-BI 49,99% ON
49,99% Total

SBCE
BB-BI 12,09% ON
12,09% Total

VISA VALE
BB BI 35% ON
45,69% PN
40,35% Total

CIBRASEC
BB-BI 9,09% ON
9,09% Total

BRASIL VEÍCULOS
BB-BI 40% ON
70% Total

BRASILSAÚDE
BB-BI 49,92%ON
49,92% Total

ALIANÇA DO BRASIL
BB-BI 40% ON
100% PN
70% Total

TECBAN
BB BI 8,96% ON
8,96% Total

VISANET
BB BI Classe A 35%
Classe B 28,75%
31,99% Total

Non-Strategic Partnerships

ITAPEBI
BB-BI 19% ON
19% Total

PRONOR
BB 1,77% ON
1,05% Total
BI 5,51% ON
3,27% Total
DTVM 29,51% ON
12,02% Total

KEPLER WEBER
BB-BI 21,45% ON
17,87% Total
DTVM 0,029% ON
0,02% Total

NEOENERGIA
BB-BI 8,81% ON
8,81% Total

BB

Strategic Partnerships

CLEARINGS
BM&F BB 0,36% Cotas
0,36% Total
CIP BB 9,78% ON
9,78% Total

Non-Strategic Partnerships

CADAM
BB 56,19% ON
21,64% Total

MANAGERED

BB PREVIDÊNCIA
Entidade fechada
de Previdência Privada

RELATED

CASSI | **PREVI** | **FBB**

Who's Who

Department	Name	Birthdate	Telephone	Address	e-mail
Presidency	Antônio Francisco de Lima Neto	Jun/13	55 (61) 3310-3400	SBS Ed. Sede III - 24º Andar - 70.073-901 - Brasília (DF)	presidencia@bb.com.br
Vice-Presidency of Agribusinesses	Luís Carlos Guedes Pinto	Mar/29	55 (61) 3310-3404	SBS Ed. Sede III - 24º Andar - 70.073-901 - Brasília (DF)	vipag@bb.com.br
Vice-Presidency of Credit and Debt Cards and New Business on Retail Services	Aldemir Bendini	Dec/10	55 (61) 3310-3403	SBS Ed. Sede III - 24º Andar - 70.073-901 - Brasília (DF)	vineg@bb.com.br
Vice-Presidency of Credit, Controlling and Risk Management	Adézio de Almeida Lima	May/15	55 (61) 3310-3409	SBS Ed. Sede III - 24º Andar - 70.073-901 - Brasília (DF)	vicri@bb.com.br
Vice-Presidency of Finance, Capital Market and Investor Relations	Aldo Luiz Mendes	Oct/13	55 (61) 3310-3406	SBS Ed. Sede III - 24º Andar - 70.073-901 - Brasília (DF)	vifin@bb.com.br
Vice-Presidency of Government Affairs	Luiz Alberto Maguito Vilela	Jan/24	55 (61) 3310-5815	SBS Ed. Sede III - 24º Andar - 70.073-901 - Brasília (DF)	vigov@bb.com.br

Vice-Presidency of International Business and Wholesale	José Maria Rabelo	Aug/03	55 (61) 3310-3405	SBS Ed. Sede III - 24º Andar - 70.073-901 - Brasília (DF)	vipin@bb.com.br
Vice-Presidency of Technology and Logistic	José Luis Prola Salinas	Oct/19	55 (61) 3310-3402	SBS Ed. Sede III - 24º Andar - 70.073-901 - Brasília (DF)	vitec@bb.com.br
Vice-Presidency of Retail Service and Distribution	Milton Luciano dos Santos	Oct/15	55 (61) 3310-3413	SBS Ed. Sede III - 24º Andar - 70.073-901 - Brasília (DF)	vivar@bb.com.br
Vice-Presidency of Human Resources and Social-Environmental Responsibility	Luiz Oswaldo Sant'lago Moreira de Souza	Aug/26	55 (61) 3310-3407	SBS Ed. Sede III - 24º Andar - 70.073-901 - Brasília (DF)	vipes@bb.com.br
Agribusiness Directorship	José Carlos Vaz	Aug/03	55 (61) 3310-5200	SBS Ed. Sede III - 9º Andar - 70.073-901 - Brasília (DF)	agronegocios@bb.com.br
Credit and Debt Cards Directorship	Alexandre Correa Abreu	Nov/29	55 (61) 3310-2035	SBS Ed. Sede I - 8º Andar - 70.073-900 - Brasília (DF)	cartoes@bb.com.brmailto:s@bb.com.br
Commercial Directorship	Allan Simões Toledo	Nov/17	55 (61) 3310-5350	SBS Ed. Sede III - 6º Andar - 70.073-901 - Brasília	dicom@bb.com.br

				(DF)	
Foreign Trade Directorship	Nilo José Panazzolo	Nov/19	55 (61) 3310-2310	SBS Ed. Sede III - 14º Andar - 70.073-901 - Brasília (DF)	dicex@bb.com.br
Controlling Directorship	Nilson Martiniano Moreira	Jul/26	55 (61) 3310-5920	SBS Ed. Sede III - 17º Andar - 70.073-901 - Brasília (DF)	controladoria@bb.com.br
Internal Controls Directorship	Paulo Roberto Evangelista de Lima	Feb/26	55 (61) 3310-4600	SBS Ed. Sede I - 3º Andar - 70.073-900 - Brasília (DF)	controlesinternos@bb.com.br
Credit Directorship	Luiz Gustavo Braz Lage	Nov/10	55 (61) 3310-3250	SBS Ed. Sede I - 20º Andar - 70.073-900 - Brasília (DF)	credito@bb.com.br
Distribution and Retail Channels Directorship	Geraldo Afonso Dezena da Silva	Jun/10	55 (61) 3310-1080	SBS Ed. Sede I - 17º Andar - 70.073-900 - Brasília (DF)	distribuicao@bb.com.br
Strategy and Organization Directorship	Glauco Cavalcante Lima	Aug/15	55 (61) 3310-3599	SBS Ed. Sede III - 18º Andar - 70.073-901 - Brasília (DF)	eo@bb.com.br
Finance Directorship	William Bezerra Cavalcanti	Oct/26	55 (61) 3310-3980	SBS Ed. Sede III - 5º Andar	financas@bb.com.br

	Filho			- 70.073-901 - Brasília (DF)	
Human Resources Directorship	Juraci Masiero	Dec/28	55 (61) 3310-7000	SCES Trecho 2 Lote 22 - 2º andar - 70.200-002 - Brasília (DF)	gestaodepessoas@bb.com.br
Risk Management Directorship	Renê Sanda	Mar/09	55 (61) 3310-4300	SBS Ed. Sede III - 16º Andar - 70.073-901 - Brasília (DF)	riscosdf@bb.com.br
Security Management Directorship	Edson de Araújo Lôbo	Dec/10	55 (61) 3310-1655	SBS Ed. Sede I - 6º Andar - 70.073-900 - Brasília (DF)	diges@bb.com.br
Government Affairs Directorship	Sérgio Ricardo Miranda Nazaré	Apr/12	55 (61) 3310-5580	SBS Ed. Sede III - 11º Andar - 70.073-901 - Brasília (DF)	governo@bb.com.br
International Directorship	Sandro Kohler Marcondes	Apr/16	55 (61) 3310-4500	SBS Ed. Sede III - 13º Andar - 70.073-901 - Brasília (DF)	internacional@bb.com.br
Legal Directorship	Joaquim Portes de Cerqueira César	Aug/22	55 (61) 3310-3101	SBS Ed. Sede III - 21º Andar - 70.073-901 - Brasília (DF)	dijur.diage@bb.com.br

Logistic Directorship	Clara da Cunha Lopes	Aug/20	55 (61) 3310-4540	SBS Ed. Sede I - 13º Andar - 70.073-900 - Brasília (DF)	dilog@bb.com.br
Marketing and Communication Directorship	Jussara Silveira de Andrade Guedes	Jan/28	55 (61) 3310-3502	SBS Ed. Sede III - 19º Andar - 70.073-901 - Brasília (DF)	dimac@bb.com.br
Capital Markets and Investments Directorship	Francisco Cláudio Duda	Jun/28	55 (21) 3808-3625	Rua Lélio Gama, 105 - 36º Andar - Centro - 20.031-080 - Rio de Janeiro (RJ)	mercap@bb.com.br
Micro and Small Businesses Directorship	José Carlos Soares	Oct/03	55 (61) 3310-5300	SBS Ed. Sede I - 4º Andar - 70.073-900 - Brasília (DF)	vivardimpe@bb.com.br
New Retail Businesses Directorship	Paulo Rogério Caffarelli	Sep/19	55 (61) 3310-5436	SBS Ed. Sede I - 7º Andar - 70.073-900 - Brasília (DF)	dinev@bb.com.brmailto:dinev@bb.com.br
Restructuring of Operational Assets Directorship	Luiz Carlos Silva de Azevedo	Feb/16	55 (61) 3310-3629	SBS Ed. Sede III - 10º Andar - 70.073-901 - Brasília (DF)	dirao@bb.com.br
Employee Relation and Social-Environmental	Izabela Campos Alcântara Lemos	Dec/24	55 (61) 3310-4722	SBS Ed. Sede I - 2º Andar - 70.073-	dires@bb.com.br

Responsibility Directorship				900 - Brasília (DF)	
Insurance, Pension Plans and Capitalization Directorship	Ricardo José da Costa Flores	Jan/21	55 (61) 3310-4020	SBS Ed. Sede I - 15° Andar - 70.073-900 - Brasília (DF)	diseg@bb.com.br
Technology Directorship	Maria da Glória Guimarães dos Santos	Oct/06	55 (61) 3310-6000	STN 716, Conjunto C - Ed. Sede IV - 70.770-100 - Brasília (DF)	ditec@bb.com.br
Retail Directorship	Paulo Euclides Bonzanini	Oct/31	55 (61) 3310-1300	SBS Ed. Sede I - 9° Andar - 70.073-900 - Brasília (DF)	varejo@bb.com.br
High Income Unit	José de Mesquita Filho	Aug/27	55 (11) 2128-7575	Av. Paulista 2.300 - 8° andar - Cerqueira César - 01.310-300 - São Paulo (SP)	uar@bb.com.br
Internal Audit Unit	Egídio Otmar Ames	Sep/01	55 (61) 3310-3200	SBS Ed. Sede III - 15° Andar - 70.073-901 - Brasília (DF)	audit@bb.com.br
Accounting Unit	Pedro Carlos de Mello	Mar/06	55 (61) 3310-4080	SBS Ed. Sede III - 3° Andar - 70.073-901 - Brasília (DF)	contadoria@bb.com.br

Pension Plan Management Unit	Francisco Ney Magalhães Júnior	May/05	55 (61) 3310-1866	SBS Ed. Sede II - 10º Andar - 70.073-900 - Brasília (DF)	bbprevidencia@bb.com.br
Executive Secretariat Unit	Hayton Jurema da Rocha	Feb/26	55 (61) 3310-2400	SBS Ed. Sede III - 23º Andar - 70.073-901 - Brasília (DF)	secex@bb.com.br
Information Technology Unit	José Francisco Alvarez Raya	Feb/15	55 (61) 3310-6000	STN 716, Conjunto C - Ed. Sede IV - 70.770-100 - Brasília (DF)	ditec.ti@bb.com.br
Software Development Unit	Antônio Luiz Foschini	Jul/06	55 (61) 3310-6000	STN 716, Conjunto C - Ed. Sede IV - 70.770-100 - Brasília (DF)	ditec.da@bb.com.br
Investor Relations Unit	Marco Geovanne Tobias da Silva	Mar/11	55 (61) 3310-3980	SBS Ed. Sede III - 5º Andar - 70.073-901 - Brasília (DF)	ri@bb.com.br
Operational Support Unit	Pedro Vieira de Sousa Júnior	Sep/12	55 (61) 3310-4540	SBS Ed. Sede I - 13º Andar - 70.073-900 - Brasília (DF)	uso@bb.com.br

Ownership Structure

The capital of Banco do Brasil S.A. is composed exclusively by ordinary shares.

As of December of 2007

Shareholders	%
National Treasury	65.3
Previ	10.5
BNDESpar	2.5
Individuals	5.7
Companies	6.0
Foreign Capital	10.0
Shares in Treasury	--
[illegible]	[illegible]
[illegible]	[illegible]

Shareholders by Range of Shares Owned				
Range of Shares Owned	Nº Shareholders	% Shareholders	Qty Shares	% Qty
1 to 10 shares	108,367	28.3	581,081	0.02
11 to 50 shares	94,957	24.8	2,462,891	0.10
51 to 100 shares	42,073	10.99	3,010,112	0.12
101 to 1000 shares	116,691	30.47	37,698,461	1.52
Over 1000 shares	20,854	5.45	2,432,196,724	98.23
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(M13) Market's Opinion

Ratings

In this page, you can find the opinion and valuation of rating institutions about Banco do Brasil.

Global Ratings

Fitch Ratings	Classification
Local Currency - Short-Term	F3
Local Currency - Long-Term	BBB-
Foreign Currency - Short-Term	F3
Foreign Currency - Long-Term	BBB-
Individual	C / D

Support - Floor	BB+
Standard & Poor's	**Classification**
Local Currency - Long-Term	BB+
Foreign Currency - Long-Term	BB+
Foreign Currency - Short-Term	B
Moody's	**Classification**
Local Currency - Short-Term	P-1
Local Currency - Long-Term Deposits	A1
Foreign Currency - Short-Term	NP
Foreign Currency - Long-Term Deposits	Ba2
Foreign Currency - Long-Term Debt	Baa3
Financial Strength	C

National Ratings

Fitch Ratings	**Classification**
Short-Term	F1+(bra)
Long-Term	AA+(bra)
Moody's	**Classification**
Short-Term Deposits	BR-1
Long-Term Deposits	Aaa.br

Main Analysts

The market analysts are independent professional without bond with Banco do Brasil. For this reason, the information given by them are not of our responsibility.

Main institution which express opinions about BBAS3:

In Brasil:

Institution	**Analyst**
ABN Corretora	Francisco Cataldo
Ágora	Aloísio Villeth Lemos
Banif	Lia da Graça
Bradesco Corretora	Carlos W. Firetti
Coinvalores	Marco Aurélio Barbosa
Credit Suisse	Roberto Attuch
Fator Corretora	Lika Takahashi
Unibanco	Carlos Macedo
UBS Pactual	Bruno Pereira

From Abroad:

Institution	Analyst
Bear Stearns	Saul Martinez
Citigroup	Daniel Abut
Deutsche Bank	Mário Pierry
JP Morgan	Juan Partida
Merrill Lynch	Valerie Fry
Morgan Stanley	Jorge Kuri
Santander	Boris Molina
HSBC	Victor Galliano

As of February of 2008

(M14) Sustainability Report

[Please See Attached Document]

SUSTAINABILITY REPORT

Banco do Brasil seeks to balance the economic performance with social and environmental responsibility in its business, by meeting the needs of its stakeholders, fostering the economy and promoting the development of the Country. The concern with a sustainable growth is translated into the responsible credit offering, the banking inclusion of lower-income classes, the financing of agribusiness, foreign trade and micro and small businesses, the human resources policy, the adoption of the best corporate governance practices, and the promotion of sports and culture, among others.

As a way to ensure transparent accountability and establish mechanisms and communication channels with our stakeholders, we present in this report the principles guiding our Company, as well as Banco do Brasil's main social and environmental initiatives during 2007.

WHAT GUIDES US

Mission: *To be the solution in financial services and intermediation, meet the clients' and stockholders' expectations, strengthen the commitment between employees and the Company, and contribute to the development of the Country.*

The social and environmental responsibility vision present in BB's mission is continuously improved through the commitment with sustainability-related agreements and pacts, as well as the definition of its own assumptions, principles and references for business operation.

The highlight of the year was the launching of BB's Agenda 21 in May 2007, a pioneering initiative in the Country. This agenda has commitments, defines a roadmap and lists the main challenges for the process to incorporate social and environmental principles in BB's administrative and business processes.

Structured on three axis - business focused on sustainable development, administrative and business practices with social and environmental responsibility and private social investment-, Agenda 21 has been in a continuous evolution process. In addition to the Charter of Social and Environmental Responsibility Principles, which evidences the Bank's strategic intention to balance its stockholders' interests and the development of sustainable businesses, BB's Agenda 21 lists the following public commitments:

1995 - Protocolo Verde, or Green Protocol: BB commits itself to promote development that will not damage future generations. The submission of an environmental license is mandatory for the financing of any activities that may give rise to environmental impact.

2003 - United Nations Global Pact: BB has adhered to the Pact, which was created to involve the international business community in the promotion of human, labor, and environmental rights and the fight against corruption.

2005 - Anti-Slave Labor Pact: BB prohibits the financing to legal entities and individuals listed in the Ministry of Labor's master file as explorers of slave labor.

2005 - Equator Principles: BB has started to adopt social and environmental criteria from the International Finance Corporation - a World Bank's division - to analyze investment projects of over U$ 10 million. In 2006 BB approved the adhesion to the new version of the Equator Principles. In 2007, 6 projects were analyzed in accordance with these principles.

2005 - Carbon Emission Information Report: BB states its formal support to the request for opening of information on the emission of greenhouse gases since its launching in Brazil.

2006 - Global Reporting Initiative: BB has started to adopt international guidelines from the Global Reporting Initiative (GRI) to prepare its sustainability report to be inserted into the Annual Report, evidencing its commitment to transparency and accountability.

2007 - Corporate Governance Code: BB consolidates the principles and practices adopted by the Company, contributing to strengthen transparency of its management, increase its institutional value and facilitate the access to its capital.

WHOM WE RELATE WITH

Ethics as a commitment and respect as an attitude are the assumptions that rule the Company's relationship with its audiences of interest. Banco do Brasil's Code of Ethics sets forth that the scope of organizational purposes should consider the respect to people, environment and institutions. The Code defines acceptable and improper behaviors in the organization and in the relationship with its stakeholders, as well as management mechanisms that support the dissemination and incorporation of the principles established in the organization day-to-day.

We present below the most significant social and environmental responsibility activities during the year, segmented by relationship stakeholders.

SHAREHOLDERS AND ANALYSTS

When dealing with stockholders, investors and market analysts, BB cares for equity, transparency and access to quality information.

In order to improve the access to the Company's data, in 2007 BB expanded the geographical scope of its events in the regional offices of the Capital Markets Analysts and Investment Professionals Association (Apimec), by including smaller cities outside the traditional financial area. 15 Apimec meetings were held during the year, as compared to 9 in 2006. Furthermore, other 35 meetings with domestic investors and analysts were held, as well as 4 road shows, 2 events in the United States, 1 in Europe, and 1 in Asia, and 8 teleconferences of result. Stockholders and analysts also count on updated information in the Investor Relations website (www.bb.com.br/ri), which was rebuilt in 2007 to improve its service to the financial market.

BB's communication practices with the market also include: Management, Sustainability, Annual and Performance Analysis reports; press conferences for presentation of quarterly results; *press releases*; *chats* with stockholders and investors, material facts, communications and minutes of stockholders' meetings published in the Internet.

CLIENTS

BB's relationship with its clients is based on ethics, respect and dialogue. In order to acknowledge the opinion of its clients and the society, since 1996 BB has counted on an External Ombudsman Dept. that collects complaints, denouncements, suggestions, and praises. As from October 2007, with Central Bank Resolution 3,477/07, having an ombudsman department became mandatory for financial institutions. Accordingly, BB has restructured its Ombudsman department and now counts on a General Ombudsman, who is an employee solely dedicated to monitor clients' complaints. In 2007, 324,4 thousand contacts were received by this channel.

Clients also count on a direct communication channel with the Audit Committee - a statutory advisory body to the Board of Directors, which is composed of persons without any other relations with BB - at the www.bb.com.br portal in Internet. It is possible to inform noncompliances with legal and regulatory provisions, regulations and internal codes applicable to the Bank and its subsidiaries in this environment.

a) Accessibility

BB is concerned with the democratization and convenience of access to its services and products. Therefore, it provides different options for disabled people, such as the special access to the Service Center for the hearing impaired and an Internet portal ready to be accessed by the visually impaired.

The novelty in 2007 was the availability of 753 ATM – Automated Teller Machine terminals with voice solution that enable the visually impaired to carry out transactions without the need to require help from others. During the year, 70% of BB's branches and points of assistance had their physical environments adjusted for clients with special locomotion needs and people with other types of disabilities - hearing and visual -, in conformity with regulatory instructions in force. It is estimated that by the first half of 2008, all these points of assistance will be adjusted.

b) Products and services with socio-environmental attributes

Agribusiness: In 2007, BB provided R$ 3,4 billion for family agriculture through the National Program for Strengthening of Family Farming (Pronaf), which benefited 664,2 thousand farmers, with over 65% of resources applied by financial agents adhering to the Program. R$ 1,3 billion were assigned to agribusiness and rural credit cooperatives.

BB also provides specific products that seek the sustainable development, such as the BB Biodiesel - to support production, processing and marketing of biodiesel as a clean energy source and alternative source of income and to improve living conditions for rural producers - and BB Florestal - to expand the production of certified wood, by way of reforestation, recovery of damaged areas, formation of legal reserve and implementation of riparian forests. In 2007, BB Florestal managed R$ 569 million.

Furthermore, BB provides benefits for producers who adopt actions to preserve and recover legal and permanent reserves, by offering the opportunity for these producers to access an additional 15% of resources for the farming/livestock funding. For the organic producer, operations have priority to the service, under the scope of the Programa BB Produção Orgânica, which supports the change from the conventional to the organic production.

Local Productive Arrangements (APL): The Bank's actions with APLs seek to support companies in order to generate better conditions for them to compete and survive in the market, by favoring the economic and social development of the region. During the year, BB granted R$ 661,5 million in working capital loans, R$ 99,9 million to finance investments, R$ 115,4million in international business, and R$ 116,5 million in agribusiness, totaling R$ 993,5 million, an amount 33,3% higher than that in 2006. A total of 11,7 thousand companies were served in 146APLs.

Credit Cooperatives: BB operates in the credit cooperatives segment with the offering of distinguished products and services, and worth mentioning are the Compe Integration Service /SPB, Cooperative and Corporate

Cards, the local Correspondent Bank Agreement and types of financial investments intended for the cooperatives' excess funds.

The Compe Integration Service /SPB is provided to approximately 290 partner cooperatives, thus making viable the current account operation and the offering of other banking products to 260 thousand cooperative members.

Sustainable Regional Development (DRS) Strategy: The Sustainable Regional Development strategy seeks to boost the sustainable development in Brazilian regions, by taking into account local potentials, vocations and characteristics. With the Sustainable Regional Development, BB operates not only as a credit institution, but also as an action catalyst, by boosting, structuring and mobilizing economic and social agents to structure production, rural and urban activities, into sustainable businesses.

Until the end of the year, there were 2,8 thousand business plans under implementation, which benefitted thousand families in 4,5 thousand Brazilian municipalities. These plans involve R$ 3,1 billion in programed credit.

Investment funds: BB was the first bank to introduce a share investment fund benchmarket in the Corporate Sustainability Index of the São Paulo Stock Exchange - Bovespa (ISE). In 2007, the fund received R$ 10,4 billion in investments and recorded a return of 37,7%. BB Referenciado DI Social 200, another fund with social and environmental nature, assigns 50% of its administration fee to support social actions. During the year, this fund received R$ 16 billion in investments and recorded a return of 6,8%.

c) Banking Inclusion

BB counts on the wholly-owned subsidiary Banco Popular do Brasil (BPB) to offer services to the lower-income population. By preferably operating with workers from the informal economy sector, the Bank provides these Brazilians the opportunity to be included in the financial system. Among the products and services provided is the opening of simplified accounts, in addition to receiving a number of payment forms.

At the end of the year, BPB counted on 1,4 million clients, an increase of 5,6% for the year, and 2,7 thousand points of service in 1,3 thousand municipalities. BPB granted R$ 13 million in loans for the period.

d) Encouragement to Formal Small Businesses

BB promoted the Collective Efforts for Entrepreneurial Citizenship, which provided guidance on how to formalize businesses, business advisory and information on bank loans to entrepreneurs from 263 cities from all regions of the Country. This initiative counted on the involvement of the Brazilian

Service of Support to Micro and Small Businesses (Sebrae), the Ministry of Development, Industry and Foreign Trade (MDIC), the Federal Revenue Service and the Brazilian Federation of Accounting Services Companies and Advisory, Expert Examination, Information and Research Companies (Fenacon).

COMMUNITY

a) Culture

In 2007 R$ 32million were invested in 1,6 thousand cultural events in Cultural Centers (CCBB) and in the Cultural Circuit, which visited 9 cities. The shows were visited by 4,7 million people during the year.

In 2007, the cultural events benefited 400 thousand students by way of the Education Program developed by CCBB and the Circuit, and generated 70 thousand temporary jobs. The Program provides specialized monitoring to serve disabled people, in addition to material in Braille to be used in workshops and exhibits.

R$ 206,4 thousand, equivalent to 20% of box office takings, were donated to social programs and projects sponsored by the Federal Government, which benefited needy communities in the locations in which the events were held.

In 2007 CCBB Brasília adopted the "Neutro em Carbono" (Neuter Carbon) project, which aims at neutralizing the gases emitted by cars, planes, electric energy, among others, used to hold the cultural events. 320 trees were planted in the Botanic Garden in the Federal District. São Paulo and Rio de Janeiro will also adopt the project next year.

b) Sports

BB has encouraged and sponsored sports in Brazil for 16 years. In 2007, R$ 51.2 million were invested in sports marketing, which benefited over 1.9 thousand volley, beach volley, yachting, indoor soccer and tennis athletes, as well as 12,2 thousand children from low-income families, who were assisted in the sports workshops held simultaneously to the sports events.

As from 2007, the BB's sports events are now neutralizing the emission of greenhouse gases. Accordingly, 13.6 thousand trees were planted to mitigate the environmental impact caused by these activities. Also during this period, the sports events generated 6.9 thousand temporary jobs and collected 245 tons of food. A total of over 387 thousand people attended the events sponsored by Banco do Brasil.

c) Fundação Banco do Brasil (FBB)

In 2007, FBB's social investments totaled R$ 71,6 million, of which R$ 43,5 million were passed on by BB to meet the programs for jobs and income generation, education, and incentive to the dissemination of social technologies.

During the year, 37 thousand people were assisted by the "BB Educar" literacy program, and 52 thousand youths from low-income families took part in educational, cultural and sports activities from the Integração AABB Comunidade Program in 400 Brazilian municipalities.

In 2007, the fourth edition of the Fundação Banco do Brasil de Tecnologia Social Award, which purpose is to identify, disseminate and certify social technologies, received 782 applications, certified 120 practices and distributed a total of R$ 200,000 Brazilian reais to its eight winners.

d) Childhood and Adolescence Funds (FIA)

Since 2003 Banco do Brasil has donated part of its due income tax to the Childhood and Adolescence Funds (FIA), a fund managed by the Child and Adolescent Rights Councils, which was created to finance social policies and actions to promote the defense of the children' and adolescents' rights. In 2007, R$ 8,1 million were donated.

e) Digital Inclusion

In order to promote digital inclusion in communities not provided with IT resources, 459 points of digital inclusion of the Banco do Brasil group were installed during the year. Until the end of the year, the total network comprised 2,0 thousand points.

f) Valores do Brasil Award

In October BBI launched the Valores do Brasil Award, which purpose is to encourage and disseminate initiatives of social or scientific value to contribute for Brazil's sustainable development. The total prizes totaled R$ 470,000, divided into 16 categories comprising actual experiences in sustainable development and scientific work.

SUPPLIERS

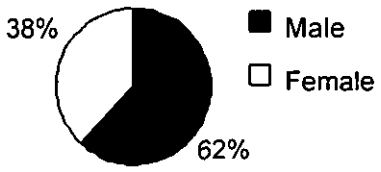
BB's purchasing and contracting process is guided by the Bidding Act - Law No. 8,666/93. Furthermore, BB adopts the Service Level Agreement (SLA) - a document aimed to ensure the mutual commitment with contractual obligations, which comprehend specific clauses about the non-use of child labor, as well as the compliance with legislation in force. The Bank also prioritizes the purchase of goods and services by electronic means. In 2007, 47,7% of bidding were carried out by electronic means, in order to improve competition in the bidding processes.

In order to optimize the dialogue with suppliers, BB has a direct channel in Internet: the Supplier's Channel. Through this channel it is possible to discover the pre-requisites for becoming a supplier and the regulation of the bids held by the Bank, among other items of information.

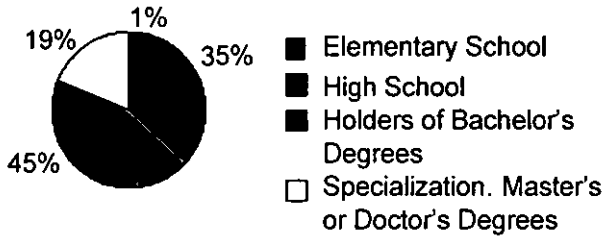
EMPLOYEES AND COLLABORATORS

At the end of 2007, BB counted on 81,9 thousand employees. These employees had the following profile:

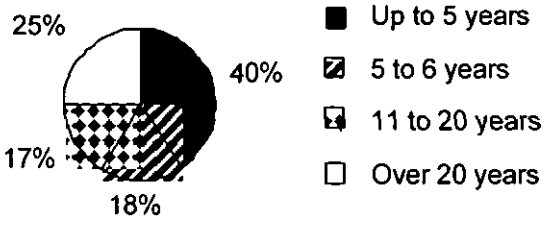
Gender



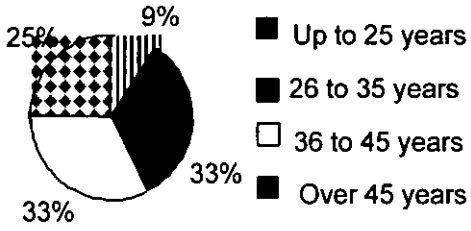
Education Level



Length of Service



Age



In 2007, BB launched the Early Retirement Plan (PAA), which provided conditions for the socially responsible dismissal, with the achievement of the early supplementary pension from PREVI, of employees of 50 years old or who were qualified to require the INSS pension benefit, and who had already contributed to that Pension Entity for 15 years. There was a renewal of about 10,2% of the staff in the year.

6,6 thousand employees were released with PAA incentives. Accordingly, BB recorded R$ 604,0 million, net of taxes, in order to meet the agreements. The Bank estimates that these actions will reflect positively in the profit figures as of 2008.

In December, BB also counted on 8,9 thousand hirings from companies specialized in providing temporary labor.

The Adolescent Worker program served 4,7 thousand young apprentices and the Student Internship program offered opportunities to 8,7 thousand high school and university students.

a) Freedom of Association and Wage Negotiation

The wage negotiations, annually executed with trade unions, benefit all employees. In 2007, these agreements provided an adjustment of 6,0% on salaries and benefits, and payment of a 13th food hamper, among other benefits. Accordingly, BB disbursed R$ 8,2 billion in payroll and R$ 642,7 million in meal allowance and food hamper benefits for the year.

The Bank distributed R$ 646,4 million, as Profit sharing or gain sharing (PLR), 16,4% less than last year.

b) Professional Performance Management and Professional Advancement

The employee's professional performance management model focuses on competencies - synergic combinations of knowledge, skills and attitudes in the professional performance.

In addition to a self-evaluation, employees are appraised by their immediate superior, peers and, if applicable, subordinates. The outcome guides the development actions for the employee's professional development and the Bank's improved results.

An employee's professional advancement at BB presupposes meritocracy, based on the competencies expressed by the employee. The Professional Advancement Program in the network of branches, the main tool for advancing in the Company, identifies and measures the employees' competencies and experiences, as well as signals to its staff the several opportunities offered at the Company.

c) Education and training

In 2007, BB invested R$ 94 million in training of its employees. The Bank granted 7,2 thousand undergraduate scholarships, 140 post-graduation scholarships, and 329 scholarships for the study of foreign languages. Furthermore, 91,4% of employees met the minimum target of 30 training hours per year.

d) Health Care and Pension

In 2007, the Bank assigned R$ 631,7 million to Caixa de Assistência dos Funcionários do Banco do Brasil (Cassi) for maintenance of the active and retired employees' health care plans. During the year, the Bank approved a plan to restructure Cassi, which implied the recording of extraordinary expenses of R$ 325 million, net of taxes, by BB.

Caixa de Previdência dos Funcionários do Banco do Brasil (Previ) received R$ 92,2 million as Employer's Contribution for the Plano Previ Futuro (employees hired in the last 9 years) during the year. As a result of Previ's accumulated surplus, the contributions provided by the Bank and employees for the Benefit Plan 1 were suspended, after an agreement was reached by the Bank and employees, which was evaluated by the regulatory bodies. This suspension will be reviewed every 12 months. Its continuation will depend on the existence of the Benefit Plan 1's Special Reserve arising from that Plan's surplus status.

e) Occupational Safety

In order to promove a safe work environment and prevent occupational accidents and diseases, BB has an Internal Accident Prevention Committees (Cipa), in conformity with the Ministry of Labor's guidance. During the year, 70 CIPAs were formed in branches deployed throughout the Country.

BB also counts on "Abandon the Building" Groups (GRUA): which are teams of employees trained to act and coordinate people leaving BB's workplaces in the event of fire or other emergencies. The formation of GRUAs is scheduled in an internal regulatory bulletin for all Bank's premises.

f) Quality of Life in the Workplace Program (QVT)

In 2007 BB introduced the Quality of Life in the Workplace program, which is aimed at promoting health care and the adoption of healthy habits, considering actions requested by the staff. By way of the program, R$ 6.5 million were provided for costing the performance of systematic practices for the promotion and protection of health, such as labor gymnastics and relaxation, among other anti-stress practices. Furthermore, the Bank held lectures on quality of life topics, which were part of the Quality of Life in the Workplace Week held in November.

g) BB Voluntary Work Program

BB incentives and supports the involvement of its employees in social activities, such as literacy for adults, donation campaigns, etc. By way of the voluntary work courses, in 2007 the Program trained 2,8 thousand voluntaries, among active and retired employees.

In connection with the Program and in partnership with Fundação Banco do Brasil, BB supports non-profit civil institutions and entities, in which the Bank's employees take part in their voluntary work. In 2007, R$ 1,8 million were invested in these activities.

h) Communication

BB provides internal communication vehicles and channels - the bb.com.você magazine, intranet, TVBB, news agency, bulletins, etc. - aimed at forming, informing, and integrating the staff.

The increasing communication flow is carried out through the Internal Ombudsman Service, which acts by receiving denouncements, complaints, and praises, and by preventing and solving conflicts, thereby contributing to the formation of a more human and healthy work environment. In 2007, this area received 9,3 thousand contacts.

Furthermore, BB seeks the employees' *feedback* via an annual survey in the workplace. In 2007, 70,4% of employees stated they were very satisfied with BB, as compared to 73,7% in 2006.

GOVERNMENT

BB is one of the main partners of the Federal Government in the performance of social policies and in boosting the Brazilian economy, by contributing to the process for the productive inclusion of more socially vulnerable groups. In 2007, BB acted in literacy activities for youths and adults; digital Inclusion, dissemination of social technologies; strengthening of family farming; financing to exporters; incentives to micro and small businesses; improvement of living conditions in *quilombolas* and indigenous communities; expanding the access to reading and culture; and in encouraging and supporting voluntary work.

ENVIRONMENT

Banco do Brasil has the environmental preservation as one of the pillars of its administrative and business practices. Its regulatory bulletins set forth the prohibition of operations intended to finance activities that may cause environmental impact, without the formal authorization of the applicable body. In 2007 the main initiatives in connection with this issue were as follows:

Auction of carbon credits: In 2007, BB took part in the structuring that made viable the first public auction for sale of Certified Emission Reductions (RCE), known as carbon credits, owned by the Municipal Authorities of São Paulo, and held by the Commodities and Futures Exchange (BM&F).

Eco-efficiency Program: Approved in 2006, with the purpose of reducing operating costs and the environmental impact, through the systematic and documented monitoring of consumption of inputs and the allocation of wastes resulting from the production process, the Program comprises actions for reducing the consumption of energy, water, paper and toner. The implementation of the selective collection of solid waste intended for cooperatives and collectors' associations is under progress. Furthermore,

BB started to increase the use of electronic documents in order to reduce the consumption of paper and has prioritized the use of recycled paper.

RECOGNITON

Both the market and society have recognized Banco do Brasil's efforts towards sustainability. This recognition was materialized, as an illustration, by BB's presence in the main Brazilian market indexes related to social and environmental responsibility and corporate governance, such as the Business Sustainability Index (ISE), Index of Shares with Differentiated Corporate Governance (IGC) and Index of Shares with Differentiated *Tag Along* (Itag).

This recognition is also provided by prizes and awards. In 2007, BB received the following recognition for its social and environmental activities:

4th Survey of Business Social Responsibility in the Southern Region (2007) - BB was one of the organizations outstanding in the "Community" category, one of the seven issues comprising the survey, based on indexes from Instituto Ethos and conducted by Editora Impressão and the Business Association of Joinville (ACIJ).

National Survey "The 100 Best Brazilian Companies in HDI" - Held by Revista Gestão & RH maganize in 2007, this survey was inspired in the HDI (Human development index). Banco do Brasil was awarded and was outstanding in the Corporate Governance category.

Citizen Company Seal 2007 - Held by the Municipal Chamber of Representatives of São Paulo, its purpose is to disseminate the companies' social responsibility and to award those companies outstanding for advancements in their social audit.

"Financial Times de Finanças Sustentáveis 2007" Award - in the "sustainable bank. in emerging markets - Latin America" category.

"Prêmio ECO de Práticas de Responsabilidade Social Empresarial" Award , - in the "suppliers" category, for Brasilprev, awarded by the American Chamber of Commerce.

OUTLOOK AND COMMITMENTS FOR 2008

In the year BB celebrates its 200th anniversary, sustainability - for the business to continue for other 200 years- is one of the Company's great concerns. This concern is evidenced in the Bank's institutional marketing campaign - that seeks to make BB's stakeholders aware of the importance of the issue - and also in the actions planned for the new fiscal year and present in BB's Agenda 21, such as:

- developing and implementing a Corporate Ethics Management System;
- improving the approach to the social and environmental issue in the Company's Strategic Panel;
- defining initiatives to promote diversity, from access to BB's staff to the taking office of managerial and executive positions;

- developing and reviewing product, service and business lines focusing on social and environmental responsibility - fidelity cards, financing for use of clean technologies, green funds, treatment of garbage and waste, carbon credit markets, and credit lines for disable people, among others.

Ibase Table

Further information

Sustainability website: www.bb.com.br/sustentabilidade

Investor Relations website: www.bb.com.br/ri

Fundação Banco do Brasil website: www.fbb.org.br

Culture website: www.bb.com.br/cultura

Sports website: www.bb.com.br/esporte

Annual Social Balance Sheet / 2007

iBase

Company:

1 - Calculation Base	2007 Value (Thousand reais)			2006 Value (Thousand reais)		
Net Income (NI)			65,471,424			61,014,301
Operating Income (OI)			5,058,119			6,043,777
Gross Payroll (GP)			7,689,163			7,024,235
2 - Internal Social Indicators	**Value (Thousand)**	**% over OI**	**% over NI**	**Value (Thousand)**	**% over OI**	**% over NI**
Food	642,670	8.36%	0.98%	606,990	8.64%	0.99%
Compulsory social contributions	1,659,400	21.58%	2.53%	1,550,902	22.08%	2.54%
Private Pension Plan (1)	92,207	1.2%	0.14%	460,882	6.56%	0.76%
Health	631,703	8.22%	0.96%	402,169	5.73%	0.66%
Occupational health and safety	23,424	0.30%	0.04%	26,932	0.38%	0.04%
Education	0	0.00%	0.00%	0	0.00%	0.00%
Culture	0	0.00%	0.00%	0	0.00%	0.00%
Professional training and development	94,554	1.23%	0.14%	62,726	0.89%	0.10%
Daycare or Daycare Assistance	39,936	0.52%	0.06%	36,937	0.53%	0.06%
Profit sharing	646,356	8.41%	0.99%	773,098	11.01%	1.27%
Others	0	0.00%	0.00%	0	0.00%	0.00%
Total - Internal Social Indicators	3,830,250	49.81%	5.85%	3,830,250	54.53%	6.28%
3 - External Social Indicators	**Value (Thousand)**	**% over OI**	**% over NI**	**Value (Thousand)**	**% over OI**	**% over NI**
Education	20,874	0.41%	0.03%	20,900	0.35%	0.03%
Culture	32,609	0.64%	0.05%	31,324	0.52%	0.05%
Health and sanitation	0	0.00%	0.00%	0	0.00%	0.00%
Sports	51,200	1.01%	0.08%	45,600	0.75%	0.07%
Combat of hunger and food safety (2)	163,053	3.22%	0.22%	1,802,180	29.82%	2.95%
Others (Children and Adolescent Funds - FIA)	8,100	0.16%	0.01%	7,901	0.13%	0.01%
Total Contributions to society	259,523	5.13%	0.40%	1,907,905	31.57%	3.13%
Taxes (excluding social contributions)	3,910,756	77.32%	5.97%	1,321,142	21.86%	2.17%
Total - External Social Indicators	4,166,592	82.77%	6.37%	3,229,047	53.43%	5.29%
4 - Environmental Indicators	**Value (Thousand)**	**% over OI**	**% over NI**	**Value (Thousand)**	**% over OI**	**% over NI**
Investments related to Company production / operation (3)	1,660	0.03%	0.00%	0	0.00%	0.00%
Investments in external programs and/or projects	0	0.00%	0.00%	38	0.00%	0.00%
Total investments in the environment	1,660	0.03%	0.00%	38	0.00%	0.00%
With regard to establishing "annual goals" to minimize general residual consumption in production/operation and increase effectiveness in the use of natural resources, the Company	( ) has no goals ( ) complies with 51 a 75% ( ) complies with 0 a 50% (X) complies with 76 a 100%			( ) has no goals (X) complies with 51 a 75% ( ) complies with 0 a 50% ( ) complies with 76 a 100%		
5 - Workforce Indicators	**2007**			**2006**		
Nº of employees at end of period	81,855			82,672		
Nº of hirings during period	8,534			2,843		
Nº of outsourced employees	8,866			5,999		
Nº of interns	9,119			9,947		
Nº of employees over 45 years of age	20,328			24,452		
Nº of women who work at the Company	31,093			29,637		
% of management positions occupied by women	30.61%			28.42%		
Nº of blacks who work at the Company	16,742			16,964		
% of management positions occupied by blacks	19.37%			18.89%		
Nº of handicapped employees or those with special needs (4)	765			1,473		
Lowest salary paid (5)	1,170.22			1,103.63		
Highest salary paid (5)	22,023.00			20,776.20		
Average salary (5)	3,590.52			3,321.04		
6 - Information regarding corporate citizenship	**2007**			**Goals for 2008**		
Ratio between highest and lowest pay at the Company	18.8x			18.6x		
Total number of work accidents (6)	726			690		
Social and environmental projects developed by the Company were defined by:	( ) Senior Management	(X) Senior and middle	( ) All + employees	( ) Senior Management	(X) Senior and middle	( ) All + employees
Social and health standards in the workplace were defined by:	(X) Senior and middle management	( ) All employees	(X) all + Cipa	(X) 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: (7)	( ) Does not get involved	( ) Follows ILO norms	(X) encourages and follows ILO	( ) Will not get involved	( ) Will follow ILO norms	(X) will encourage and follow ILO
The private pension plan covers:	( ) Senior Management	( ) Senior and middle	(X) All employees	( ) Senior Management	( ) Senior and middle	(X) All employees
Profit/results sharing program covers:	( ) Senior Management	( ) Senior and middle	(X) All employees	( ) Senior Management	( ) Senior and middle	(X) All employees
In the selection of suppliers, the same ethical, social responsability and environmental standards adopted by the Company:	( ) Are not considered	(X) Are suggested	( ) Are required	( ) Will not be considered	(X) will be suggested	( ) Will be demanded
With respect to volunteer work by employees, the company:	( ) Does not get involved	(X) Supports it	( ) Organizes and	( ) Will not get involved	(X) will support it	(X) will organize and
Total number of complaints and criticisms from consumers: (8)	at the company: 289,853	at Procon 2,625	In court 44,190	at the company: 75,409	at Procon 2,625	In court 44,190
% of complaints and criticisms attended to or solved:	at the company: 100%	at Procon 100%	in Court 12.54%	at the company: 100%	at Procon 100%	in Court 12.54%
Total added value to distribute (in thousand R$):	In 2007: R$ 18,779,173			In 2006: R$ 16,012,502		
Distribution of value added (DVA):	14.03% Government 48.23% Associates 15.1% Shareholders 0 % Third parties 22.64% Retained			14.03% Government 48.23% Associates 15.1% Shareholders 0 % Third parties 22.64% Retained		

7 - Other Information

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

For explanations concerning declared information: Marco Geovanne Tobias - (61) 3310.3980 - ri@bb com br

This Company does not use child labor, is not involved with prostitution or sexual exploitation of children or adolescents and is not involved with corruption. Our Company values and respects diversity both internally and externally.

(1) Previ: employees contribution to Plano de Benefícios 2. Contribution to Plano de Benefícios 1 were suspended in 2007, due to use of the Special Reserve generated by the surplus presented by Previ in 2006.

(2) In 2007 there was no construction of BB Action Plan for Fome Zero, in order that the guidelines of the government for the social area were established and presented to the companies in September 2007 and appear as initiatives for 2008. Therefore, the numbers of BB for this year refer to the actions that have continuity from previously established plans.

(3) Investment in the Program of Reduction of Water Comsumption - Puragua.

(4) Reduction due review of the conditions of disability in the light of current legislation. However, despite Banco do Brasil reserves 5% of the vacancies for the fulfilment of the law, candidates did not achieve success and were not classified in sufficient number to meet legislation.

(5) Salaries does not vary between genders. The lowest salary paid by Banco do Brasil corresponds to 307,95% of the minimum wage in 31.12.2007 (R$ 380,00).

(6) This information includes removals related to Occupational Disease.

(7) Follow the rules established by the ILO and ratified by the National Congress, incorporated by the brazilian legislation.

(8) Banco do Brasil does not set annual goals for receiving complaints and criticims, and it repeats, as goals for 2008, the number obtained in 2007.

(M15) Historical Data

[Please See Attached Documents]

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History

Dividends / Interest on Equity					
Event	Period	Amount R$(million)	Price per Share (R$)		Payment
			ON	PN	
Dividends	4Q07	134.0	0.05316	-	03/05/2008
JCP	4Q07	352.8	0.13998	-	03/05/2008
Dividends	3Q07	212.2	0.08572	-	11/28/2007
JCP	3Q07	333.4	0.13464	-	11/28/2007
Dividends	2Q07	96.5	0.03898	-	08/28/2007
JCP	2Q07	330.8	0.13362	-	08/28/2007
Dividends	1Q07	242.4	0.29376	-	05/29/2007
JCP	1Q07	321.1	0.38903	-	05/29/2007
Dividends	2H06	180.9	0.21913	-	03/12/2007
JCP	2H06	681.4	0.82559	-	03/12/2007
Dividends	1H06	862.2	1.05656	-	08/28/2006
JCP	1H06	693.0	0.84923	-	08/28/2006
Dividends	-	760	0.94123	-	04/28/2006
Dividends	2H05	130.1	0.16273	-	03/08/2006
JCP	2H05	739.8	0.92551	-	03/08/2006
JCP	1H05	628	0.78583	-	08/22/2005
JCP	2H04	504.3	0.63089	-	02/28/2005
JCP	1H04	450	0.61468	-	08/30/2004
JCP	2H03	423.8	0.57894	-	03/01/2004
JCP	1H03	321.9	0.43977	-	08/25/2003
Dividends	2H02	272.1	0.37621	-	02/24/2003
Dividends	1H02	307.4	0.41362	0.4550	09/02/2002
Dividends	2H01	188.3	0.25340	0.2788	03/11/2002
Dividends	1H01	77	0.10360	0.1140	09/03/2001
Dividends	2H00	148	0.19916	0.2191	02/28/2001
JCP	1H00	109.9	0.14788	0.1627	08/21/2000

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Banco do Brasil S.A.

Simplified Balance Sheet - Assets
in millions of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
ASSETS	**321,898**	**332,968**	**342,398**	**357,750**
Current and Long-term Assets	**316,063**	**327,065**	**336,486**	**351,446**
Available Funds	5,511	4,724	4,366	4,352
Short-Term Interbank Investments	41,185	51,614	51,419	51,124
Open Market Investments	30,512	39,961	42,938	43,391
Interbank Deposits	10,673	11,653	8,481	7,733
Marketable Securities	73,350	72,071	74,126	75,201
Securities Available for Trading	7,361	10,856	14,046	19,112
Securities Available for Sale	40,711	39,379	38,466	38,109
Securities Held to Maturity	24,263	20,589	20,029	16,830
Financial Derivatives	1,016	1,247	1,585	1,150
Interbank Accounts	29,844	30,759	31,503	33,445
Central Bank Deposits	26,998	28,711	29,199	32,278
Compulsory Deposits on Demand Dep. And Float	10,507	11,902	10,768	10,768
Compulsory on Savings Dep.	16,492	16,809	18,430	21,510
Other	2,846	2,048	2,304	1,167
Interdepartamental Accounts	33	32	73	188
Loans	120,020	125,502	129,487	138,817
Public Sector	4,782	4,631	4,643	2,472
Private Sector	124,106	129,975	134,184	146,324
(Allowances for Loan Losses)	(8,868)	(9,104)	(9,341)	(9,980)
Leasing	45	22	26	32
Leasing and Sub-leasing Receivables	1,079	1,068	1,095	1,109
Public Sector	113	100	93	80
Private Sector	966	968	1,002	1,028
(Unearned Leasing Income)	(1,011)	(1,024)	(1,047)	(1,054)
(Allowances for Leasing Losses)	(23)	(22)	(23)	(23)
Other Receivables	45,022	41,263	43,992	45,423
Receivable on Guarantees Honored	53	49	47	49
Foreign Exchange Portfolio	15,116	9,892	11,538	9,023
Income Receivable	294	298	317	372
Trading and Brokerage of Securities	151	159	191	259
Specific Credits	700	719	738	757
Special Operations	1	1	1	1
Tax Credits	8,642	13,746	13,881	13,826
Atuarial Assets	2,556	2,460	2,364	2,268
Doubtful Receivables	14,129	5,628	5,857	5,949
Other	7,284	9,166	9,915	13,816
(Provision or doubtful receivables)	(3,904)	(856)	(856)	(896)
(With Loan Characteristics)	(242)	(315)	(300)	(311)
(Without Loan Characteristics)	(3,662)	(541)	(556)	(585)
Other Assets	1,055	1,079	1,495	2,865
Statutory Profit Sharing	0	0	0	0
Others	289	271	254	262
(Provision for Possible Losses)	(153)	(148)	(152)	(152)
Prepaid Expenses	919	955	1,393	2,755
Permanent	**5,835**	**5,903**	**5,912**	**6,304**
Investiments	1,176	1,262	1,276	1,368

Investm. in Associated and Subsidiary co.	1,121	1,207	1,233	1,316
Other Investments	128	127	108	115
(Provision for Losses)	(73)	(71)	(65)	(64)
Land and Buildings in Use	2,782	2,715	2,657	2,844
Equipment in Use	2,314	2,328	2,337	2,349
Other Proporty in Use	4,240	4,257	4,305	4,594
(Accumulated Depreciation)	(3,772)	(3,870)	(3,985)	(4,100)
Leased assets	1,305	1,362	1,430	1,507
Leased assets	1,664	1,748	1,845	1,937
(Accumulated Depreciation)	(358)	(387)	(415)	(430)
Deferred charges	571	563	550	586
Organization and expansion	1,325	1,365	1,402	1,490
(Accumulated Depreciation)	(754)	(802)	(852)	(904)

Banco do Brasil S.A.

Simplified Balance Sheet Liability
in millions of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
LIABILITIES	**321,898**	**332,968**	**342,398**	**342,398**
Current and Long-term Liabilities	**300,147**	**310,562**	**319,226**	**333,365**
Deposits	160,663	164,545	172,180	188,282
Demand Deposits	35,588	36,841	38,712	51,311
Savings Deposits	38,942	40,831	43,831	45,839
Interbank Deposits	5,026	5,146	5,603	5,144
Time Deposits	80,860	81,427	83,640	85,520
Investment Deposits	247	300	394	468
Money Market Borrowing	67,639	74,719	74,845	72,270
Own Portfolio	31,985	41,880	29,537	28,126
Third-party Portfolio	31,354	32,539	40,859	44,144
Others	4,300	300	4,450	-
Funds from Acceptances and Securities Placed	2,099	1,487	1,616	1,297
Foreign Securities	2,099	1,487	1,616	1,297
Interbank Accounts	2,038	1,697	1,929	12
Receipts and Payments Pending Settlement	2,036	1,695	1,926	2
Correspondent Banks	2	2	3	9
Interdepartmental Accounts	1,913	1,318	1,497	2,428
Thrid-party Funds in Transit	1,896	1,293	1,470	2,311
Internal Transfers of Funds	16	25	27	117
Borrowing	4,574	3,354	2,981	2,833
Foreign Borrowing	4,574	3,354	2,981	2,833
Domestic On-lending - Official Institutions	13,950	15,240	16,528	17,487
Federal Treasury	3,077	3,141	3,132	3,185
National Development Bank (BNDES)	4,716	4,843	5,121	8,713
Fed.l Program for Capital Equip. Finan. (FINAME)	5,748	6,759	7,516	4,866
Other Institutions	410	498	759	723
Foreign On-lending	0	4	0	0
Financial Derivatives	1,969	2,052	2,475	1,947
Other Accounts Payable	45,301	46,145	45,174	46,808
Collection of Taxes and Contributions	2,109	1,851	1,917	233
Foreign Exchange Portfolio	14,946	14,166	11,600	6,609
Stockholders and Statutory Distributions	767	763	1,056	850
Taxes and Social Security	1,656	2,427	2,827	3,265
Trading and Brokerage of Securities	237	168	195	243
Financial and Development Funds	1,946	2,006	1,847	2,117
Perpatual Securities	1,041	978	932	894
Special Operations	2	2	2	2
FCO (Subordinated Debt)	9,265	9,574	9,829	10,012
Actuarial Liabilities	3,530	3,562	3,932	4,051
Other Liabilities	9,802	10,648	11,037	18,533
Unearned Income	**113**	**100**	**107**	**123**
Shareholders'Equity	**21,638**	**22,305**	**23,065**	**24,262**
Capital	11,913	12,711	12,711	13,212
(Capital a Realizar)	-	-	-	-
Unpaid capital	356	-	0	0
Revaluation Reserves	6	6	6	6

Revenue Reserves	7,858	9,145	8,933	10,695
Mark-to-market Securities and Derivatives	417	443	384	350
Retained Earnings (Accumulated Losses)	-	-	1	-
(Treasury Shares)	-	-	-	-
Income Accounts	1,088	-	1,031	-

Banco do Brasil S.A.

Simplified Statement of Income - Corporation Law
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Financial Intermediation Income	**9,708**	**10,125**	**10,333**	**10,172**
Loans	6,101	6,069	6,517	6,610
Leasing	50	45	49	48
Securities	3,043	3,167	3,355	3,088
Financial Derivatives	34	318	(149)	(10)
Foreign Exchange Portfolio	81	125	155	26
Compulsory Investments	400	401	405	411
Financial Intermediation Expenses	**(6,418)**	**(6,105)**	**(6,483)**	**(6,160)**
Money Market Funds	(4,388)	(4,416)	(4,753)	(4,281)
Borrowing, Assignments and Onlending	(410)	(393)	(498)	(351)
Allowance for Loan Losses	(1,621)	(1,296)	(1,232)	(1,528)
Gross Income from Financial Intermediation	**3,290**	**4,020**	**3,850**	**4,012**
Other Operating Income (Expenses)	**(1,192)**	**(2,297)**	**(2,062)**	**(2,350)**
Service Revenues	2,377	2,437	2,498	2,590
Personnel Expenses	(1,859)	(2,513)	(2,449)	(2,343)
Other Administrative Expenses	(1,467)	(1,647)	(1,736)	(1,888)
Taxes	(489)	(525)	(513)	(537)
Equity Int. in the Results of Subs. and Affil.	36	(56)	50	109
Other Operating Revenues	1,124	1,568	1,363	981
Other Operating Expenses	(915)	(1,561)	(1,274)	(1,261)
Operating Income	**2,098**	**1,724**	**1,789**	**1,663**
Non-operating Income	31	12	43	196
Income Before Taxes	**2,128**	**1,736**	**1,831**	**1,859**
Income and Social Contribution Taxes	(539)	(530)	(293)	(485)
Statutory Profit Sharing	(180)	(137)	(175)	(157)
Net Income	**1,409**	**1,068**	**1,364**	**1,217**

Banco do Brasil S.A.

Statement of Income Including Reallocations
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Financial Intermediation Income	**9,650**	**10,016**	**10,267**	**10,110**
Loans	6,101	6,069	6,517	6,610
Leasing	50	45	49	48
Securities	3,043	3,167	3,355	3,088
Financial Derivatives	34	318	(149)	(10)
Foreign Exchange Portfolio	81	125	155	26
Compulsory Investments	400	401	405	411
FX Gain (Loss) on Foreign Investments	(154)	(223)	(100)	(94)
Other Op. Inc. (Exp.) of a Fin. Intermed. Nature	96	114	34	31
Financial Intermediation Expenses	**(4,798)**	**(4,809)**	**(5,111)**	**(4,632)**
Money Market Funds	(4,388)	(4,416)	(4,613)	(4,281)
Borrowing, Assignments, and On-lending	(410)	(393)	(498)	(351)
Gross Financial Margin	**4,852**	**5,208**	**5,156**	**5,478**
Allowance for Loan Losses	(1,431)	(1,236)	(1,216)	(1,497)
Net Financial Margin	**3,422**	**3,971**	**3,940**	**3,981**
Service Revenues	2,377	2,437	2,498	2,590
Taxes on Revenues	(451)	(489)	(476)	(495)
Contribution Margin	**5,347**	**5,919**	**5,963**	**6,076**
Administrative Expenses	**(3,186)**	**(3,268)**	**(3,368)**	**(3,708)**
Personnel Expenses	(1,748)	(1,713)	(1,759)	(1,936)
Other Administrative Expenses	(1,401)	(1,519)	(1,572)	(1,729)
Other Tax Expenses	(37)	(36)	(37)	(42)
Commercial Income	**2,161**	**2,652**	**2,595**	**2,368**
Legal Risk	(177)	(329)	(310)	(378)
Legal Claims	(66)	(128)	(164)	(158)
Labor Lawsuits	(111)	(201)	(146)	(219)
Other Operating Income/Expenses	113	0	48	(140)
Equity Interest in the Results of Subs. and Affil.	191	160	148	204
Other Operating Income/Expenses	(77)	(160)	(100)	(344)
Other Operating Income	755	727	705	711
Other Operating Expenses	(833)	(887)	(805)	(1,054)
Operating Income	**2,098**	**2,323**	**2,333**	**1,851**
Non-operating Income	31	12	43	47
Income before Taxes	**2,128**	**2,336**	**2,376**	**1,898**
Income and Social Contribution Taxes	(539)	(734)	(619)	(498)
JCP Tax Benefit	109	112	113	120
Statutory Profit Sharing	(180)	(137)	(175)	(157)
Recurring Income	**1,409**	**1,464**	**1,582**	**1,243**
Itens Extraordinários	-	(396)	(218)	(26)
Provision for Credit Risks	-	-	-	-
Parity / Fund in Previ	-	-	-	-
Previ – Provision for IR and CS	-	-	-	-
Previ – Reimbursement Contribution –Plan I	-	76	-	-
Previ – Provision for IR and CS	-	(26)	-	-
Cassi – Assistance Plan	-	-	(403)	(90)
Cassi – Provision for IR and CS	-	-	137	31
ERP–Early Retirement Plan	-	(676)	(141)	(98)
ERP – Provision for IR and CS	-	230	48	33
Reversal of Non-recurring Provision for MTM	-	-	-	-
Provision for Losses on Maxblue	-	-	-	-
Provision for Voluntary Retirement Plan	-	-	-	-
Write-off of Maxblue Holdings Goodwill	-	-	-	-
Recovery of Undue Taxes	-	-	-	-
Recovery of Undue Taxes - IR and CS	-	-	-	-
Voluntary Retirement Plan	-	-	-	-
Provision for Non-recurring IR and CS	-	-	-	-
Tax Credit Recorded	-	-	-	-
Non-recurring Pis / Pasep	-	-	-	-
Permanent Exclusions Tax Benefit	-	-	141	-
Divestiture (Bovespa Holdings and BM&F)	-	-	-	149
Divestiture - Provision for IR and CS	-	-	-	(51)
Net Income	**1,409**	**1,068**	**1,364**	**1,217**

Banco do Brasil S.A.

Other Operating Revenue with characteristcs of Financial Intermediation
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Income from Special Operations	12	14	13	14
Income from Specific Credits	19	19	19	19
FX Readjustment	66	81	3	(1)
FX Readjustment Income	338	815	488	237
FX Readjustment Expenses	(273)	(734)	(486)	(238)
Total	**96**	**114**	**34**	**31**

Banco do Brasil S.A.

Breakdown of Assets
in millions of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
Total Assets	**321,898**	**332,968**	**342,398**	**357,750**
Liquidity Assets except Securities	46,695	56,051	55,785	55,476
Securities	73,350	72,071	74,126	75,201
Loans and Leasing	120,064	125,524	129,513	138,849
Tax Credits	8,642	13,746	13,881	13,826
Other Assets	73,147	65,576	69,094	74,399

Banco do Brasil S.A.

Analysis of Liquidity
in millions of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
Liquidity Assets (A)	**115,921**	**123,972**	**125,468**	**125,726**
Available Funds	5,511	4,437	4,366	4,352
Interbank Investments	41,185	51,614	51,419	51,124
Securities (except those linked to Bac	69,226	67,921	69,683	70,250
Liquidity Liabilities (B)	**72,665**	**79,865**	**80,448**	**77,415**
Interbank Deposits	5,026	5,146	5,603	5,144
Money Market Borrowing	67,639	74,719	74,845	72,270
Liquidity Balance (A - B)	**43,256**	**44,107**	**45,019**	**48,312**

Banco do Brasil S.A.

Securities Portfolio by Maturity to Market Value
in millions of Reais

	Up to 1 year		1 to 5 years		5 to 10 years		Over 10 years
Sep/02	18,387	25.4	33,022	45.7	6,039	8.4	14,823
Dec/02	15,449	22.8	41,375	61.0	8,933	13.2	2,052
Mar/03	19,540	26.8	42,427	58.2	9,714	13.3	1,224
Jun/03	15,243	21.6	45,280	64.1	8,869	12.6	1,202
Sep/03	13,684	18.9	51,036	70.5	6,332	8.7	1,336
Dec/03	11,462	16.7	49,377	72.0	6,354	9.3	1,424
Mar/04	13,044	19.5	46,439	69.3	7,100	10.6	457
Jun/04	14,416	21.4	45,341	67.3	7,179	10.7	416
Sep/04	15,910	22.8	46,062	65.9	7,491	10.7	446
Dec/04	1,619	29.6	9,151	61.2	10,578	8.6	50,861
Mar/05	21,970	30.2	43,104	59.2	6,714	9.2	971
Jun/05	18,477	27.6	40,706	60.7	6,908	10.3	921
Sep/05	16,926	25.1	42,510	63.1	7,232	10.7	651
Dec/05	17,116	23.5	41,900	57.6	6,189	8.5	567
Mar/06	18,159	27.1	42,565	63.5	6,379	9.5	873
Jun/06	21,931	31.3	40,555	57.9	6,681	9.5	842
Sep/06	22,707	31.0	42,017	57.4	7,535	10.3	938
Dec/06	24,057	33.2	42,039	58.0	5,164	7.1	1,217
Mar/07	22,430	30.9	42,910	59.2	5,292	7.3	1,676
Jun/07	26,707	37.7	37,351	52.8	5,217	7.4	1,527
Sep/07	27,694	38.2	37,919	52.3	5,473	7.5	1,456
Dec/07	30,945	41.8	38,197	51.6	3,518	4.7	1,413

	Total
20.5	72,271
3.0	67,809
1.7	72,906
1.7	70,594
1.8	72,387
2.1	68,616
0.7	67,040
0.6	67,353
0.6	69,910
0.6	72,208
1.3	72,759
1.4	67,012
1.0	67,320
0.8	65,771
1.3	67,977
1.2	70,008
1.3	73,197
1.7	72,476
2.3	72,309
2.2	70,801
2.0	72,542
1.9	74,073

Banco do Brasil S.A.

Loan Portfolio
in millions of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
Total Loan Portfolio	**140,387**	**145,233**	**150,184**	**160,739**
Retail	43,378	45,809	48,576	53,407
Commercial	24,087	24,878	26,034	29,613
Agribusiness	46,774	48,769	48,446	51,883
Foreign Trade	11,190	11,004	12,073	11,911
Abroad	12,318	12,214	12,558	11,373
Other	2,642	2,559	2,497	2,552

Banco do Brasil S.A.

Retail Loan Portfolio
in million of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
Direct Consumer Credit (CDC)	18,595	20,275	21,771	23,880
CDC Crédito em Consignação	9,343	10,173	11,022	11,888
Receivables	7,539	7,755	7,836	8,062
Overdraft Accounts	4,560	4,760	4,864	4,954
BB Giro Rápido (WCL)	3,198	3,450	3,647	4,297
Credit Cards	2,660	2,647	2,593	2,404
Others	6,826	6,923	7,865	8,566
Total	**43,378**	**45,809**	**48,576**	**53,407**

Banco do Brasil S.A.

MSB Credit Product

in million of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
Receivables	7,539	7,755	7,836	8,062
BB Giro Rápido	4,560	4,760	4,864	4,954
Giro	2,850	3,869	3,906	4,208
Proger Urbano Emp.	3,258	2,809	3,589	4,835
Other	846	407	527	826
Total	**19,053**	**19,600**	**20,722**	**22,883**

Banco do Brasil S.A.

Commercial Loan Portfolio
in million of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
Investment Finance	5,017	5,716	6,200	7,095
Receivables	3,093	2,959	2,691	3,389
Overdraft Account	1,524	1,662	1,725	1,680
Working Capital - Others	13,148	13,139	13,918	16,062
Others	1,305	1,401	1,500	1,387
Total	**24,087**	**24,877**	**26,034**	**29,613**

Banco do Brasil S.A.

Agribusiness Loan Portfolio
in million of Reais

	Jun/07	Sep/07	Dec/07
Agricultural Costs	14,800	13,847	15,336
Pronaf/Proger Rural	12,036	11,903	12,890
FCO Rural	4,238	4,267	4,087
BNDES/Finame Rural	3,894	4,069	4,055
Loans to Companies	8,757	9,100	10,177
Others	5,044	5,261	5,338
Total	**48,769**	**48,446**	**51,883**

Banco do Brasil S.A.

Foreign Trade Portfolio
in million of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
ACC/ACE	8,068	7,049	7,647	7,610
Import Finance	809	3,061	3,449	3,299
BNDES Exim	2,285	852	943	970
Others	27	41	34	31
Total	**11,190**	**11,004**	**12,073**	**11,911**

Banco do Brasil S.A.

Equalization Revenues
in million of Reais

	1Q07	2Q07	3Q07	4Q07
Equalization Revenues	412	441	378	301

Banco do Brasil S.A.

Equalization Revenues
in million of Reais

	1Q07	2Q07	3Q07	4Q07
Equalization Revenues	412	441	378	301

Banco do Brasil S.A.
Concentration of the Portfolio

Period	1st Custumer	2st to 20st	21st to 100st	100 largest
Dec/03	1.2	12.4	19.0	32.6
Mar/04	1.8	13.3	18.0	33.0
Jun/04	2.1	14.1	17.7	33.9
Sep/04	1.5	14.2	17.9	33.5
Dec/04	1.3	12.4	16.7	30.4
Mar/05	1.2	12.7	17.9	31.8
Jun/05	1.2	12.2	18.9	32.2
Sep/05	1.3	11.9	16.0	29.2
Dec/05	1.3	11.9	16.7	29.9
Mar/06	1.0	11.1	17.4	29.5
Jun/06	1.1	11.8	18.6	31.5
Sep/06	1.1	12.2	17.8	31.1
Dec/06	3.9	14.6	18.6	37.1
Mar/07	5.0	13.2	17.5	35.6
Jun/07	2.4	13.3	17.0	32.7
Sep/07	2.3	13.0	16.8	32.1
Dec/07	2.5	12.2	16.1	30.8

Banco do Brasil S.A.

Concentration of the Loan Portfolio by Macro-sector
in million of Reais

Macro-sector	Mar/07	Jun/07	Sep/07	Dec/07
Services	6,896	9,520	9,493	9,515
Foodstuffs of Vegetable Origin	8,310	8,975	9,234	9,607
Automotive	9,803	9,139	10,225	10,412
Metalworking and Steel	4,887	5,354	5,712	6,054
Oil	5,558	5,363	6,532	7,838
Foodstuffs of Animal Origin	3,735	3,817	3,638	4,282
Electrical and Electronic Goods	3,526	3,605	3,966	4,346
Agricultural Consumables	2,754	2,819	2,999	3,200
Textiles and Garments	3,360	3,548	3,741	4,287
Building	3,106	3,363	3,756	4,127
Pulp and Paper	2,817	2,937	3,151	3,429
Retail Trade	3,511	3,833	3,958	4,039
Transport	2,429	3,001	3,834	4,246
Chemicals	2,666	2,844	3,069	3,242
Electricity	4,572	5,262	5,652	6,230
Wholesale Trade and Sundry Industries	2,054	1,650	1,750	1,806
Timber and Furniture	1,933	1,971	2,055	2,309
Telecommunications	1,547	1,210	1,685	2,182
Leather and Shoes	1,288	1,374	1,381	1,499
Beverages	1,331	1,538	1,497	1,773
Other Activities	4,019	4,263	2,499	4,341
Total	**80,102**	**85,385**	**89,825**	**98,766**

Banco do Brasil S.A.

Breakdown of Tax Credit

in million of reais

	Mar/07	Jun/07	Sep/07	Dec/07
Non-Temporal Differences	7,300	7,707	7,959	7,995
Social Contribution to be Compensated	1,229	1,011	873	733
Others*	113	115	153	229
Total	**8,642**	**13,746**	**13,877**	**13,826**
Income Tax/ EBT - %	25.3	33.4	28.1	28.6

Banco do Brasil S.A.

Analysis of Liabilities
in millions of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
Demand Deposits	35,588	36,841	38,712	51,311
Savings Deposits	38,942	40,831	43,831	45,839
Interbank Deposits	5,026	5,146	5,603	5,144
Time Deposits	80,860	81,427	83,640	85,520
Investment Deposits	247	300	394	468
Money Market Borrowing	67,639	74,719	74,845	72,270
Foreign Borrowing	6,673	4,841	4,597	4,131
Domestic Onlending	13,950	15,240	16,528	17,487
Other Liabilities	51,334	51,317	51,183	51,318
Shareholders' Equity	21,638	22,305	23,065	24,262
Total Liabilities	**321,898**	**332,968**	**342,398**	**357,750**

Banco do Brasil S.A.

Deposits and Money Market Borrowing
in millions of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
Demand Deposits	35,588	36,841	38,712	51,311
Savings Deposits	38,942	40,831	43,831	45,839
Interbank Deposits	5,026	5,146	5,603	5,144
Time Deposits	80,860	81,427	83,640	85,520
Money Market Borrowing	67,639	74,719	74,845	72,270
Deposits and Money Market Borrowing	**228,055**	**238,964**	**246,631**	**260,085**

Banco do Brasil S.A.
Shareholders' Equity
in millions of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
Shareholders' Equity	**21,638**	**22,305**	**23,065**	**24,262**
Capital	11,913	12,711	12,711	13,212
Reserves	8,220	9,152	8,939	10,701
MTM - Securities and Derivatives	417	443	384	350
(Treasury shares)	-	-	-	-
Income accounts	1,088	-	1,031	-

Banco do Brasil S.A.
BIS Ratio
in millions of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
APR – Risk Weight Assets	**178,659**	**190,885**	**195,401**	**213,245**
Required Shareholders' Equity	**20,384**	**21,858**	**22,698**	**24,605**
APR Requirement	19,652	20,997	21,494	23,457
Swap Requirement	315	326	357	365
FX Exposure Requirement	-	-	-	-
Interest Rate Exposure Requirement	417	535	847	783
Referential Shareholders' Equity	**31,852**	**31,534**	**32,469**	**34,900**
Tier I	21,580	21,007	21,732	23,951
Capital	11,913	12,711	12,711	12,711
Capital Increase	-	-	-	501
Retained Earnings (Accumulated Losses)	0	-	1	-
Capital Reserves	356	-	0	0
Revenue Reserves	7,858	9,145	8,933	10,695
Mark-to-Market – Securities and Derivatives	417	443	384	350
Treasury Shares	-	-	-	-
Income Accounts	1,088	-	1,031	-
20% Tax Credits Realized After 5 years	(33)	(1,199)	(1,199)	(18)
Deferred Assets	(15)	(70)	(113)	(200)
Mark-to-Market Settlement	(4)	(23)	(14)	(88)
Tier II	10,272	10,527	10,737	10,949
Subordinated Debt	9,241	9,540	9,813	9,986
Hybrid Instruments of Capital and Debt	1,020	958	915	881
Deduction in Tier II Capital	-	-	(11)	(11)
Revaluation Reserves	6	6	6	6
Mark-to-Market Settlement	4	23	14	88
Shareholders' Equity Surplus / Deficit	**11,468**	**9,676**	**9,771**	**10,295**
Leverage Surplus / Deficit	**104,250**	**87,965**	**88,828**	**93,590**
K Coefficient %	**17.2**	**15.9**	**15.7**	**15.6**

Banco do Brasil S.A.

Fixed Asset Ratio

in millions of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
Shareholder's Equity	21,638	22,305	23,065	24,262
Subordinated Debt Qualifying as Capital	9,241	9,540	9,813	9,986
Perpetual Securities	1,020	958	915	881
60% Tax Credits Realized After 5 years	(48)	(1,272)	(1,325)	(230)
Referential Shareholders' Equity (A)	**31,852**	**31,531**	**32,467**	**34,899**
Permanent Assets	5,835	5,903	5,912	6,304
Stock Exchange and Cetip Clearing	(6)	(2)	(2)	(0)
Leasing Assets	(1,272)	(1,320)	(1,385)	(1,455)
Losses with Leasing to be Amortized	(33)	(41)	(45)	(52)
Total Fixed Assets (B)	4,527	4,468	4,367	4,597
Fixed Asset Ratio (B/A) - %	**14.2**	**14.2**	**13.4**	**13.2**
Margin (Surplus)	**11,399**	**11,298**	**11,867**	**12,853**

Banco do Brasil S.A.

Securities Income
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Securities Income	**3,043**	**3,167**	**3,355**	**3,088**
Revaluation - Curve	2,134	1,948	1,921	1,946
Fixed Income Securities	12	57	9	(3)
Mark to Market	(7)	5	(41)	(139)
Income/Loss from Negotiation	903	1,135	1,462	1,282
Others	1	23	3	2

Banco do Brasil S.A.
Analytical Spread
Average Balances in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Remunerated Assets	**254,583**	**269,027**	**281,418**	**289,656**
Available Funds in Foreign Currency	**1,266**	**1,269**	**909**	**400**
Income from Available Funds in Foreign Currency	8	(1)	98	(2)
Annualized Rate - %	2.6	(0.4)	50.5	(1.7)
Securities + Interbank Investments	**110,690**	**118,214**	**125,801**	**125,130**
Securities Income excluding Hedges	3,043	3,167	3,355	3,088
Annualized Rate - %	11.5	11.2	11.1	10.2
Loans + Leasing	**126,469**	**132,775**	**136,885**	**145,144**
Loans + Leasing Income	5,805	5,728	6,265	6,245
Annualized Rate - %	19.7	18.4	19.6	18.4
Remunerated Compulsory Deposit	**16,157**	**16,769**	**17,823**	**18,983**
Income from Compulsory Deposits	400	401	405	411
Annualized Rate - %	10.3	9.9	9.4	8.9
Tax Credits	**8,621**	**11,965**	**13,790**	**13,847**
Other Assets	**42,281**	**40,120**	**37,837**	**49,208**
Permanent Assets	**5,799**	**5,839**	**5,890**	**6,134**
TOTAL ASSETS	**311,283**	**326,951**	**338,935**	**358,845**
Remunerated Liabilities	**216,965**	**228,314**	**239,596**	**246,043**
Savings Deposits	**38,339**	**40,121**	**42,878**	**44,974**
Expenses with Savings Deposits	(885)	(768)	(783)	(662)
Annualized Rate - %	9.6	7.9	7.5	6.0
Interbank Deposits	**5,017**	**4,944**	**4,988**	**5,339**
Expenses with Interbank Deposits	(188)	(226)	(217)	(160)
Annualized Rate - %	15.8	19.6	18.6	12.5
Time Deposits	**79,404**	**80,911**	**82,754**	**85,373**
Expenses with Time Deposits	(1,592)	(1,554)	(1,588)	(1,584)
Annualized Rate - %	8.4	7.9	7.9	7.6
Money Market Borrowing	**62,499**	**70,954**	**75,693**	**76,679**
Expenses with Money Market Borrowing	(1,641)	(1,795)	(1,952)	(1,823)
Annualized Rate - %	10.7	10.5	10.7	9.9
Foreign Borrowing	**3,980**	**3,282**	**3,389**	**2,697**
Expenses with Foreign Borrowing, Onlending and Banks	(48)	(41)	(104)	29
Annualized Rate - %	4.8	5.1	12.8	(4.3)
Onlending	**14,126**	**14,569**	**16,289**	**17,231**
Expenses with Onlending	(247)	(233)	(280)	(283)
Annualized Rate - %	6.8	6.5	7.1	6.7
Financial and Development Funds + Subordinated Debt	**11,108**	**11,455**	**11,665**	**11,997**
Expenses with Financial and Development Funds	(115)	(119)	(114)	(98)
Annualized Rate - %	4.1	4.2	4.0	3.3
Foreign Securities	**2,491**	**2,079**	**1,939**	**1,754**
Expenses with Foreign Securities	(44)	(35)	(34)	(9)
Annualized Rate - %	6.9	6.9	7.2	2.0
Other Liabilities	**72,861**	**76,309**	**76,393**	**88,748**
Demand Deposits	35,240	36,531	38,094	44,479
Other Liabilities	37,621	39,778	38,299	44,269
Shareholders' Equity + Income Accounts	**21,457**	**22,328**	**22,946**	**24,053**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**311,283**	**326,951**	**338,935**	**358,845**

Financial Intermediation Income (DRE reallocated)	**10,176**	**10,630**	**10,938**	**10,789**
Income from Remunerated Assets	9,256	9,295	10,124	9,742
Income from Financial Derivatives	34	318	(149)	(10)
Foreign Exchange Gain on Foreign Investments	(154)	(223)	(100)	(94)
Other Foreign Exchange Income	73	126	57	27
Hedge Effect	-	-	-	711
Other Operational Income	621	727	705	711
Recovery of Write-offs	346	386	302	414
Financial Intermediation Expenses	**(4,664)**	**(4,809)**	**(5,111)**	**(4,632)**
Expenses Utilized in Interest Bearing Liabilities	(4,635)	(4,771)	(5,071)	(4,589)
FGC Expenses on Demand Deposits	(9)	(9)	(9)	(11)
Expenses with Contracts of Assumption of Debt	(5)	(4)	(4)	(4)
Other Expenses	(15)	(25)	(26)	(28)
Gross Financial Margin	**4,852**	**5,208**	**5,156**	**5,478**
Assets - Permanent Assets	**305,484**	**321,112**	**333,045**	**352,711**
Remunerated Assets	**254,583**	**269,027**	**281,418**	**289,656**
Finan. Intermed. Income / (Assets – Permanent Assets)	3.2	3.1	3.1	2.9
Finan. Intermed. Income / (Assets – Permanent Assets) – Ann.	13.2	13.1	12.9	12.0
Finan. Intermed. Expenses / (Assets – Permanent Assets)	1.6	1.5	1.5	1.3
Finan. Intermed. Expenses / (Assets – Permanent Assets) – Ann.	6.4	6.1	6.3	5.4
GFM / (Assets – Permanent Assets)	1.6	1.6	1.5	1.6
GFM / (Assets – Permanent Assets) – Annualized	**6.5**	**6.6**	**6.3**	**6.4**
Finan. Intermed. Income / (Remunerated Assets)	3.8	3.7	3.6	3.5
Finan. Intermed. Income / (Remunerated Assets) – Annualized	16.1	15.7	15.4	14.7
Finan. Intermed. Expenses / (Remunerated Assets)	1.9	1.8	1.8	1.6
Finan. Intermed. Expenses / (Remunerated Assets) – Annualized	7.8	7.3	7.5	6.6
GFM / (Remunerated Assets)	1.9	1.9	1.8	1.9
GFM / (Remunerated Assets) – Annualized	**7.9**	**8.0**	**7.5**	**7.8**

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Provision Expenses vis-à-vis Loan Portfolio
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
(A) Allowance for Loan Losses - Quarterly	(1,431)	(1,236)	(1,216)	(1,497)
(B) Allowance for Loan Losses - 12 Months	(5,830)	(5,309)	(5,139)	(5,380)
(C) Loan Potfolio	140,387	145,233	150,184	160,739
(D) Average Portfolio – 3 Months	137,491	144,565	148,408	157,216
(E) Average Portfolio – 12 Months	121,990	130,358	138,136	145,861
Expenses over Portfolio (A/D) - %	1.0	0.9	0.8	1.0
Expenses over Portfolio (B/E) - %	4.8	4.1	3.7	3.7

* With Extraordinary Items

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Breakdown of Allowance
in millions of Reais

	Mar/07	Jun/07	Sep/07	Dec/07
Required Allowance	7,551	7,786	8,084	8,727
Aditional Allowance	1,582	1,655	1,580	1,586
Total Allowance	**9,133**	**9,441**	**9,663**	**10,313**

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Loan Portfolio by Risk Level
in millions of Reais

	Mar/07			Jun/07			Sep/07			Dec/07	
	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	-	26.6	39,371	-	27.1	39,418	-	26.2	42,734	-	26.6
A	150	21.4	29,432	147	20.3	30,890	154	20.6	31,408	157	19.5
B	434	30.9	46,513	465	32.0	48,817	488	32.5	53,462	535	33.3
C	496	11.8	16,546	496	11.4	17,122	514	11.4	18,460	554	11.5
D	494	3.5	5,113	511	3.5	5,344	534	3.6	5,439	544	3.4
E	609	1.4	1,993	598	1.4	2,137	641	1.4	2,214	664	1.4
F	353	0.5	803	401	0.6	756	378	0.5	816	408	0.5
G	692	0.7	987	691	0.7	1,086	760	0.7	1,137	796	0.7
H	4,321	3.1	4,476	4,476	3.1	4,614	4,614	3.1	5,070	5,070	3.2
Total	**7,551**	**100.0**	**145,233**	**7,786**	**100.0**	**150,184**	**8,084**	**100.0**	**160,739**	**8,727**	**100.0**
AA-B											
C-D											
E-H											
AA-C	1,081	90.7	131,861	1,109	90 8	136,247	1,156	90.7	146,064	1,245	90.9
D-H	6,470	9.3	13,372	6,678	9.2	13,937	6,927	9.3	14,675	7,482	9.1

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Delinquency Ratios
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Loan Portfolio	**140,387**	**145,233**	**150,184**	**160,739**
Past Due Loans	**6,008**	**6,915**	**7,525**	**7,248**
Past Due Loans/Loan Portfolio - %	4.3	4.8	5.0	4.5
Past Due Loans + 15 days	**5,962**	**5,930**	**7,125**	**7,222**
Past Due Loans + 15 days/Loan Portfolio - %	4.2	4.1	4.7	4.5
Past Due Loans + 60 days	**3,930**	**4,111**	**5,157**	**5,259**
Past Due Loans + 60 days/Loan Portfolio - %	2.8	2.8	3.4	3.3
Write-off	926	918	988	841
Recovery of Write-offs	(346)	(386)	(302)	(414)
Net Loss	**580**	**532**	**686**	**427**
Net Loss/Loan Portfolio - % annualized	1.7	1.5	1.8	1.1
Allowance	**9,133**	**9,441**	**9,663**	**10,313**
Allowance/Loan Portfolio - %	6.5	6.5	6.4	6.4
Allowance/Past Due Loans + 15 dias - %	153.2	159.2	135.6	142.8
Allowance/Past Due Loans + 60 dias - %	232.4	229.7	187.4	196.1

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Retail Loan Portfolio by Risk Level
in millions of Reais

	Mar/07			Jun/07			Sep/07			Dec/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	3,208	-	7.4	3,335	-	7.3	3,358	-	6.9	4,796	-	9.0
A	6,864	34	15.8	7,254	36	15.8	7,839	39	16.1	8,406	42	15.7
B	19,973	200	46.0	21,189	212	46.3	22,604	226	46.5	24,811	248	46.5
C	9,455	284	21.8	9,826	295	21.4	10,295	309	21.2	10,602	318	19.9
D	1,230	123	2.8	1,360	136	3.0	1,489	149	3.1	1,522	152	2.9
E	545	164	1.3	570	171	1.2	603	181	1.2	618	185	1.2
F	288	144	0.7	390	195	0.9	348	174	0.7	376	188	0.7
G	265	186	0.6	302	212	0.7	337	236	0.7	345	241	0.6
H	1,548	1,548	3.6	1,583	1,583	3.5	1,702	1,702	3.5	1,930	1,930	3.6
Total	43,378	2,682	100.0	45,809	2,839	100.0	48,576	3,016	100.0	53,407	3,305	100.0
AA-B	-	-	-	-	-	-	-	-	-	-	-	-
C-D	-	-	-	-	-	-	-	-	-	-	-	-
E-H	-	-	-	-	-	-	-	-	-	-	-	-
AA-C	39,501	518	91.1	41,604	543	90.8	44,097	574	90.8	48,618	608	91.0
D-H	3,877	2,164	8.9	4,205	2,296	9.2	4,479	2,442	9.2	4,791	2,697	9.0

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Commercial Loan Portfolio by Risk Level
in millions of Reais

	Mar/07			Jun/07			Sep/07			Dec/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	10,504	-	43.6	12,633	-	50.8	12,345	-	47.4	15,645	-	52.8
A	6,894	34	28.6	5,179	26	20.8	6,087	30	23.4	5,994	30	20.2
B	5,358	54	22.2	5,895	59	23.7	6,326	63	24.3	6,806	68	23.0
C	654	20	2.7	510	15	2.1	549	16	2.1	478	14	1.6
D	403	40	1.7	418	42	1.7	453	45	1.7	424	42	1.4
E	66	20	0.3	69	21	0.3	81	24	0.3	70	21	0.2
F	42	21	0.2	50	25	0.2	47	24	0.2	58	29	0.2
G	20	14	0.1	18	12	0.1	31	22	0.1	15	11	0.1
H	146	146	0.6	106	106	0.4	115	115	0.4	123	123	0.4
Total	**24,087**	**348**	**100.0**	**24,878**	**306**	**100.0**	**26,034**	**341**	**100.0**	**29,613**	**338**	**100.0**
AA-B	-	-	-	-	-	-	-	-	-	-	-	-
C-D	-	-	-	-	-	-	-	-	-	-	-	-
E-H	-	-	-	-	-	-	-	-	-	-	-	-
AA-C	23,411	108	97.2	24,218	100	97.3	25,306	110	97.2	28,924	112	97.7
D-H	676	241	2.8	660	206	2.7	728	231	2.8	690	226	2.3

Banco do Brasil S.A.
Agribusiness Loan Portfolio by Risk Level
in millions of Reais

	Mar/07			Jun/07			Sep/07			Dec/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	7,876	-	16.8	8,776	-	18.0	8,974	-	18.5	8,841	-	17.0
A	12,869	64	27.5	12,851	64	26 3	12,474	62	25.7	12,202	61	23.5
B	14,617	146	31.2	15,597	156	32.0	15,166	152	31.3	17,347	173	33 4
C	5,032	151	10 8	5,053	152	10.4	5,158	155	10.6	6,327	190	12.2
D	2,843	284	6.1	2,884	288	5 9	2,917	292	6.0	3,027	303	5.8
E	1,112	334	2.4	1,074	322	2.2	1,180	354	2.4	1,252	375	2 4
F	236	118	0.5	217	108	0 4	239	119	0.5	253	127	0 5
G	606	424	1.3	577	404	1.2	620	434	1.3	694	486	1.3
H	1,583	1,583	3.4	1,749	1,749	3 6	1,718	1,718	3.5	1,942	1,945	3 7
Total	46,773	3,104	100.0	48,777	3,244	100.0	48,448	3,286	100.0	51,883	3,659	100.0
AA-B	-	-	-	-	-	-	-	-	-	-	-	-
C-D	-	-	-	-	-	-	-	-	-	-	-	-
E-H	-	-	-	-	-	-	-	-	-	-	-	-
AA-C	40,393	361	86 4	42,277	372	86.7	41,772	369	86.2	44,716	424	86.2
D-H	6,380	2,743	13.6	6,500	2,872	13.3	6,674	2,918	13.8	7,168	3,235	13.8

Banco do Brasil S.A.

Foreign Trade Loan Portfolio by Risk Level
in millions of Reais

	Mar/07			Jun/07			Sep/07			Dec/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	6,381	-	57.0	5,743	-	52.2	6,515	-	54.0	6,092	-	51.2
A	1,618	8	14.5	2,060	10	18.7	1,880	9	15.6	2,442	12	20.5
B	2,141	21	19.1	2,389	24	21.7	2,790	28	23.1	2,547	25	21.4
C	913	27	8.2	686	21	6.2	662	20	5.5	603	18	5.1
D	75	7	0.7	62	6	0.6	107	11	0.9	106	11	0.9
E	5	1	0.0	5	1	0.0	7	2	0.1	7	2	0.1
F	3	2	0.0	7	3	0.1	9	5	0.1	2	1	0.0
G	8	6	0.1	15	11	0.1	5	4	0.0	9	6	0.1
H	47	47	0.4	35	35	0.3	99	99	0.8	103	103	0.9
Total	11,190	120	100.0	11,004	112	100.0	12,073	177	100.0	11,911	178	100.0
AA-B	-	-	-	-	-	-	-	-	-	-	-	-
C-D	-	-	-	-	-	-	-	-	-	-	-	-
E-H	-	-	-	-	-	-	-	-	-	-	-	-
AA-C	11,052	57	98.8	10,879	55	98.9	11,846	57	98.1	11,684	56	98.1
D-H	138	64	1.2	125	57	1.1	227	120	1.9	227	123	1.9

Banco do Brasil S.A.

Changes in the Retail Loan Portfolio Allowance
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Retail Loan Portfolio	43,378	45,809	48,576	53,407
Initial Allowance	**2,645**	**2,682**	**2,839**	**3,016**
1 - Risk Migration	457	503	600	611
a) Risk Deterioration	797	883	977	1,083
b) Risk Improvement	(340)	(381)	(377)	(471)
2 – New Transactions	270	284	309	325
3 – Write-offs	(591)	(532)	(630)	(599)
Total (1 + 2 + 3):	136	254	279	337
Other Impacts*	(100)	(97)	(103)	(48)
Final Allowance	**2,682**	**2,839**	**3,016**	**3,305**
Allowance Required by CMN Resolution 26	2,682	2,839	3,016	3,305
Allowance Flow - R$ million	627	690	806	888
Allowance / Portfolio - %	6.2	6.2	6.2	6.2
Allowance Flow / Portfolio - %	1.4	1.5	1.7	1.7

*Amortization, settlement, installments, and charges

** In the 1Q05 there was transfer of transactions from the Commercial portfolio to Retail portfolio

Banco do Brasil S.A.

Changes in the Commercial Loan Portfolio Allowance
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Commercial Loan Portfolio	24,087	24,878	26,034	29,613
Initial Allowance	**361**	**348**	**306**	**341**
1 - Risk Migration	(57)	5	47	30
a) Risk Deterioration	56	73	115	145
b) Risk Improvement	(113)	(68)	(68)	(115)
2 – New Transactions	99	44	52	46
3 – Write-offs	(42)	(76)	(47)	(23)
Total (1 + 2 + 3):	(0)	(27)	52	53
Other Impacts*	(13)	(16)	(18)	(56)
Final Allowance	**348**	**306**	**341**	**338**
Allowance Required by CMN Resolution 26	348	306	341	338
Allowance Flow - R$ million	29	34	81	21
Allowance / Portfolio - %	1.4	1.2	1.3	1.1
Allowance Flow / Portfolio - %	0.1	0.1	0.3	0.1

*Amortization, settlement, installments, and charges

** In the 1Q05 there was transfer of transactions from the Commercial portfolio to Retail portfolio

Banco do Brasil S.A.

Changes in the Agribusiness Loan Portfolio Allowance
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Agribusiness Loan Portfolio	46,774	48,769	48,446	51,883
Initial Allowance	**2,768**	**3,104**	**3,244**	**3,286**
1 - Risk Migration	(345)	(164)	(194)	(62)
a) Risk Deterioration	465	425	395	669
b) Risk Improvement	(810)	(589)	(589)	(731)
2 – New Transactions	790	498	464	551
3 – Write-offs	(132)	(147)	(147)	(92)
Total (1 + 2 + 3):	313	186	123	397
Other Impacts*	24	(47)	(80)	(24)
Final Allowance	**3,104**	**3,244**	**3,286**	**3,659**
Allowance Required by CMN Resolution 26	3,104	3,244	3,286	3,659
Allowance Flow - R$ million	469	286	190	465
Allowance / Portfolio - %	6.6	6.7	6.8	7.1
Allowance Flow / Portfolio - %	1.0	0.6	0.4	0.9

*Amortization, settlement, installments, and charges

Banco do Brasil S.A.

Changes in the Foreign Trade Loan Portfolio Allowance
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Foreign Trade Loan Portfolio	11,190	11,004	12,073	11,911
Initial Allowance	**129**	**120**	**112**	**177**
1 - Risk Migration	(31)	(24)	38	(22)
a) Risk Deterioration	20	27	84	32
b) Risk Improvement	(51)	(51)	(46)	(54)
2 – New Transactions	37	43	49	49
3 – Write-offs	(10)	(23)	(15)	(14)
Total (1 + 2 + 3):	(4)	(4)	71	12
Other Impacts*	(5)	(5)	(6)	(11)
Final Allowance	**120**	**112**	**177**	**178**
Allowance Required by CMN Resolution 2682	120	112	177	178
Allowance Flow - R$ million	2	14	80	16
Allowance / Portfolio - %	1.1	1.0	1.5	1.5
Allowance Flow / Portfolio - %	0.0	0.1	0.7	0.1

*Amortization, settlement, installments, and charges

Banco do Brasil S.A.

Service Revenues
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Service Revenues	**2,377**	**2,437**	**2,498**	**2,590**
Account Fees	703	716	727	769
Loan Fees	233	234	240	250
Credit Card Fees	193	204	208	250
Investiment Fund Management Fees	395	425	443	435
Billings	224	233	243	257
Interbank	180	184	180	187
Collection	100	101	106	114
Services Rendered to Affiliated	70	79	72	63
Official Services Fees	79	32	35	8
Others	200	228	246	257

Banco do Brasil S.A.

Personnel Expenses
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Personnel Expenses	**(1,748)**	**(1,712)**	**(1,759)**	**(1,936)**
Salaries	(780)	(954)	(827)	(1,047)
Benefits	(221)	(294)	(228)	(255)
Social Charges	(366)	(260)	(310)	(422)
Training	(10)	(17)	(18)	(28)
Remuneration for Counselors and Directors	(3)	(3)	(3)	(4)
Administrative Personnel Provisions	(368)	(185)	(373)	(180)

Banco do Brasil S.A.
Legal Risk
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Legal Risk	**(177)**	**(329)**	**(310)**	**(378)**
Legal Claims	(66)	(128)	(164)	(158)
Labor Lawsuts	(111)	(201)	(146)	(219)

The expenses with Labor Claims and Legal Lawsuits were separated, before they used to be registered in the Personnel Expenses and Other Administrative Expenses, respectively, in a new group called **Legal Risk**. This change aims in providing a better stability e make easier the analysis of Administrative Expenses.

Banco do Brasil S.A.

Other Administrative Expenses
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Other Administrative Expenses	**(1,401)**	**(1,519)**	**(1,572)**	**(1,729)**
Telecom. and Data Processing	(369)	(391)	(399)	(414)
Amortization and Depreciation	(181)	(182)	(184)	(184)
Security, Guard, and Transport Services	(219)	(231)	(239)	(282)
Expenses with Premises and Equipment	(199)	(202)	(195)	(213)
Marketing and Public Relations	(64)	(115)	(103)	(134)
Expenses with Outsourced Services	(139)	(157)	(174)	(231)
Other Administrative Expenses	(230)	(242)	(279)	(273)

* In 2Q05 Labor Lawsuits were realocated to Legal Risk.

Banco do Brasil S.A.

Coverage Ratios
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Service Revenues	2,377	2,437	2,498	2,590
Administrative Expenses	(3,186)	(3,268)	(3,368)	(3,708)
Personnel Expenses	(1,748)	(1,713)	(1,759)	(1,936)
Service Revenues / Personnel Expens	127.9	127.4	131.2	120.2
Service Revenues / Administrative Exp	70.7	67.8	67.9	63.4

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Efficiency Ratio

in millions of Reais

	1Q07	2Q07	3Q07	4Q07
A) Administrative expenses	**(3,186)**	**(3,268)**	**(3,368)**	**(3,708)**
Personnel Expenses*	(1,748)	(1,713)	(1,759)	(1,936)
Other Administrative Expenses**	(1,401)	(1,519)	(1,572)	(1,729)
Other Taxes	(37)	(36)	(37)	(42)
B) Operating income	**7,152**	**7,485**	**7,554**	**7,724**
Gross Financial Margin	4,852	5,208	5,156	5,478
Service Revenues	2,377	2,437	2,498	2,590
Other Operating Income	755	727	705	711
Other Operating Expenses	(833)	(887)	(805)	(1,054)
Efficiency Ratio (A:B) - %	**47.0**	**48.0**	**48.7**	**52.9**

* Includes Labor Lawsuits

** Includes Legal Claims

Banco do Brasil S.A.

Return on Equity
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Recurring Income	1,409	1,464	1,582	1,243
Net Income	1,409	1,068	1,364	1,217
Average Shareholders' Equity	21,198	21,972	22,685	23,664
Recurring ROE - %	29.4	29.4	31.0	22.7
ROE - %	29.4	20.9	26.3	22.2

Banco do Brasil S.A.

ROE Decomposition	1Q07		2Q07		3Q07	
	NI*	RI**	NI*	RI**	NI*	RI**
Net Interest Income	101.1	101.1	101.9	104.7	99.4	100.9
Provision for Non-Performing Loans	(29.8)	(29.8)	(24.2)	(24.9)	(23.4)	(23.8)
Service Revenues	49.5	49.5	47.7	49.0	48.2	48.9
Taxes on Revenues, Income Tax and Social Contribution	(20.6)	(20.6)	(23.9)	(24.6)	(21.1)	(21.4)
Administrative Expenses	(66.4)	(66.4)	(64.0)	(65.7)	(65.0)	(65.9)
Other***	(4.4)	(4.4)	0.0	0.0	0.9	0.9
Recurring Income**	-	**29.4**	-	**29.4**	-	**31.0**
Extraordinary Items	-	-	(7.7)	-	(4.2)	-
Net Income*	**29.4**	-	**20.9**	-	**26.3**	-

*** Legal Risk, Equity Inc. Result from Subs. And Affil., Other Operating Income, Other Operating Expenses, Non-operating Income

4Q07	
NI*	RI**
100.0	100.1
(27.3)	(27.4)
47.3	47.4
(18.1)	(18.1)
(237.7)	(238.0)
(9.7)	(9.7)
-	**22.7**
(0.5)	-
22.2	**-**

: and Statutory Profit Sharing.

Banco do Brasil S.A.

ROE Decomposition	1Q07		2Q07		3Q07		4Q07	
	NI*	RI**	NI*	RI**	NI*	RI**	NI*	RI**
Net Interest Income	101.1	101.1	101.9	104.7	99.4	100.9	100.0	100.1
Provision for Non-Performing Loans	(29.8)	(29.8)	(24.2)	(24.9)	(23.4)	(23.8)	(27.3)	(27.4)
Service Revenues	49.5	49.5	47.7	49.0	48.2	48.9	47.3	47.4
Taxes on Revenues, Income Tax and Social Contribution	(20.6)	(20.6)	(23.9)	(24.6)	(21.1)	(21.4)	(18.1)	(18.1)
Administrative Expenses	(66.4)	(66.4)	(64.0)	(65.7)	(65.0)	(65.9)	(237.7)	(238.0)
Other***	(4.4)	(4.4)	0.0	0.0	0.9	0.9	(9.7)	(9.7)
Recurring Income**	-	**29.4**	-	**29.4**	-	**31.0**	-	**22.7**
Extraordinary Items	-	-	(7.7)	-	(4.2)	-	(0.5)	-
Net Income*	**29.4**	-	**20.9**	-	**26.3**	-	**22.2**	-

*** Legal Risk, Equity Inc. Result from Subs. And Affil., Other Operating Income, Other Operating Expenses, Non-operating Income and Statutory Profit Sharing.

Banco do Brasil S.A.
Liquid Value Added
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Net Interest Income	4,852	5,208	5,156	5,478
Income from Non-Financial Products	1,918	1,948	1,994	2,103
Account Fees	703	716	727	769
Investment Fund Management Fees	395	425	443	435
Loans	233	234	240	250
Billings	224	233	243	257
Collections	100	101	106	114
Credit Cards Fees	193	204	208	250
Insurance	42	34	28	29
Others	1,435	1,389	1,400	1,448
Value Added	**8,206**	**8,544**	**8,550**	**9,029**
Distribuição do Valor Agregado (exceto acionistas)	**(6,797)**	**(7,476)**	**(7,186)**	**(7,812)**
Operational Expenses and Risk	(2,264)	(2,123)	(2,021)	(2,551)
Provision for credit risk	(1,431)	(1,236)	(1,216)	(1,497)
Other Operational Expenses	(833)	(887)	(805)	(1,054)
Personnel Expenses	(2,039)	(2,051)	(2,080)	(2,312)
Personnel Expenses	(1,859)	(1,914)	(1,905)	(2,155)
Statutory profit sharing	(180)	(137)	(175)	(157)
Administrative Expenses	(1,467)	(1,647)	(1,736)	(1,888)
Tax Expenses	(1,028)	(1,259)	(1,131)	(1,035)
Taxes on Sales	(451)	(489)	(476)	(495)
Other Taxes Expenses	(37)	(36)	(37)	(42)
Income and social contribution taxes	(539)	(734)	(619)	(498)
Extraordinary Items	-	(396)	(218)	(26)
Value Added for the Shareholders	**1,409**	**1,068**	**1,364**	**1,217**

Banco do Brasil S.A.
Gross Value Added
in millions of Reais

	1Q07	2Q07	3Q07	4Q07
Financial intermediation Income	9,650	10,016	10,267	10,110
Income from Non-Financial Products	1,918	1,948	1,994	2,103
Account Fees	703	716	727	769
Investment Fund Management Fees	395	425	443	435
Loans	233	234	240	250
Billings	224	233	243	257
Collections	100	101	106	114
Credit Cards Fees	193	204	208	250
Insurance	42	34	28	29
Other	1,435	1,389	1,400	1,448
Value Added	**13,003**	**13,353**	**13,661**	**13,661**
Distribution of Value Added	**(11,595)**	**(12,284)**	**(12,297)**	**(12,444)**
Financial intermediation Expenses	(4,798)	(4,809)	(5,111)	(4,632)
Operational Expenses and Risk	(2,264)	(2,123)	(2,021)	(2,551)
Provision for credit risk	(1,431)	(1,236)	(1,216)	(1,497)
Other Operational Expenses	(833)	(887)	(805)	(1,054)
Personnel Expenses	(2,039)	(2,051)	(2,080)	(2,312)
Personnel Expenses	(1,859)	(1,914)	(1,905)	(2,155)
Statutory profit sharing	(180)	(137)	(175)	(157)
Administrative Expenses	(1,467)	(1,647)	(1,736)	(1,888)
Tax Expenses	(1,028)	(1,259)	(1,131)	(1,035)
Taxes on Sales	(451)	(489)	(476)	(495)
Other Taxes Expenses	(37)	(36)	(37)	(42)
Income and social contribution taxes	(539)	(734)	(619)	(498)
Extraordinary Items	-	(396)	(218)	(26)
Value Added for the Shareholders	**1,409**	**1,068**	**1,364**	**1,217**

	December 31, 2005								December 31, 2004		
	Market value										
Maturity in days	With no maturity	0 - 30	31 - 180	181 - 360	Over 360	Cost	Market value	Total Unrealized gain (loss)	Cost	Market value	Total Unrealized gain (loss)
Brazilian foreign debt securities	--	369,015	19,059	35	1,363,477	1,648,862	1,751,586	102,724	1,258,482	1,289,447	30,965
Foreign debt securities - other countries	--	--	183,400	--	47,585	231,477	230,985	(492)	243,560	241,989	(1,571)
Shares in equity funds	41,391	--	--	--	--	34,515	41,391	6,876	40,349	45,213	4,864
Shares in listed companies	2,424	--	--	--	--	1,052	2,424	1,372	1,193	1,872	679
Other	--	--	46	--	46,283	45,632	46,329	697	120,582	104,551	(16,031)
III - Securities held to maturity	--	431,816	1,354,166	1,753,685	21,322,747	25,274,779	24,862,414	--	26,951,166	26,255,452	--
Domestic	--	1,609	1,353,206	1,753,634	20,537,538	24,128,637	23,645,987	--	25,848,660	25,014,627	--
Debentures	--	--	--	--	--	--	--	--	49,379	47,569	--
Financial Treasury Bills	--	--	1,343,676	1,343,658	17,869,212	20,707,536	20,556,546	--	19,651,455	19,318,148	--
Federal Treasury Notes	--	--	--	--	2,096,392	2,427,297	2,096,392	--	2,226,823	1,756,896	--
Federal Government securities – other	--	--	--	406,379	567,612	973,975	973,991	--	1,924,855	1,900,449	--
Commodities	--	561	5,693	3,597	4,322	14,824	14,173	--	1,993,128	1,988,797	--
Other	--	1,048	3,837	--	--	5,005	4,885	--	2,920	2,768	--
Foreign	--	430,207	960	51	785,209	1,146,142	1,216,427	--	1,102,506	1,240,825	--
Brazilian foreign debt securities	--	430,204	749	--	784,028	1,144,746	1,214,981	--	1,083,301	1,221,609	--
Certificates of deposit	--	--	--	--	--	--	--	--	16,097	16,097	--
Foreign debt securities - other countries	--	1	211	51	1,073	1,293	1,336	--	974	977	--
Other	--	2	--	--	108	103	110	--	134	142	--
Total	695,436	1,675,531	5,789,615	8,955,448	48,655,121	65,963,543	65,771,151	208,126	72,800,213	72,208,301	129,006

BB - Consolidated

	December 31, 2005								December 31, 2004		
	Market value					Total			Total		
Maturity in days	With no maturity	0 - 30	31 - 180	181 - 360	Over 360	Cost	Market value	Unrealized gain (loss)	Cost	Market value	Unrealized gain (loss)
Total by portfolio	695,436	1,675,531	5,789,615	6,955,448	48,655,121	65,963,543	65,771,151	208,126	72,800,213	72,208,301	129,006
(a) Own portfolio	695,436	1,582,548	4,746,526	7,630,076	22,725,189	37,496,691	37,379,775	156,715	26,676,414	26,345,332	80,892
(b) Subject to repurchase agreements	--	92,983	925,886	1,248,175	22,438,676	24,777,927	24,703,720	52,159	43,712,032	43,465,930	48,091
(c) Deposits with the Brazilian Central Bank	--	--	85,051	--	3,172,854	3,258,971	3,257,905	(773)	1,960,026	1,949,287	-
(d) Pledged in guarantee	--	--	32,152	77,197	320,402	429,954	429,751	25	451,741	447,752	23

BB - Consolidated

	December 31, 2005							December 31, 2004	
	Market value					Total		Total	
Maturity in years	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	Market value	Cost	Market value
Total by category	695,436	16,420,593	41,899,962	6,188,602	566,558	65,963,543	65,771,151	72,800,213	72,208,301
I - Trading securities	415	1,232,146	1,844,094	--	--	3,064,807	3,076,655	13,192,199	13,162,606
II - Securities available for sale	695,021	11,648,780	24,458,452	463,271	566,558	37,623,957	37,832,082	32,656,848	32,790,243
III - Securities held to maturity	--	3,539,667	15,597,416	5,725,331	--	25,274,779	24,862,414	26,951,166	26,255,452

The portfolio after marking-to-market is as follows:

	December 31, 2005	% of total portfolio	December 31, 2004	% of total portfolio
Total by portfolio	66,183,516	100%	72,904,015	100%
I - Trading securities	3,076,655	5%	13,162,606	18%
II - Securities available for sale	37,832,082	57%	32,790,243	45%
III - Securities held to maturity	25,274,779	38%	26,951,166	37%

No reclassifications of marketable securities were made between the above categories during the period.

(b) **Derivative financial instruments**

The Bank uses derivative financial instruments to manage, in a consolidated manner, its positions and to meet clients' needs, classifying own positions into Hedging (market risk) and Trading, both with limits of approval. This information is made available to the areas of pricing, trading, controls and calculation of results, which are segregated within the Bank.

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

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

The hedge strategy of the equity positions is in line with the macroeconomic analyses and is approved by management.

Risk analysis of the subsidiaries is individual and its control consolidated.

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

Risks

The main risks inherent to derivative financial instruments resulting from the Bank's and its subsidiaries' business are credit, market and operating risks, all similar to those related to other types of financial instruments.

Market risk is the exposure created by a potential fluctuation in interest rates, exchange rates, quotations of goods, prices quoted on stock markets and other values, and is a function of the type of product, the volume of operations, the term and conditions of the contract and the underlying volatility.

Credit risk is the exposure to loss in the event of default by a counterparty to a transaction. The credit exposure in futures contracts is minimized due to daily settlement in cash. Swap contracts registered at CETIP and at BM&F are subject to credit risk if the counterparty is unable or unwilling to comply with his contractual liabilities. Total credit exposure in swaps at December 31, 2005 is R$1,112,598 thousand (R$982,191 thousand at December 31, 2004). The credit risk associated with options contracts is limited to the premiums paid on purchased options.

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

The tables below show the notional amounts, as cost or market value, and the respective net exposures in the balance sheet at December 31, 2005 for the derivative financial instruments classified in conformity with their designation as Trading or Hedge instruments.

(b.1) Trading derivatives

BB - Domestic and Foreign branches

By index	Counterparty (*)	December 31, 2005 Notional Amount	Cost	Market value	December 31, 2004 Notional amount	Cost	Market value
Exchange trading							
Futures contracts							
Purchase commitments		1,025,787	(4,410)	(4,285)	1,766,231	(240,702)	(240,276)
DI	E	33,854	3,375	3,375	–	4,235	4,235
U.S. dollar	E	232,431	28,583	28,583	306,694	(64,779)	(64,779)
Index	E	–	(21)	(21)	–	496	496
Foreign exchange coupon	E	434,778	(35,435)	(35,435)	727,143	(180,606)	(180,606)
Commodities	E	–	1	1	–	(48)	(48)
Libor	FI	301,847	–	125	732,394	–	426
SCC	E	22,877	(913)	(913)	–	–	–
Sales commitments		4,560,623	11,688	12,762	3,581,935	(46,749)	(46,179)
DI	E	2,687,083	(11,571)	(11,571)	1,464,143	(6,246)	(6,246)
U.S. dollar	E	–	4,194	4,194	–	14,007	14,007
Index	E	–	(31)	(31)	8,005	306	306
Foreign exchange coupon	E	215,832	19,095	19,095	274,688	51,849	51,849
Commodities	E	–	1	1	–	31	31
SCC	E	–	–	–	455,227	(106,696)	(106,696)
Libor	FI	1,677,708	–	1,074	1,379,872	–	570
Fixed-term options							
Asset position		221,008	14,569	26,241	198,160	33,779	21,369
Securities	E	–	–	–	9,189	9,189	9,189
Currencies	E	221,008	14,569	26,241	188,971	24,590	12,180
Liability position		279,404	(30,721)	(22,696)	202,650	(12,230)	(4,499)
Securities	E	–	–	–	9,189	9,189	9,189
Currencies	E	279,404	(30,721)	(22,696)	193,461	(21,419)	(13,688)
Options market							
Purchase options		21	32	15	418	425	403
Shares	E	21	32	15	418	425	403
Sales options		(32,896)	(75,331)	(73,575)	(393)	(655)	(626)
Shares	E	(32,896)	(75,331)	(73,575)	(393)	(655)	(626)
Over-the-counter trading							
Swap contracts							
Asset position		1,394,469	219,113	241,560	5,037,961	566,287	571,627
DI	C	801,538	182,982	186,593	2,292,032	378,496	370,039
	FI	147,414	23,473	24,484	349,576	61,433	60,955
Foreign currency	C	244.058	(452)	1.237	–	–	–
		77.548	11.584	27.646	1.264.233		133.706
	FI					120.258	
Prefixed	C	123.911	1.526	1.600	432.896	5.409	6.236
Other	–	–	–	–	699.224	691	691
Liability position		14,409,230	(426,553)	(429,525)	12,324,256	(486,430)	(498,936)
DI	C	11,247,422	(310,587)	(310,706)	240,276	(1,184)	(1,554)
	FI	169,798	(15,512)	(16,560)	428,525	(120,995)	(118,792)
Foreign currency	C	561,949	(22,787)	(22,420)	101,095	165	(1,293)
	FI	232,895	419	(1,628)	1,332,698	(85,552)	(98,430)
Prefixed	C	8,742	(166)	(271)	10,009,374	(278,808)	(278,811)
SELIC rate	C	1,748,978	(52,886)	(52,886)	–	–	–
Referential Rate (TR)	C	441,446	(25,054)	(25,054)	–	–	–
Other	–	–	–	–	212,288	(56)	(56)
Forwards contracts							

BB - Domestic and Foreign branches

By index	Counterparty (*)	December 31, 2005 Notional Amount	Cost	Market value	December 31, 2004 Notional amount	Cost	Market value
Asset position		1,541,902	14,146	19,400	--	--	--
Foreign currency	FI	823,552	13,981	19,235	--	--	--
Other	--	718,350	165	165	--	--	--
Liability position		2,342,057	(45,779)	(44,495)	--	--	--
Foreign currency	FI	1,595,629	(45,713)	(44,428)	--	--	--
Other		746,428	(66)	(67)	--	--	--

(*) Counterparty: (E) Exchange, (FI) Financial Institution, (C) Customer.

BB - Domestic and Foreign branches

By maturity	December 31, 2005 Notional amount	Cost	Market value	December 31, 2004 Notional amount	Cost	Market value
Futures contracts						
Purchase commitments	1,025,787	--	--	1,766,231	--	--
Up to 30 days	68,960	--	--	334,262	--	--
31 to 60 days	232,431			120,886		
61 to 90 days	--	--	--	199,020	--	--
91 to 180 days	99,959	--	--	222,362	--	--
181 to 360 days	197,647	--	--	281,433	--	--
1 to 5 years	408,071	--	--	608,268	--	--
Over 5 years	18,719	--	--	--	--	--
Sales commitments	4,560,623	--	--	3,581,935	--	--
Up to 30 days	388,491	--	--	808,977	--	--
31 to 60 days	--	--	--	205,030	--	--
61 to 90 days	--	--	--	127,373	--	--
91 to 180 days	191,872	--	--	172,068	--	--
181 to 360 days	1,175,336	--	--	1,340,415	--	--
1 to 5 years	2,804,924	--	--	928,072	--	--

	BB - Domestic and Foreign branches					
	December 31, 2005			December 31, 2004		
By maturity	Notional amount	Cost	Market value	Notional amount	Cost	Market value
Fixed-term currency options						
Asset position						
Security maturity	--	--	--	9,189	9,189	9,189
Up to 30 days	--	--	--	9,189	9,189	9,189
Currency maturity	221,008	14,569	26,241	188,971	24,590	12,180
Up to 30 days	70,320	3,817	3,862	23,364	1,810	1,463
31 to 60 days	(56,275)	3,159	3,050	44,864	3,056	1,997
61 to 90 days	(19,181)	2,492	2,161	30,580	2,641	1,479
91 to 180 days	112,333	867	5,165	27,624	4,418	2,772
181 to 360 days	106,685	4,796	11,869	46,540	8,361	3,459
1 to 5 years	7,126	(562)	134	15,999	4,304	1,010
Liability position						
Security maturity	--	--	--	9,189	9,189	9,189
Up to 30 days	--	--	--	9,189	9,189	9,189
Currency maturity	279,404	(30,721)	(22,698)	193,461	(21,419)	(13,688)
Up to 30 days	93,914	(12,848)	(12,758)	90,379	(7,562)	(6,418)
31 to 60 days	25,500	(4,665)	(4,553)	37,392	(6,410)	(5,481)
61 to 90 days	44,088	(1,779)	(1,200)	726	(38)	(21)
91 to 180 days	38,187	(2,064)	(856)	31,094	(2,857)	(1,175)
181 to 360 days	66,577	(6,824)	(2,207)	33,870	(4,552)	(593)
1 to 5 years	11,138	(2,541)	(1,122)	--	--	--
Options market						
Purchase options						
Shares	21	32	15	418	425	403
Up to 30 days	21	32	15	413	409	388
31 to 60 days	--	--	--	5	16	15
Sales options						
Shares	(32,896)	(75,331)	(73,575)	(393)	(655)	(626)
Up to 30 days	(11,488)	(25,331)	(25,577)	(393)	(655)	(626)
31 to 60 days	(21,408)	(50,000)	(47,998)	--	--	--
Swap contracts						
Asset	1,394,469	218,113	241,560	5,037,961	566,287	571,627
Up to 30 days	377,211	12,452	13,685	704,648	72,140	73,084
31 to 60 days	186,172	1,904	2,448	545,905	54,436	53,753
61 to 90 days	73,928	24,613	25,318	278,797	37,972	37,601
91 to 180 days	239,030	19,330	21,634	1,681,520	215,338	212,473
181 to 360 days	87,516	16,699	16,727	1,491,397	154,157	163,761
1 to 5 years	450,612	144,115	161,748	335,685	32,215	30,949
5 to 10 years	--	--	--	9	29	6
Liability	14,409,230	(426,553)	(429,625)	12,324,256	(486,430)	(498,936)
Up to 30 days	399,551	(20,005)	(20,107)	977,403	(93,630)	(95,742)
31 to 60 days	597,582	(15,310)	(16,054)	242,083	(8,438)	(8,483)
61 to 90 days	312,958	(23,821)	(23,790)	279,160	(13,522)	(13,555)
91 to 180 days	715,168	(53,216)	(53,466)	1,087,012	(147,309)	(146,550)
181 to 360 days	7,779,806	(203,403)	(203,257)	5,913,906	(140,230)	(150,518)
1 to 5 years	4,604,165	(110,798)	(112,851)	3,724,613	(83,430)	(82,789)
5 to 10 years	--	--	--	100,079	129	(1,299)
Forwards contracts						
Asset	1,541,902	14,146	19,490	--	--	--
Up to 30 days	1,014,655	12,208	17,451	--	--	--
31 to 60 days	186,090	528	556	--	--	--
61 to 90 days	13,015	33	91	--	--	--

91 to 180 days	275,995	172	659	-	-	-
181 to 360 days	50,605	1,231	635	-	-	-
1 to 5 years	1,542	(26)	8	-	-	-
Liability	2,342,057	(45,779)	(44,495)	-	-	-
Up to 30 days	1,413,781	(19,330)	(24,355)	-	-	-
31 to 60 days	242,977	(8,990)	(8,399)	-	-	-
61 to 90 days	113,998	(6,085)	(5,527)	-	-	-
91 to 180 days	369,058	(2,465)	(1,645)	-	-	-
181 to 360 days	159,305	(4,379)	(2,131)	-	-	-
1 to 5 years	40,288	(3,822)	(2,410)	-	-	-
5 to 10 years	2,650	(608)	(28)	-	-	-

BB - Consolidated

By Index	Counterparty (*)	December 31, 2005 Notional amount	Cost	Market value	December 31, 2004 Notional amount	Cost	Market value
Exchange trading							
Futures contracts							
Purchase commitments		1,007,068	(4,410)	(4,299)	1,766,231	(240,702)	(240,276)
DI	E	33,854	3,375	3,375	–	4,235	4,235
U.S. dollar	E	232,431	28,583	28,583	306,694	(64,779)	(64,779)
Index	E	–	(21)	(21)	–	496	496
Foreign exchange coupon	E	434,778	(35,435)	(35,435)	727,143	(180,606)	(180,606)
Commodities	E	–	1	1	–	(48)	(48)
SCC	E	22,877	(913)	(913)	–	–	–
Libor	FI	283,128	–	111	732,394	–	426
Sales commitments		4,560,623	11,688	12,762	3,581,935	(46,749)	(46,179)
DI	E	2,667,083	(11,571)	(11,571)	1,464,143	(6,246)	(6,246)
U.S. dollar	E	–	4,194	4,194	–	14,007	14,007
Index	E	–	(31)	(31)	8,005	306	306
Foreign exchange coupon	E	216,832	19,095	19,095	274,688	51,848	51,848
Commodities	E	–	1	1	–	31	31
SCC	E	–	–	–	455,227	(106,695)	(106,695)
Libor	FI	1,677,708	–	1,074	1,379,872	–	570
Fixed-term options							
Asset position		221,008	14,569	26,241	198,160	33,779	21,369
Securities	E	–	–	–	9,189	9,189	9,189
Currencies	C	221,008	14,569	26,241	188,971	24,590	12,180
Liability position		279,404	(30,721)	(22,696)	202,650	(12,230)	(4,499)
Securities	E	–	–	–	9,189	9,189	9,189
Currencies	E	279,404	(30,721)	(22,696)	193,461	(21,419)	(13,688)
Options market							
Purchase options		1,391	126	100	4,770	711	650
Shares	E	21	32	15	418	425	403
Financial assets and derivatives	E	1,370	94	85	4,352	286	247
Sales options		(31,526)	(75,425)	(73,660)	3,959	(941)	(873)
Shares	E	(32,896)	(75,331)	(73,575)	(393)	(655)	(626)
Financial assets and derivatives	FI	1,370	(94)	(85)	4,352	(286)	(247)
Over-the-counter trading							
Swap contracts							
Asset position		1,374,409	219,099	241,553	4,592,260	638,921	533,048
DI	C	801,538	182,982	188,593	2,317,048	379,295	370,877
	FI	147,415	23,473	24,484	329,986	54,224	52,314
Foreign currency	C	244,058	(452)	1,236	–	–	–
	FI	77,548	11,584	27,646	1,110,067	100,602	104,122
Prefixed	C	103,850	1,512	1,594	135,935	4,109	5,044
Other	-	–	–	–	699,224	691	691
Liability position		14,409,230	(426,553)	(429,525)	12,240,014	(488,340)	(498,984)
DI	C	11,247,422	(310,567)	(310,706)	156,358	(1,123)	(1,137)
	FI	169,798	(15,512)	(16,560)	428,525	(120,995)	(118,792)
Foreign currency	C	561,949	(22,787)	(22,420)	101,095	165	(1,293)
	FI	232,895	419	(1,628)	1,332,374	(85,523)	(98,895)
Prefixed	C	8,742	(166)	(271)	10,009,374	(278,808)	(278,811)
SELIC rate	C	1,746,978	(52,886)	(52,886)	–	–	–
Referential Rate (TR)	C	441,446	(25,054)	(25,054)	–	–	–

Other	–	–	–	–	212,288	(56)	(56)
Forwards contracts							
Asset position		1,463,297	13,327	18,706	–	–	–
Foreign currency	FI	744,947	13,162	18,541	–	–	–
Other	–	718,350	165	165	–	–	–
Liability position		2,338,062	(45,047)	(44,454)	–	–	–
Foreign currency	FI	1,591,634	(44,981)	(44,387)	–	–	–
Other	–	746,428	(66)	(67)	–	–	–

(*) Counterparty: (E) Exchange, (FI) Financial Institution, (C) Customer.

	BB - Consolidated					
	December 31, 2005			December 31, 2004		
By maturity	Notional amount	Cost	Market value	Notional amount	Cost	Market value
Futures contracts						
Purchase commitments	1,007,068	–	–	1,766,231	–	–
Up to 30 days	68,960	–	–	334,262	–	–
31 to 60 days	232,431	–	–	120,886	–	–
61 to 90 days	–	–	–	199,020	–	–
91 to 180 days	99,959	–	–	222,362	–	–
181 to 360 days	197,647	–	–	281,433	–	–
1 to 5 years	408,071	–	–	608,268	–	–
Sales commitments	4,560,623	–	–	3,581,935	–	–
Up to 30 days	388,491	–	–	808,977	–	–
31 to 60 days	–	–	–	205,030	–	–
61 to 90 days	–	–	–	127,373	–	–
91 to 180 days	191,872	–	–	172,068	–	–
181 to 360 days	1,175,336	–	–	1,340,415	–	–
1 to 5 years	2,804,924	–	–	928,072	–	–

	BB - Consolidated					
	December 31, 2005			December 31, 2004		
By maturity	Notional amount	Cost	Market value	Notional amount	Cost	Market value
Fixed-term options						
Asset position						
Security maturity	–	–	–	9,189	9,189	9,189
Up to 30 days	–	–	–	9,189	9,189	9,189
Currency maturity	221,008	14,569	26,241	188,971	24,590	12,180
Up to 30 days	70,320	3,817	3,862	23,364	1,810	1,463
31 to 60 days	(56,275)	3,159	3,050	44,864	3,056	1,997
61 to 90 days	(19,181)	2,492	2,161	30,580	2,641	1,479
91 to 180 days	112,333	867	5,165	27,624	4,418	2,772
181 to 360 days	106,685	4,796	11,869	46,540	8,361	3,459
1 to 5 years	7,126	(562)	134	15,999	4,304	1,010
Liability position						
Security maturity	–	–	–	9,189	9,189	9,189
Up to 30 days	–	–	–	9,189	9,189	9,189
Currency maturity	279,404	(30,721)	(22,696)	193,461	(21,419)	(13,688)
Up to 30 days	93,914	(12,848)	(12,758)	90,379	(7,562)	(6,418)
31 to 60 days	25,500	(4,685)	(4,553)	37,392	(6,410)	(5,481)
61 to 90 days	44,088	(1,779)	(1,200)	726	(38)	(21)
91 to 180 days	38,187	(2,064)	(856)	31,094	(2,857)	(1,175)
181 to 360 days	66,577	(6,824)	(2,207)	33,870	(4,552)	(593)
1 to 5 years	11,138	(2,541)	(1,122)	–	–	–
Options market						
Purchase options						
Shares	1,391	126	100	4,770	711	650
Up to 30 days	21	32	15	413	409	388
31 to 60 days	277	39	43	1,296	73	51
91 to 180 days	946	43	29	2,774	205	194
181 to 360 days	147	12	13	287	24	17
Sales options						
Shares	(31,526)	(75,425)	(73,660)	3,959	(941)	(873)
Up to 30 days	(11,488)	(25,331)	(25,577)	(393)	(655)	(626)
31 to 60 days	(21,131)	(50,039)	(48,041)	1,291	(57)	(38)
91 to 180 days	946	(43)	(29)	2,774	(205)	(194)
181 to 360 days	147	(12)	(13)	287	(24)	(17)
Swap contracts						
Asset	1,374,409	219,099	241,553	4,592,260	538,921	533,048
Up to 30 days	357,151	12,438	13,678	661,301	72,097	73,507
31 to 60 days	186,172	1,904	2,448	507,649	54,339	53,672
61 to 90 days	73,928	24,613	25,318	225,068	37,723	37,393
91 to 180 days	239,030	19,330	21,634	1,588,018	215,366	212,546
181 to 360 days	67,516	16,699	16,727	1,275,692	127,069	125,006
1 to 5 years	450,612	144,115	161,748	334,523	32,298	30,918
5 to 10 years	–	–	–	9	29	6
Liability	14,409,230	(426,553)	(429,525)	12,240,014	(486,340)	(498,984)
Up to 30 days	399,551	(20,005)	(20,107)	956,830	(93,559)	(96,119)

	BB - Consolidated					
	December 31, 2005			December 31, 2004		
By maturity	Notional amount	Cost	Market value	Notional amount	Cost	Market value
31 to 60 days	597,582	(15,310)	(16,054)	242,083	(8,438)	(8,483)
61 to 90 days	312,958	(23,821)	(23,790)	279,160	(13,522)	(13,555)
91 to 180 days	715,168	(53,216)	(53,466)	1,023,666	(147,320)	(146,221)
181 to 360 days	7,779,806	(203,403)	(203,257)	5,913,906	(140,230)	(150,518)
1 to 5 years	4,604,165	(110,798)	(112,851)	3,724,290	(83,400)	(82,789)
5 to 10 years	--	--	--	100,079	129	(1,299)
Forwards contracts						
Asset	1,463,297	13,327	18,706	--	--	--
Up to 30 days	960,876	11,629	16,940	--	--	--
31 to 60 days	161,276	288	373	--	--	--
61 to 90 days	13,003	33	91	--	--	--
91 to 180 days	275,995	172	659	--	--	--
181 to 360 days	50,605	1,231	635	--	--	--
1 to 5 years	1,542	(26)	8	--	--	--
Liability	2,338,062	(45,047)	(44,454)	--	--	--
Up to 30 days	1,413,765	(19,330)	(24,361)	--	--	--
31 to 60 days	242,930	(8,990)	(8,399)	--	--	--
61 to 90 days	113,998	(6,085)	(5,527)	--	--	--
91 to 180 days	368,993	(2,457)	(1,639)	--	--	--
181 to 360 days	159,305	(4,379)	(2,131)	--	--	--
1 to 5 years	39,071	(3,806)	(2,397)	--	--	--

(b,2) Hedge derivatives

		BB - Domestic and Foreign branches					
		December 31, 2005			December 31, 2004		
By index	Counterparty (*)	Notional amount	Cost	Market value	Notional amount	Cost	Market value
Over-the-counter trading							
Swap contracts							
Asset position		--	--	--	164,238	27,520	27,116
DI	C	--	--	--	94,915	13,659	13,747
	FI	--	--	--	58,803	12,854	12,355
Prefixed	C	--	--	--	10,520	1,007	1,014

(*) Counterparty: (E) Exchange, (FI) Financial Institution, (C) Customer.

	BB - Domestic and Foreign branches					
	December 31, 2005			December 31, 2004		
By maturity	Notional amount	Cost	Market value	Notional amount	Cost	Market value

BB - Domestic and Foreign branches

By maturity	December 31, 2005 Notional amount	Cost	Market value	December 31, 2004 Notional amount	Cost	Market value
Swap contracts						
Asset	--	--	--	164,238	27,520	27,116
Up to 30 days	--	--	--	17,996	2,113	2,129
31 to 60 days	--	--	--	36,667	7,039	7,047
61 to 90 days	--	--	--	4,015	630	632
91 to 180 days	--	--	--	45,655	4,771	4,824
181 to 360 days	--	--	--	59,905	12,967	12,484

BB – Consolidated

By index	Counterparty (*)	December 31, 2005 Notional amount	Cost	Market value	December 31, 2004 Notional amount	Cost	Market value
Over-the-counter trading							
Swap contracts							
Asset position		--	--	--	139,222	26,721	26,278
DI	C	--	--	--	69,899	12,860	12,909
	FI	--	--	--	58,803	12,854	12,355
Prefixed	C	--	--	--	10,520	1,007	1,014

(*) Counterparty: (E) Exchange, (FI) Financial Institution, (C) Customer.

	BB - Consolidated					
	December 31, 2005			December 31, 2004		
By maturity	Notional amount	Cost	Market value	Notional amount	Cost	Market value
Swap contracts						
Asset	--	--	--	139,222	26,721	26,278
Up to 30 days	--	--	--	17,996	2,113	2,129
31 to 60 days	--	--	--	36,667	7,039	7,047
61 to 90 days	--	--	--	4,015	630	632
91 to 180 days	--	--	--	20,639	3,972	3,986
181 to 360 days	--	--	--	59,905	12,967	12,484

The margin given as guarantee for transactions with derivative financial instruments is comprised of Financial Treasury Bills (LFT) amounting to R$ 429,751 thousand (R$ 447,752 thousand at December 31, 2004).

The following tables show the derivative financial instruments portfolio for market risk hedges and the respective hedged items, which terminated on October 13, 2005 because of the maturity of the securities comprising the hedged item.

I - Hedged item:

	BB - Consolidated	
	Market value	
	December 31, 2005	December 31, 2004
Asset		
Foreign exchange securities	--	58,148
Federal Treasury Notes - D	--	--
Brazilian Central Bank Notes - E	--	58,148

II - Derivatives for market risk hedge:

	BB - Consolidated	
	Notional amount	
	December 31, 2005	December 31, 2004
Liability		
Derivative financial instruments	--	151,270
Swap contracts	--	151,270

(c) Adjustment to market value - securities and derivatives

The mark-to-market accounting requirement established by Circulars Letters 3068 and 3082 and later regulations resulted in the following income and expense being recognized in the six-month period/year:

	BB-Consolidated		
	2nd half 2005	Year 2005	Year 2004
Securities	21,912	64,558	(83,277)
Derivatives	142,456	196,052	(135,500)
Total	164,368	260,610	(218,777)

6 Loan and Lease Operations

(a) Details of the loan portfolio and operations with loan characteristics classified as "Other receivables"

	BB - Domestic and Foreign branches		BB - Consolidated	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Loan operations	85,355,473	74,064,067	85,941,631	74,823,166
Loans and bills discounted	38,293,128	34,909,097	38,566,823	35,358,872
Financing	17,684,768	13,754,468	18,180,321	14,251,954
Rural and agribusiness financing	35,533,593	30,322,265	35,533,593	30,322,265
Financing of securities	386	377	–	–
Allowance for loan losses	(6,156,400)	(4,922,140)	(6,339,106)	(5,109,925)
Other receivables with loan characteristics	8,553,132	7,900,331	9,135,897	8,316,400
Receivables from guarantees honored	159,669	68,080	159,669	70,977
Advances on foreign exchange contracts	6,710,114	6,333,352	6,710,114	6,333,352
Sundry	2,010,685	1,720,846	2,594,247	2,138,452
Provision for other losses	(327,336)	(221,947)	(328,133)	(226,381)
Lease operations	16,648	21,133	19,510	20,344
Lease operations	17,156	24,539	43,922	49,234
Allowance for lease losses	(508)	(3,406)	(24,412)	(28,890)
Total	93,925,253	81,985,531	95,097,038	83,159,910

(b) Details of the loan portfolio by sector, including operations with loan characteristics classified as "Other receivables"

	BB - Domestic and Foreign branches				BB - Consolidated			
	December 31, 2005	%	December 31, 2004	%	December 31, 2005	%	December 31, 2004	%
Public sector	3,615,170	3.7	4,176,307	4.7	3,642,903	3.7	4,195,673	4.7
Domestic	443,576	0.5	517,752	0.5	443,576	0.5	517,752	0.5
Government	184,065	0.2	371,716	0.4	184,065	0.2	371,716	0.4
Direct administration	168,633	0.2	180,791	0.2	168,633	0.2	180,791	0.2
Indirect administration	15,432	–	190,925	0.2	15,432	–	190,925	0.2
Business entities	259,511	0.3	146,036	0.1	259,511	0.3	146,036	0.1
Industry	165,007	0.2	33,990	–	165,007	0.2	33,990	–
Commerce	333	–	8,182	–	333	–	8,182	–
Financial services	69,464	0.1	68,216	0.1	69,464	0.1	68,216	0.1
Other services	24,707	–	35,648	–	24,707	–	35,648	–
Foreign	3,171,594	3.2	3,658,555	4.2	3,199,327	3.2	3,677,921	4.2
Business entities	3,171,594	3.2	3,658,555	4.2	3,199,327	3.2	3,677,921	4.2
Other services	3,171,594	3.2	3,658,555	4.2	3,199,327	3.2	3,677,921	4.2
Private sector	96,794,327	96.3	82,985,340	95.4	98,145,786	96.3	84,358,056	95.3
Domestic	91,568,585	91.3	78,636,980	90.2	92,168,420	90.6	79,018,900	89.2
Rural	33,382,226	33.3	28,797,349	33.0	33,382,226	32.8	28,797,349	32.5
Industry	21,970,000	21.9	17,895,519	20.6	22,168,477	21.8	18,031,108	20.4
Commerce	10,734,825	10.7	9,268,828	10.6	10,904,272	10.7	9,383,604	10.6
Financial services	4	–	205	–	4	–	205	–
Other services	9,143,087	9.1	8,268,246	9.5	9,276,710	9.1	8,353,088	9.4
Individuals	16,338,443	16.3	14,406,813	16.5	16,436,731	16.2	14,453,568	16.3
Foreign	5,225,742	5.0	4,348,380	5.2	5,977,366	5.7	5,339,156	6.1
BB Group	35,419	–	43,955	0.1	28,788	–	2,520	–
Commerce	700,007	0.7	248,145	0.3	776,665	0.7	285,686	0.3
Industry	3,848,474	3.8	3,329,969	3.9	4,332,895	4.2	4,144,393	4.7
Other companies	35,786	–	58,617	0.1	60,316	0.1	31,251	–
Other banks	409,883	0.4	454,301	0.5	418,106	0.4	489,738	0.6
Individuals	9,333	–	28,128	–	11,209	–	28,366	–
Other services	188,840	0.1	185,265	0.2	351,387	0.3	357,202	0.5
Total	100,409,497	100.0	87,161,647	100.0	101,788,689	100.0	88,553,729	100.0

(c) **Details of the loan portfolio by risk level and maturity, including operations with loan characteristics classified as "Other receivables"**

BB - Domestic and Foreign branches - loans falling due

Risk level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio Dec. 31, 2005	%	Total portfolio Dec. 31, 2004	%
AA	1,048,872	675,812	1,063,645	1,179,416	2,282,999	2,506,069	9,518,647	18,273,560	19%	16,912,782	21%
A	1,052,129	679,679	1,857,868	1,272,483	3,623,940	10,070,574	14,072,453	30,736,848	32%	27,296,104	33%
B	874,054	516,388	1,080,397	900,488	3,222,484	10,070,574	14,072,453	30,736,848	32%	27,296,104	33%
C	368,054	179,520	383,160	295,885	1,226,352	3,166,638	6,905,850	12,525,459	13%	10,629,939	13%
D	67,100	36,056	68,118	57,443	228,568	428,802	1,814,319	2,700,402	3%	1,937,913	2%
E	23,210	4,905	14,249	5,977	24,692	78,203	462,856	611,892	1%	369,324	-
F	9,178	2,246	3,937	2,574	12,312	18,062	193,074	241,381	-	169,602	-
G	6,422	1,427	5,074	1,237	8,025	13,617	185,913	201,615	-	111,320	-
H	18,531	4,921	9,815	6,044	31,828	75,419	723,670	870,228	1%	789,474	1%
Total	3,463,548	2,100,954	4,486,461	3,721,547	10,661,198	25,364,432	44,978,103	94,726,263	100%	82,909,854	100%

BB - Domestic and Foreign branches - loans overdue

Risk level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio Dec. 31, 2005	%	Total portfolio Dec. 31, 2004	%
B	30,146	281,327	22,292	89	171	121	-	334,146	6%	276,898	6%
C	14,771	251,422	394,721	12,282	10,840	116	8	684,160	12%	620,849	15%
D	4,329	108,496	160,138	317,538	67,589	151	842	659,085	12%	516,055	12%
E	2,335	49,802	62,492	90,963	307,183	26,910	-	339,685	9%	423,551	10%
F	733	21,087	29,175	40,947	363,923	25,410	-	481,255	8%	327,554	8%
G	504	22,080	29,362	27,074	497,363	22,111	-	598,494	11%	290,128	7%
H	4,772	75,401	107,703	92,655	473,579	1,447,393	183,096	2,384,399	42%	1,797,058	42%
Total	57,590	809,597	805,883	581,548	1,720,458	1,522,212	183,946	5,881,234	100%	4,251,793	100%

BB - Consolidated - loans falling due

Risk level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio Dec. 31, 2005	%	Total portfolio Dec. 31, 2004	%
AA	1,091,328	677,449	1,068,449	1,183,012	2,295,256	2,489,114	9,602,384	18,406,992	19%	17,100,375	20%
A	1,071,705	684,239	1,866,975	1,283,569	3,644,224	9,266,027	11,357,315	29,174,155	31%	25,152,804	30%
B	899,722	522,805	1,093,764	911,830	3,256,607	10,134,780	14,210,147	31,029,655	33%	27,680,108	33%
C	369,644	181,174	387,918	303,108	1,233,872	3,185,092	6,927,524	12,908,332	13%	10,706,029	13%
D	68,414	36,915	70,172	59,022	237,336	437,163	1,840,803	2,749,825	3%	1,971,879	2%
E	24,229	5,787	15,348	7,029	27,068	81,544	470,138	631,137	1%	408,025	-
F	9,269	2,287	4,036	2,670	12,588	18,473	193,640	242,942	-	169,770	-
G	6,486	1,460	5,158	1,299	8,200	13,804	186,341	202,728	-	119,947	-
H	24,228	5,107	10,258	6,403	32,619	78,785	863,511	1,018,091	1%	951,225	1%
Total	3,565,025	2,117,223	4,522,036	3,758,042	10,767,948	25,702,782	45,631,801	96,064,857	100%	84,257,260	100%

BB - Consolidated - loans overdue

Risk level	0-15	16-30	31-60	61-90	91-180	181-360	Over 360	Total portfolio Dec. 31, 2005	%	Total portfolio Dec. 31, 2004	%
B	30,158	281,408	22,295	89	171	121	-	334,242	6%	282,363	7%
C	15,015	256,241	399,217	12,283	10,840	116	25	693,737	12%	632,269	15%
D	4,332	108,598	160,661	320,695	67,589	151	842	663,068	12%	522,178	12%
E	2,337	49,896	62,854	91,475	310,264	26,910	-	543,536	9%	426,278	10%
F	735	21,120	29,250	41,087	366,834	25,427	-	484,453	8%	328,653	8%
G	504	22,109	29,423	27,138	500,901	22,111	15	601,599	11%	291,798	7%
H	4,776	75,602	108,038	92,958	474,731	1,463,645	163,467	2,403,217	42%	1,812,733	42%
Total	57,857	814,974	811,538	585,803	1,730,730	1,538,481	184,349	5,723,832	100%	4,296,469	100%

(d) **Details of the allowance for loan losses by risk level, including operations with loan characteristics classified as "Other receivables"**

BB - Domestic and Foreign branches

Risk level	% Allowance	December 31, 2005 Balance	December 31, 2005 Allowance	December 31, 2004 Balance	December 31, 2004 Allowance
AA	0	18,273,660	–	16,912,782	–
A	0.5	28,566,778	142,834	24,673,396	123,367
B	1	31,070,994	310,710	27,572,802	275,728
C	3	13,209,619	396,289	11,250,588	337,518
D	10	3,359,487	335,949	2,453,968	245,397
E	30	1,151,587	345,476	812,875	243,862
F	50	722,636	361,317	497,255	248,628
G	70	800,109	560,076	401,449	281,014
H	100	3,254,627	3,254,627	2,586,532	2,586,532
Subtotal		100,409,497	5,707,278	87,161,647	4,342,046
Additional allowance foreign (i)		–	31,237	–	44,397
Additional allowance domestic (ii)		–	745,730	–	761,050
Total		100,409,497	6,484,244	87,161,647	5,147,493

		BB - Consolidated			
		December 31, 2005		December 31, 2004	
Risk level	% Allowance	Balance	Allowance	Balance	Allowance
AA	0	18,406,992	–	17,100,375	–
A	0.5	29,174,155	145,871	25,152,904	125,765
B	1	31,383,897	313,639	27,962,469	279,625
C	3	13,302,069	399,062	11,338,299	340,149
D	10	3,412,893	341,289	2,494,055	249,406
E	30	1,174,673	352,402	831,304	249,391
F	50	727,375	363,687	498,623	249,312
G	70	804,327	563,029	411,742	288,219
H	100	3,422,308	3,422,308	2,763,958	2,763,958
Subtotal		101,788,689	5,901,287	88,553,729	4,545,825
Additional allowance foreign (i)		–	41,198	–	58,118
Additional allowance domestic (ii)		–	749,166	–	761,253
Total		101,788,689	6,691,651	88,553,729	5,365,196

(i) Additional allowance required by local legislation.

(ii) Includes R$ 503,445 thousand at December 31, 2005 (R$ 505,285 thousand at December 31, 2004) of adjustment to present value of the Bank's PESA risk operations, in compliance with the recommendation of the Brazilian Central Bank; R$ 173,145 thousand relating to interest on PROAGRO operations pending reimbursement by the Brazilian Central Bank; and R$ 41,000 thousand relating to the estimated loss of the small business segment, due to the adoption of the new model of risk analysis to conform with the new Basel Agreement.

(e) Changes in the allowance for loan and lease losses and for operations with loan characteristics classified as "Other receivables"

	BB-Domestic and Foreign branches			BB-Consolidated		
	2nd half 2005	Year 2005	Year 2004	2nd half 2005	Year 2005	Year 2004
Opening balance	5,699,051	5,147,493	3,834,971	5,892,557	5,365,196	4,195,447
Additional/(reversal) allowances	2,428,405	4,489,985	3,864,809	2,464,077	4,527,791	3,832,328
Exchange variation on allowances - foreign	(1,629)	(13,567)	902	(2,469)	(37,358)	(21,478)
Loans written off	(1,641,583)	(3,139,667)	(2,553,189)	(1,662,514)	(3,163,978)	(2,641,101)
Closing balance	6,484,244	6,484,244	5,147,493	6,691,651	6,691,651	5,365,196

(f) Changes in the provision for loss on other receivables without loan characteristics

	BB-Domestic and Foreign branches			BB-Consolidated		
	2nd half 2005	Year 2005	Year 2004	2nd half 2005	Year 2005	Year 2004
Opening balance	2,111,381	1,706,590	1,035,845	2,121,791	1,717,785	1,046,961
Additional/(reversal) allowances	459,634	879,176	689,025	459,227	878,194	688,958
Exchange variation on allowances - foreign	(94)	(1,131)	685	(94)	(1,131)	684
Loans written off	(1,410)	(15,224)	(18,965)	(1,074)	(14,998)	(18,818)
Closing balance	2,569,411	2,569,411	1,706,590	2,579,850	2,579,850	1,717,785

(g) Supplementary information

	BB-Domestic and Foreign branches			BB-Consolidated		
	2nd half 2005	Year 2005	Year 2004	2nd half 2005	Year 2005	Year 2004
Renegotiated loans	1,860,574	3,585,137	3,394,683	1,860,574	3,585,137	3,394,683
Recoveries of loans written off as losses (*)	427,796	940,847	1,017,647	503,243	1,018,876	1,020,959

(*) Includes R$ 31,042 thousand (R$ 42,723 thousand at December 31, 2004) of recoveries of assignments of loans to individuals and corporate entities which are recorded in the statement at income in the account Income from loan operations, as permitted by CMN Resolution 2836/2001.

7 **Provision for Vacation Pay, Paid Leave and Litigation**

The changes in the provisions are as follows:

(a) **Vacation pay (other liabilities - sundry)**

	Bank		
	2nd half 2005	Year 2005	Year 2004
Opening balance	636,538	667,739	617,320
Provision/(reversal)	311,895	612,893	566,321
Provision used	(225,965)	(558,164)	(515,902)
Closing balance	722,468	722,468	667,739

(b) **Paid leave (other liabilities - sundry)**

	Bank		
	2nd half 2005	Year 2005	Year 2004
Opening balance	584,661	585,864	591,669
Provision/(reversal)	104,282	230,961	228,638
Provision used	(103,026)	(230,908)	(234,443)
Closing balance	585,917	585,917	585,864

(c) **Labor claims (other liabilities - sundry)**

	Bank		
	2nd half 2005	Year 2005	Year 2004
Opening balance	1,946,283	2,000,685	1,782,375
Provision/(reversal)	180,326	125,923	218,310
Closing balance	2,126,608	2,126,608	2,000,685

(d) **Tax claims (other liabilities - taxes and social security charges)**

	Bank		
	2nd half 2005	Year 2005	Year 2004
Opening balance	134,667	127,345	121,130
Provision/(reversal)	(106,758)	(99,427)	6,254
Provision used	(179)	(188)	(39)
Closing balance	27,730	27,730	127,345

(e) **Other legal claims (other liabilities - sundry)**

	Bank		
	2nd half 2005	Year 2005	Year 2004
Opening balance	786,460	741,051	470,246
Provision/(reversal)	140,855	217,019	368,054
Provision used	(69,393)	(100,148)	(97,249)
Closing balance	857,922	857,922	741,051

8 Other Receivables

(a) **Foreign exchange portfolio**

	CURRENT AND LONG TERM	
	BB - Domestic and Foreign branches and BB-consolidated	
	12.31.2005	12.31.2004
Forward foreign exchange purchases pending settlement	7,810,139	7,168,456
Bills of exchange and time drafts in foreign currency	93,253	116,783
Receivables from sales of foreign exchange	16,311,256	6,850,446
Advances received	(15,162,340)	(5,678,768)
Foreign currency receivables	22,708	13,851
Income receivable on advances granted	80,661	59,142
Income receivable on financed imports	50	73
Total	9,155,727	8,529,983

(b) **Specific credits**

These are credits from the Federal Treasury of R$ 610,151 thousand for the extension of terms of rural financing (R$ 543,842 thousand at December 2004), as determined by Law 9138/1995.

(c) Sundry

	Current and long-term			
	BB - Domestic and Foreign branches		BB - Consolidated	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Salary and other advances	283,206	215,534	283,234	215,545
Accounts receivable - Federal Treasury	309,517	424,970	309,517	424,970
Accounts receivable - credit card operations	1,483,485	1,139,660	1,483,485	1,139,660
Accounts receivable - other	309,411	273,756	318,099	288,897
Tax credits (Note 18)	6,593,956	8,275,362	6,687,379	8,395,995
Sundry debtors - foreign	20,928	37,951	21,039	38,338
Sundry debtors – domestic (i)	4,891,152	3,213,432	4,892,667	3,215,733
Receivables from guarantee deposits (ii)	11,636,892	8,773,622	11,692,254	8,788,786
Income tax and social contribution on net income to offset	1,446,827	71,790	1,459,100	78,940
Receivables from sale of assets and rights	467,719	537,893	470,723	554,907
Other	246,330	510,849	188,895	374,927
Total	27,689,423	23,474,819	27,806,392	23,514,698

(i) Includes the net amount of R$ 3,869,133 thousand equivalent to the total of the Actuarial Asset CVM No. 371 and of the Actuarial Asset relating to the 1997 Contract (R$ 2,128,094 thousand at December 2004 of the PREVI actuarial liability relating to the 1997 contract, less the adjustment account of this liability), as shown in Note 24.e.

(ii) Includes R$ 9,761,651 thousand (R$ 7,129,344 thousand at December 2004) relating to filing appeals of tax claims (Note 17(d)), R$ 1,345,909 thousand (R$ 1,257,739 thousand at December 2004) relating to filing appeals of labor claims and R$ 520,295 thousand (R$ 371,455 thousand at December 2004) relating to other appeals, in the Bank.

9 Other Assets

	Current and long-term			
	BB - Domestic and Foreign branches		BB – Consolidated	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Non-operating assets	286.755	304.780	293.654	311.867
Supply materials	25.459	23.175	25.459	23.175
Total	312.214	327.955	319.113	335.042

10 Deposits

	Current and long-term			
	BB - Domestic and Foreign branches		BB - Consolidated	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Demand deposits	35,725,505	28,647,272	35,802,362	28,990,880
Related companies	989,667	618,292	989,667	618,292
Individuals	11,575,634	11,020,920	11,582,700	11,025,810

	Current and long-term			
	BB - Domestic and Foreign branches		BB - Consolidated	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Corporate entities	12,377,894	10,897,679	12,447,889	11,036,057
Financial institutions	173,615	199,994	172,915	199,741
Government	3,031,904	1,869,695	3,031,904	1,869,695
Federal Treasury	254,393	180,168	254,393	180,168
Domiciled abroad	80,323	51,514	80,228	51,358
Restricted	4,178,601	2,987,169	4,179,192	2,987,919
In foreign currency	3,030,357	974,655	3,030,357	974,655
Other	33,117	47,186	33,117	47,185
Savings deposits	32,844,214	31,069,451	32,844,214	31,069,451
Individuals	31,150,349	29,686,772	31,150,349	29,686,772
Corporate entities	1,383,626	1,099,626	1,383,626	1,099,626
Related companies	307,641	280,423	307,641	280,423
Financial institutions	2,598	2,630	2,598	2,630
Interbank deposits	10,291,005	8,027,557	5,382,645	5,768,500
Time deposits	63,211,802	49,540,873	63,494,714	49,664,904
Time deposits	31,533,730	23,891,107	31,816,642	24,015,138
Time deposits in foreign currency	313	730	313	730
Time deposits with automatic renewal	183,671	190,117	183,671	190,117
Remunerated judicial deposits	19,176,562	16,175,849	19,176,562	16,175,849
Special deposits relating to funds and programs (Note 14(c))	12,317,526	9,283,070	12,317,526	9,283,070
Deposits for investments	134,324	38,107	134,324	38,107
Total	142,206,850	117,523,260	137,658,259	115,531,842

11 Borrowings - Foreign Borrowings

	BB - Domestic and Foreign branches						
						Total	
	Up to 90 days	From 91 to 360 days	From 1 to 3 years	From 3 to 5 years	From 5 to 15 years	December 31, 2005	December 31, 2004
Exports	136,269	131,633	–	–	–	267,902	147,543
Imports	86,428	59,492	98,724	–	–	244,644	386,650
Bankers*	670,876	–	–	–	–	670,876	11,391,531
Onlent to the public sector	–	450,656	658,817	95,845	1,764,798	2,970,116	3,417,394
Borrowings from BB Group companies overseas	936,124	–	1,639,332	–	–	2,575,456	2,809,883
Borrowings by BB Group companies overseas	299,093	747,691	–	–	–	1,046,784	1,476,395
Total	2,128,790	1,389,472	2,396,873	95,845	1,764,798	7,775,778	19,629,396

	BB - Consolidated						
						Total	
	Up to 90 days	From 91 to 360 days	From 1 to 3 years	From 3 to 5 years	From 5 to 15 years	December 31, 2005	December 31, 2004
Exports	41	491	–	–	–	532	827
Imports	62,488	23,552	98,724	–	–	184,762	278,719
Bankers*	670,876	–	–	–	–	670,876	11,391,531
Onlent to the public sector	–	450,656	658,817	95,845	1,764,798	2,970,116	3,417,394
Borrowings by BB Group companies overseas	287,463	744,100	–	–	–	1,031,563	1,476,420
Total	1,020,866	1,218,799	757,541	95,845	1,764,798	4,857,849	16,564,891

* The reduction in 2005 resulted from the implementation of Bacen Resolution No. 3.265, of March 4, 2005, which unified the floating exchange rate and free exchange rate markets.

Banco do Brasil S.A. policy in respect of its foreign borrowings is to seek the lowest possible cost for the maturity, type of instrument, and its balance sheet profile. The Bank uses the Libor and US Treasury rates, respectively, as references for its financial and capital transactions, constantly monitoring rates in the various markets.

12 Local Onlendings - Official Institution

Programs	Financial charges	BB - Domestic and Foreign branches		BB - Consolidated	
		December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Federal treasury		4,156,519	3,361,329	4,156,519	3,361,329
Rural credit		4,156,519	3,361,329	4,156,519	3,361,329
Farming and livestock breeding	TR or 9% p.a.	38,496	37,408	38,496	37,408
Cocoa	TJLP + 0.6% p.a. or 6.35% p.a.	40,890	36,593	40,890	36,593
PRONAF	TMS (available) or 1.0%p.a. to 7.25% p.a. (invested)	3,819,216	2,994,534	3,819,216	2,994,534
RECOOP	5.75% to 7.25% p.a.	257,917	292,791	257,917	292,791
Other	–	–	3	–	3
BNDES	(i)	3,908,357	3,559,403	3,908,357	3,559,403
FINAME	(ii)	4,740,012	3,018,399	4,750,005	3,025,847
Other institutions		555,400	664,656	555,537	664,774
PROHEMP	–	1,042	1,222	1,042	1,222
FBB - Fundec II	–	10,338	13,108	10,338	13,108
FUNCAFÉ	TR or TMS (available) or TJLP + 3% p.a. or 4% p.a. or 5% p.a. (invested)	543,853	650,124	543,853	650,124
Other	–	167	202	304	320
Total		13,380,288	10,603,787	13,370,418	10,611,353

(i) BNDES
- Programs with fixed interest rates: interest paid to the BNDES varies from 3% p.a. to 7.75% p.a.
- Programs with Long-Term Interest Rate (TJLP) or foreign exchange variation: interest paid to the BNDES varies from 0.5% p.a. to 5.5% p.a.

(ii) FINAME
- Programs with fixed interest rates: interest paid to BNDES/FINAME varies from 3.75% p.a. to 11% p.a.
- Programs with TJLP or foreign exchange variation: interest paid to BNDES/FINAME and BNDES/EXIM varies from 1% p.a. to 11.47% p.a.

13 Funds Obtained in Foreign Capital Markets (in millions)

Transactions	Coupon	Amount	Date of funding	Maturity
a) DIRECT FUND RAISING				
"Global medium-term notes" program (a.1)	9.375% p.a.	US$ 200	Jun/97	Jun/07
"Global medium-term notes" program (a.1)	Zero-cupom	R$ 200	Dec/04	Dec/07
Subordinated debt	8.5% p.a.	US$ 300	Sep/04	Sep/14
b) FUND RAISING THROUGH SPC				
Securitization of the flow of remittance of funds -dekasseguis (b.1)	7.875% p.a.	US$ 300	Aug/01	Aug/06
Securitization of the flow of electronic remittances (MT - 100) (b.2)	7.890% p.a.	US$ 450	Dec/01	Dec/08
Securitization of the flow of electronic remittances (MT - 100) (b.2)	Libor 3m+0.60% p.a.	US$ 300	Jul/02	Jun/09
Securitization of the flow of electronic remittances (MT - 100) (b.2)	7.890% p.a.	US$ 40	Sep/02	Sep/09
Securitization of the flow of electronic remittances (MT - 100) (b.2)	7.26% p.a.	US$ 120	Mar/03	Mar/10
Securitization of the flow of electronic remittances (MT - 100) (b.2)	6.55% p.a.	US$ 250	Dec/03	Dec/13
Securitization of credit card receivables - Visanet (b.3)	5.911% p.a.	US$ 178	Jul/03	Jun/11
Securitization of credit card receivables - Visanet (b.3)	4.777% p.a.	US$ 45	Jul/03	Jun/11

Total issued per program:

	Foreign currency - US$	Reais (i)
"Global medium-term notes" program	–	200
"Global medium-term notes" program – GMTN	200	468
Securitization of the flow of electronic remittances (MT - 100)	1,160	2,715
Securitization of credit card receivables – Visanet	223	522
Securitization of the flow of remittance of funds – dekasseguis	300	702
Subordinated debt	300	702
Total		5,309

(i) Converted at R$ 2.3399 per US$ 1.00.

a.1) Recorded under Foreign marketable securities.

b.1) Recorded under Foreign marketable securities.

The transaction was carried out through the Special-Purpose Company (SPC) "Nikkei Remittance Rights Finance Company", incorporated under the laws of the Cayman Islands, on July 16, 2001. The Head Office of this SPC is located at BNP Paribas Private Bank & Trust Cayman Limited, P.O. Box 10632 APO 3rd floor, Royal Bank House, Shedden Road, George Town, Grand Cayman, Cayman Islands, British West Indies. The capital of the SPC is US$1,000.00, divided into 1,000 shares of US$1.00 each. Banco do Brasil S.A. ("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 SPC. On August 2, 2001, this SPC entered into an Administration Services Agreement with BNP Paribas Private Bank & Trust Cayman Limited. The SPC has declared that it does not have any subsidiaries, employees or debt, except for the securities described below.

The SPC was incorporated for the sole purpose of carrying out the following transactions: (a) issue and sell securities in the international market; (b) use funds raised with the issue of securities to pay for the purchase of the remittance rights from BB, arising from the foreign currency payment orders made by people in Japan ("dekasseguis") at BB's branches in Japan whose beneficiaries are individuals in Brazil; (c) pay the principal and interest on the securities and make other payments established in the related security issue agreements.

According to the agreements signed, EPE does not have any significant asset other than the resources arising from its equity issued, the remittance rights and the liabilities arising from the issuance contracts. The EPE liability is composed of the issuance of marketable securities, as described in the table below (**"Series 2001-1"**), with the following characteristics:

Serie	Issue date	Maturity date	Amount (US$)	Term (years)	Coupon (%)	Issue price	Return to the investor	Current rating
2001-1	08/10/01	08/05/06	300,000,000	5	7.875	99,6850	7.99%	BBB
		Total	300,000,000					

The Series 2001-1 pay to the international investors, every quarter, interest during the first year and, interest and principal as from the second year. The liabilities are paid by the SPC using funds accumulated in its account and generated by the Remittance Rights. When the amount corresponding to the next interest and/or amortization installment is reached in the SPC's account, the entire excess amount is automatically released to BB.

This structure resulted in the reduction of the Brazil risk and helped obtain an investment grade rating for the transaction which, in the final analysis, reduced BB's fund raising cost. For the beneficiaries of the dekasseguis' remittances in Brazil, nothing changed because even after the sale of the Remittance Rights to the SPC, BB regularly and punctually fulfills all payment orders within the same deadlines as previously.

Under this structure, after five years, the SPC will have repaid all interest and principal of the transaction thus returning the full ownership of the flow of remittances to BB. Based on its analysis of the transaction, BB is not exposed to any potential loss.

b.2) Recorded under Foreign marketable securities. The transaction was carried out through the Special Purpose Company (SPC) "Dollar Diversified Payment Rights Finance Company", incorporated under the laws of the Cayman Islands on November 6, 2001. The Head Office of the SPC is at BNP Paribas Private Bank & Trust Cayman Limited, P.O. Box 10632 APO 3rd floor Royal Bank House, Shedeen Road, George Town, Grand Cayman, Cayman Islands, British West Indies. The capital of the SPC is US$1,000.00, divided into 1,000 shares of US$1.00 each. Banco do Brasil

S.A. ("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 SPC. On August 2, 2001, this SPC entered into an Administration Services Agreement with BNP Paribas Private Bank & Trust Cayman Limited. The SPC has declared it does not have any subsidiaries, employees or debt, except for the securities described below.

The SPC was incorporated for the sole purpose of carrying out the following transactions: (a) issue and sell securities in the international market; (b) use funds raised with the issue of securities to pay for the purchase from BB of BB's rights on payment orders issued by correspondent banks in the USA and by BB's New York branch, in US dollars, to any BB branch in Brazil. (Remittance Rights); (c) pay the principal and interest on the securities and make other payments established in the related security issue agreements.

The SPC has no material assets other than the funds obtained from the issue of its capital, the Remittance Rights, and the duties arising from the issue agreements. The SPC's liabilities consist of the five issues of securities made in the international capital market, as follows:

Serie	Issue date	Maturity date	Amount (US$)	Term (years)	Coupon (%)	Issue price	Return to the investor	Current rating
2001-1	12/27/01	15/12/08	450,000,000	7	7.890	100.0000	7.89%	BBB/Baa1
2002-1	07/03/02	15/06/09	300,000,000	7	L3M+0.60	100.0000	L3M+0.60	AAA/Aaa
2002-2	09/11/02	15/09/09	40,000,000	7	7.890	100.0000	7.89%	BBB/Baa1
2003-1	03/17/03	15/03/10	120,000,000	7	7.260	100.0000	7.26%	BBB/Baa1
2003-2	12/19/03	16/12/13	250,000,000	10	6.550	100.0000	6.55%	BBB/Baa1
		Total	1,160,000,000					

The liabilities arising from the securities are paid by the SPC using the funds accumulated in its account. When the amount corresponding to the next interest and/or amortization installment is reached in SPC's account, the entire excess amount is automatically released to BB.

This structure resulted in the reduction of the Brazil risk and helped obtain an investment grade rating for the transaction which, in the final analysis, reduced BB's fund raising cost. For the beneficiaries of remittances in Brazil, nothing changed because even after the sale of the Remittance Rights to the SPC, BB regularly and punctually fulfills all payment orders within the same deadlines as previously.

Under this structure, after the final maturity of each transaction, the SPC will have repaid all interest and principal of the transaction thus returning the full ownership of the flow of remittances to BB. Based on its analysis of the transaction, BB is not exposed to any potential loss.
b.3) Recorded in Other liabilities – Contracts for assumption of liabilities – Foreign transactions. The transaction was carried out through the Special Purpose Company (SPC) "Brazilian Merchant Voucher Receivables", incorporated under the laws of the Cayman Islands on May 16, 2003. The Head Office of the SPC is at Walkers SPV limited, P.O. Box 908 GT, Mary Street, George Town, Grand Cayman, Cayman Islands.

The capital of the SPC is US$1,000.00, divided into 1,000 shares of US$1.00 each. Banco do Brasil S.A. ("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 SPC. On July, 10, 2003, the SPC entered into an Administration Services* Agreement with Walkers SPV Limited.

The SPC was incorporated for the sole purpose of carrying out the following transactions: (a) issue and sell securities in the international market; (b) use funds raised with the issue of securities to pay

for the purchase of the current and future rights of Companhia Brasileira de Meios de Pagamento ("Visanet") against Visa International Service Association on receivables ("Receivables") arising from (i) credit or debit purchases, in any foreign currency processed by Visanet, using Visa cards issued by financial institutions located in Brazil, or (Ii) credit or debit purchases, processed by Visanet in foreign currency, made using Visa cards issued by financial institutions located in Brazil; (c) pay the principal and interest on securities and make other payments established in the related security issue agreements.

The SPC stated that it does not have any significant assets other than the funds from the issue of its capital and from the Receivables. It also stated that it does not have significant liabilities other than the obligations arising from the contracts for issue of securities.

The SPC's liabilities consist of two issues of securities carried out in the international capital market, as follows:

Series	Issue date	Maturity date	Amount (US$)	Term (years)	Coupon (%)	Issue price	Return to the investor	Current rating
2003-1	07/10/03	06/15/11	400,000,000*	8	5.911	100.0000	5.955%	BBB+/Baa1
2003-2	07/10/03	06/15/11	100,000,000**	8	4.777	95.0000	5.955%	BBB+/Baa1
		Total	500,000,000					

* Pursuant to the Series 2003 Visanet Support Agreement, BB received the amount of US$ 178,473,952, as described in the text below.

** Pursuant to the Series 2003 Visanet Support Agreement, BB received the amount of US$ 44,618,488, as described in the text below.

The liabilities arising from the securities are paid by the SPC using the funds accumulated in its account. When the amount corresponding to the next interest and/or amortization installment is reached in the SPC's account, the entire excess amount is automatically released to Visanet.

Under the structure, which included, among other agreements, the agreement called Series 2003 Visanet Support Agreement, entered into on July 10, 2003 by Visanet, BB and Bradesco, Visanet agreed to transfer to BB the funds arising from the sale of the Receivables, at the ratio of 44.618488%, calculated based on the shareholding interest of BB in Visanet on the transaction closing date, resulting in US$ 223,092,440.00 of funds being raised by BB.

Also under the same agreement, BB agreed to periodically transfer to Visanet amounts equivalent to the Receivables destined by Visanet for the account of the SPC, pursuant to the Receivables purchase and sale agreement, at the ratio of 44.618488%.

This structure resulted in the reduction of the Brazil risk and helped obtain an investment grade rating for the transaction which, in the final analysis, reduced BB's fund raising cost.

Under this structure, after the final maturity of each transaction, the SPC will have repaid all interest and principal of the transaction thus returning the full ownership of the Receivables to Visanet. Based on its analysis of the transaction, BB is not exposed to any potential loss.

14 Other Liabilities

(a) Foreign exchange portfolio

	Current and long-term	
	BB-Domestic and Foreign Branches and BB Consolidated	
	12.31.2005	12.31.2004
Forward foreign exchange sales pending settlement	16,505,913	6,588,525
Advances in foreign currencies	(4,680)	–
Import financing	(21,634)	(6,963)
Foreign exchange purchase liabilities	7,699,186	7,584,087
Advances on foreign exchange contracts	(6,710,114)	(6,333,352)
Foreign currency payables	26,488	34,006
Unearned income on advances granted	4,450	3,462
Total	17,499,609	7,869,765

(b) **Financial and development funds**

	Current and long-term	
	BB-Domestic and Foreign Branches and BB-Consolidated	
	13.31.2005	12.31.2004
PIS/PASEP	1,417,062	1,312,029
Merchant Navy	7,350	7,788
Land and Agrarian Reform - BB Banco da Terra	60,590	60,974
Special Lending Program for Agrarian Reform – Procera	324,860	320,157
Consolidation of Family Farming (CAF)	41,488	88,270
Fight against Poverty/Our First Land (CPR/NPT)	60,217	61,636
Other	20,754	16,347
Total	1,932,321	1,867,201

(c) **Fund for Worker Assistance (FAT) and Fund to Guarantee the Increase in Employment and Earnings (FUNPROGER)**

FAT is a special accounting and financial fund, established by Law 7998/90, attached to the Ministry of Labor and Employment (MTE) and managed by the Executive Council of the Worker Assistance Fund (CODEFAT). CODEFAT is a collective, tripartite and equal level organization, composed of representatives of workers, employers and government, which acts as the manager of FAT.

The main sources of funding of FAT are contributions payable to the Social Integration Program (PIS) and to the Public Service Employees Savings Program (PASEP).

FAT's objective is to fund the Unemployment Insurance Program (with specific responsibilities for payment of unemployment insurance benefits, professional qualification and requalification, and orientation and intermediation of employment), the Salary Bonus (paragraph 3 of article 239 of the Federal Constitution), and finance programs for economic development as well as to promote employment.

The main actions to promote employment using FAT funds are centralized in the Programs for the Increase in Earnings (PROGER), whose resources are allocated by special deposits, established by Law 8352/91, in official federal financial institutions (including, among others, PROGER in the Urban – Investment and Working Capital– and Rural, the National Program for Strengthening of 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 and FAT Digital Inclusion).

Banco do Brasil has a partnership with FAT in the conduct of the employment and income generation programs, through special deposits to be applied in Proger, Urban and Rural, in Pronaf, in FAT Housing and in the special lines mentioned above; for this purpose, the Bank offers credit lines directed to mini and small companies, cooperatives, informal economy and rural workers.

The FAT special deposits, allocated with Banco do Brasil, while available, incur interest on a daily "pro rata" basis using the TMS (Average Selic Rate). As they are applied in loans, the interest rate is changed to the TJLP (Long-term Interest Rate) during the effective period of the loans.

The income on the Bank's funds is paid to FAT on a monthly basis, as established in CODEFAT Resolution No. 439, of June 2, 2005.

The Guarantee Fund for Generation of Employment and Earnings (Funproger) is a special accounting fund established on November 23, 1999 by Law 9872, amended by Law 10360/01, and by Law 11110/05, and regulated by Codefat Resolution n.º 409/04, and is managed by Banco do Brasil under the supervision of Codefat/MTE, whose balance at December 31, 2005 is R$ 229,911 thousand (R$ 194,440 thousand at December 31, 2004).

The objective of FUNPROGER is provide guarantees to entrepreneurs who do not have the necessary guarantees of their own to contract PROGER Urbano financing, through the payment of a commission.

The net assets of FUNPROGER are accumulated through funds arising from the difference between the average SELIC Rate and the Long-Term Interest Rate (TJLP) in respect of the remuneration of the special deposit balances available in the 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.

Program	Resolution / TADE	TMS Available (1)	TJLP Invested (2)	Total	Return of FAT funds Type (*)	Initial date	Final date
PROGER (Rural) and PRONAF		**899,939**	**4,424,713**	**5,324,652**			
Rural 3	129/1996 133/1996	5	468	473	RA(**)	11/2005	11/2006
Rural 7	300/2002	125	3,726	3,851	RA(**)	11/2005	07/2011
Rural 8	366/2003	924	17,356	18,280	RA(**)	11/2006	07/2012
Pronaf Custeio	04/2005	639,926	1,698,897	2,338,823	RA(**)	11/2005	–
Pronaf Investimento	05/2005	38,280	1,687,734	1,726,014	RA(**)	11/2005	–
Giro Rural	03/2005	181,552	321,319	502,871	SD(***)	09/2006	07/2008
Rural Investimento	13/2005	39,127	695,213	734,340	RA(**)	11/2005	–
Proger Urbano		**222,612**	**4,856,945**	**5,079,557**			
Urbano Investimento	18/2005	1,006	2,585,191	2,586,197	RA(**)	11/2005	–
Urbano working capital	15/2005	205,003	2,084,823	2,289,826	RA(**)	11/2005	–
Popular company 1 - 1st tranche	294/2002	4,073	63,500	67,573	RA(**)	11/2005	11/2008
Popular company 1 - 2nd tranche	294/2002	4,723	81,831	86,554	RA(**)	11/2005	04/2009
Popular company 2	338/2003	7,807	41,600	49,407	RA(**)	11/2005	10/2009
Other		**206,514**	**1,037,656**	**1,244,170**			
Electric appliances	360/2003	259	614	873	RA(**)	11/2005	03/2007
Export 1	347/2003	1,664	2,036	3,700	RA(**)	11/2005	06/2009
Integrate 1	372/2003	133,842	273,101	406,943	RA(**)	11/2005	04/2017
Residence 1	349/2003	7,418	132,194	139,612	RA(**)	11/2005	11/2008
Residence 2	378/2003	12,694	205,808	218,502	RA(**)	11/2005	04/2009
Residence 3	387/2004	14,080	223,477	237,557	RA(**)	11/2005	07/2009
Residence 4	405/2004	10,636	200,313	210,949	RA(**)	11/2005	01/2010
Digital Inclusion	09/2005	25,921	113	26,034	RA(**)	11/2005	–
Total		**1,329,065**	**10,319,314**	**11,648,379**			

(1) Funds remunerated by the TMS: average SELIC rate.
(2) Funds remunerated by the TJLP: long-term interest rate.
(*) Type: PU (single payment at the end of the period), PAS (annual and successive installments) and PSS (semiannual and successive installments).
(**) automatic return (montly, 1% over total funds)
(***) avaiable funds

(d) Sundry

	Current and long-term			
	BB-Domestic and Foreign Branches		BB-Consolidated	
	12.31.2005	12.31.2004	12.31.2005	12.31.2004
Provisions for payments (*)	5,353,513	5,017,189	5,356,895	5,030,876
Creditors by residual value advances	–	–	126,648	103,139
Contracts of assumption of liabilities	980,638	1,148,897	482,577	589,308
Provisions for contingent liabilities (Note 7)	2,993,541	2,754,302	3,022,463	2,788,441
Accounts payable for payment services provided	197,970	225,007	197,970	225,007
Sundry creditors – overseas	35,632	47,498	38,189	34,805
Sundry creditors – domestic	578,280	1,469,697	583,910	1,473,068
Credit card operations	1,384,343	1,025,778	1,384,343	1,025,778
Liabilities for official agreements	97,437	93,200	97,437	93,200
Liabilities for purchase of goods and rights	246,377	317,874	246,377	317,874
Funds restricted to credit operations	109,958	99,597	909,289	925,812
Other	26,793	37,997	26,694	43,727
Total	12,004,482	12,237,034	12,472,792	12,651,035

(*) Includes R$ 3,276,680 thousand (R$ 3,050,654 thousand in December 2004) relating to "PREVI Actuarial Liability of the Informal Plan" (exclusive responsibility of the Bank) and the "CASSI Actuarial Liability" at December 31, 2005 (Note 24(e)).

(e) Subordinated debt

	Current and long-term	
	BB-Domestic and Foreign Branches and BB-Consolidated	
	12.31.2005	12.31.2004
Subordinated debt eligible as capital (i)	7,798,914	6,025,162
Other subordinated debt (ii)	41,404	807,816
Total	7,840,318	6,832,978

(i) As from June 30, 2001, as determined by CMN Vote No. 67 of June 28, 2001 and Bacen-Diret Official Letter 2001/1602 of June 29, 2001, Banco do Brasil has considered the funds from the Central-Western Constitutional Fund (FCO) as subordinated debt and as Level II Reference Equity, because of their low level of obligation and length of term in the Bank.

On September 13, 2004, Banco do Brasil carried out its first international issue in the subordinated debt market. The funding amounts to US$ 300 million (R$ 850,921) with a ten-year maturity. As authorized by the Central Bank of Brazil, the Bank started to consider the amount of this funding, net of the value of free repurchase, as Level II Reference Equity.

(ii) Free repurchase amount.

15 Analysis of Income Statement Items

(a) Banking services fees

	BB-Domestic and Foreign Branches			BB-Consolidated		
	2nd half 2005	2005	2004	2nd half 2005	2005	2004
Investment funds *	396,764	396,764	–	631,509	1,218,666	993,104
Collections	374,903	725,400	638,592	375,381	726,325	638,130
Collection services	15,680	31,392	25,985	18,403	36,626	31,225
Services rendered to related companies	81,510	510,091	899,646	111,709	216,097	156,240
Fund transfers	63,822	124,428	132,663	63,968	125,835	132,927
Guarantees granted	27,211	69,313	123,039	27,355	69,600	123,153
Settlement and transfer of funds systems	344,605	647,433	546,556	344,605	647,433	546,556
Examination of requests for exclusion from CCF	43,040	82,919	74,175	43,040	82,919	74,175
PASEP administration	27,468	41,089	41,197	27,468	41,089	41,197
Loans contracted	293,507	600,466	591,996	293,507	600,466	591,996
Deposit account fees	111,429	210,654	198,705	111,429	210,654	198,705
Checking account fees	58,099	107,343	102,732	58,099	107,343	102,732
Fees for issuing documents	60,894	120,565	110,394	60,894	120,565	110,394
Fees on register information	26,779	77,214	79,372	26,779	77,214	79,372

Ouro plan	760,626	1,507,443	1,147,969	760,626	1,507,443	1,147,969
Fees for official services	150,956	271,887	248,089	150,956	271,887	248,089
International trade services	10,107	19,049	17,777	10,107	19,049	17,777
Third party collection services	91,662	189,069	170,750	91,662	189,069	170,750
Commissions for administration of public sector debt	24,036	48,061	55,079	24,036	48,061	55,079
Payments on account of third parties	77,511	142,961	137,380	77,511	142,961	137,380
Credit Cards – annual fees	151,632	297,101	254,327	151,632	297,101	254,327
Credit card – commissions of issuing bank	147,509	275,194	221,896	147,509	275,194	221,896
Other	310,512	549,863	498,619	345,179	616,673	533,664
Total	3,650,262	7,045,699	6,114,938	3,953,364	7,648,070	6,606,837

* According to a service agreement signed between the Bank and the funds, as from July 1, 2005 the Bank has been receiving the fees for the distribution and record of investment fund quotas, which were previously paid to DTVM, directly from the funds.

(b) Personnel expenses

	BB-Domestic and Foreign Branches			BB-Consolidated		
	2nd half 2005	2005	2004	2nd half 2005	2005	2004
Salaries	(1,748,627)	(3,374,383)	(3,111,997)	(1,775,141)	(3,425,590)	(3,154,850)
Benefits	(424,035)	(829,846)	(753,980)	(426,512)	(834,793)	(757,773)
Social charges	(685,776)	(1,300,323)	(1,224,656)	(695,297)	(1,319,197)	(1,240,341)
Training	(34,824)	(51,611)	(51,299)	(34,997)	(51,938)	(51,615)
Directors' fees	(5,002)	(9,850)	(7,759)	(6,002)	(12,209)	(9,210)
Personnel provisions	(572,289)	(1,190,422)	(1,328,829)	(572,289)	(1,190,422)	(1,328,829)
Provisions for labor claims	(180,326)	(234,981)	(238,952)	(180,326)	(234,981)	(238,952)
Labor claim losses	(258,319)	(404,049)	(314,345)	(258,319)	(404,049)	(314,345)
Total	(3,909,198)	(7,395,465)	(7,031,817)	(3,948,883)	(7,473,179)	(7,095,915)

(c) Other administrative expenses

	BB-Domestic and Foreign Branches			BB-Consolidated		
	2nd half 2005	2005	2004	2nd half 2005	2005	2004
Water, electricity and gas	(119,814)	(238,118)	(202,945)	(119,906)	(238,235)	(203,015)
Rent	(134,133)	(260,650)	(225,829)	(136,686)	(265,733)	(228,604)
Leasing costs	(63,247)	(132,658)	(185,209)	(63,247)	(132,658)	(185,209)
Communications	(396,411)	(801,533)	(715,692)	(403,026)	(814,248)	(722,293)
Maintenance and upkeep	(94,313)	(189,827)	(181,123)	(94,853)	(190,784)	(184,018)
Materials	(65,870)	(137,229)	(141,086)	(68,304)	(138,723)	(141,985)
Data processing	(313,065)	(572,775)	(514,828)	(321,697)	(587,950)	(524,610)
Promotion and public relations	(152,228)	(273,435)	(290,541)	(153,989)	(277,925)	(292,788)
Advertising and publicity	(90,944)	(170,495)	(238,756)	(92,811)	(172,962)	(262,860)
Financial system services	(179,169)	(338,532)	(289,616)	(175,293)	(332,927)	(291,452)
Third party services	(218,165)	(430,474)	(404,888)	(229,793)	(454,784)	(413,699)
Security services	(201,019)	(396,946)	(355,979)	(201,160)	(397,261)	(356,228)
Specialized technical services	(40,114)	(87,337)	(99,186)	(42,322)	(92,321)	(104,597)
Transportation	(172,871)	(341,328)	(366,226)	(173,365)	(342,594)	(367,301)
Domestic travel	(46,706)	(90,791)	(88,846)	(47,607)	(92,807)	(90,887)
Amortization	(79,352)	(146,084)	(102,043)	(82,019)	(149,353)	(103,171)
Depreciation	(243,285)	(495,582)	(407,957)	(243,470)	(495,933)	(408,416)
Expenses with tax and civil lawsuits	(109,787)	(253,384)	(354,469)	(109,767)	(253,384)	(354,469)
Other	(132,098)	(222,541)	(222,764)	(141,670)	(239,626)	(230,152)
Total	(2,852,571)	(5,580,719)	(5,387,981)	(2,898,985)	(5,670,208)	(5,465,754)

(d) Other operating income

	BB-Domestic and Foreign Branches			BB-Consolidated		
	2nd half 2005	2005	2004	2nd half 2005	2005	2004
Recovery of charges and expenses	186,697	421,167	600,635	185,340	418,475	599,007
Income from special operations	37,705	79,506	98,493	37,705	79,506	98,493
Income from specific credits	34,513	66,545	52,274	34,513	66,545	52,274
Income from other credit operations	8,345	8,363	8,876	8,345	8,363	8,876
Income from payments of INSS benefits	121,003	249,387	95,167	121,003	249,387	95,167
Income from guarantee deposits	677,853	1,247,103	997,738	677,853	1,247,103	997,738
Income from securities and credits receivable from the Federal Treasury	151,771	285,167	158,248	151,771	285,167	158,248
Dividends received	16,558	37,021	8,885	16,558	37,021	8,885
Equalization of rates – Law 8427	4,864	9,847	17,751	4,864	9,847	17,751
PREVI – Benefit Plan 1	267,629	267,629	--	267,629	267,629	--
Exchange adjustments of credit card transactions	28,546	44,291	33,926	28,546	44,291	33,926
Overdue advances on exchange contracts	5,760	8,559	9,266	5,760	8,559	9,266
Reversal of provisions	6,355	10,999	230,246	6,355	10,999	230,246
Foreign exchange gains	176,097	3,266,147	2,969,518	176,097	3,266,147	2,969,518
Taxes paid in error (Note 27.b)	959,916	1,193,822	383,830	959,916	1,193,822	383,830
Other	199,850	420,244	155,688	207,911	430,614	160,857
Total	2,883,462	7,615,797	5,820,541	2,890,166	7,623,475	5,823,882

(e) Other operating expenses

	BB-Domestic and Foreign Branches			BB-Consolidated		
	2nd half 2005	2005	2004	2nd half 2005	2005	2004
Fees for the use of Sisbacen	(5,364)	(11,870)	(8,118)	(5,364)	(11,870)	(8,118)
Expenses on Pasep funds	(977)	(1,338)	(2,426)	(977)	(1,338)	(2,426)
Collection of contributions and federal taxes	(49)	(82)	(96)	(49)	(82)	(96)
Exchange loss on profits from overseas branches at the disposal of the Head Office	(408)	(1,118)	(1,131)	(408)	(1,118)	(1,131)
Discounts granted on renegotiations - credit operations	(40,204)	(82,526)	(86,693)	(40,204)	(82,526)	(86,693)
Expenses from discounts granted on renegotiations – other credits	(2,189)	(2,347)	(1,012)	(2,189)	(2,347)	(1,012)
Updating of the pension liability	(276,189)	(359,451)	(590,588)	(276,189)	(359,451)	(590,588)
Interest on funds allocated for payment of benefits	(120,106)	(234,437)	(75,671)	(120,106)	(234,437)	(75,671)
CASSI – Interest on actuarial liabilities (Adjustments arising from CVM Resolution 371)	(188,373)	(376,748)	(139,860)	(188,373)	(376,748)	(139,860)
Losses with holdups and burglaries	(60,106)	(60,166)	(8)	(60,106)	(60,166)	(8)
Errors and fraud	(26,476)	(49,370)	(33,108)	(26,476)	(49,370)	(33,108)
Expenses with BB premium savings account	(30)	(3,424)	(25,375)	(30)	(3,424)	(25,375)
Expenses with restatement – interest on own capital	(16,834)	(22,729)	(21,730)	(16,834)	(22,729)	(21,730)
BB Personal Banking expenses	(38,165)	(89,606)	(93,810)	(38,165)	(89,606)	(93,810)
Expenses with credit card operations	(60,245)	(129,785)	(183,836)	(60,245)	(129,785)	(183,836)
Expenses with Proagro funds	(2,228)	(4,740)	(2,817)	(2,228)	(4,740)	(2,817)
Provision for devaluation of securitized credits	(170)	(170)	(40)	(4,031)	(7,099)	(55,244)

Provision for guarantees provided	(1,121)	(1,121)	(137,389)	(1,121)	(1,121)	(137,389)
Foreign exchange losses	--	(2,309,772)	(2,148,223)	--	(2,309,772)	(2,148,223)
Law 9138/95 - Restatement of funds to be returned to the Federal Treasury	(31,075)	(63,983)	(119,182)	(31,075)	(63,983)	(119,182)
Securitization dekasseguis – liabilities with the SPC *	(7,394)	(18,553)	(37,126)	--	--	--
Securitization SWIFT MT100 – liabilities with the SPC *	(88,475)	(180,471)	(219,432)	--	--	--
Other	(141,990)	(245,311)	(257,147)	(168,263)	(307,827)	(321,475)
Total	(1,107,168)	(4,249,116)	(4,184,818)	(1,041,433)	(4,119,537)	(4,047,792)

* These obligations are classified as "Foreign marketable securities" in the consolidated statements because of the consolidation of the foreign special purpose entities.

(f) Non-operating income

	BB-Domestic and Foreign Branches			BB-Consolidated		
	2nd half 2005	2005	2004	2nd half 2005	2005	2004
Non-operating income	149,272	309,770	219,774	152,574	316,944	228,908
Profit on the sale of assets	9,833	99,262	56,197	9,846	99,529	56,351
Capital gains	58,380	64,165	12,757	58,380	64,333	12,762
Rental income	5,509	10,044	9,090	5,509	10,044	9,090
Valuation of other assets	42,933	84,162	29,200	43,003	64,239	29,351
Reversal of the provision for losses with shares and quotas	433	1,192	247	2,242	4,842	5,644
Profit on the sale of other assets	26,668	61,535	105,133	26,668	61,535	105,133
Other non-operating income	5,516	9,410	7,150	6,926	12,422	10,577
Non-operating expenses	(58,459)	(101,416)	(89,717)	(61,047)	(106,793)	(98,625)
Loss on sale of investments	(12)	(25)	(29)	(145)	(158)	(55)
Loss on sale of assets	(1,409)	(4,172)	(12,134)	(1,426)	(4,204)	(12,236)
Capital losses	(10,987)	(20,481)	(18,750)	(11,047)	(20,585)	(18,788)
Loss in value of other assets	(45,720)	(74,980)	(54,597)	(46,368)	(75,647)	(54,701)
Additional provision for losses with shares and quotas	–	(24)	(31)	(1,730)	(4,465)	(8,180)
Other non-operating expenses	(331)	(1,734)	(4,176)	(331)	(1,734)	(4,665)
Total	90,813	208,354	130,057	91,527	210,151	130,283

16 Stockholders' Equity

(a) Stockholders' equity of R$ 16,849,764 thousand (R$ 14,105,696 thousand at December 31, 2004), equivalent to a net book value of R$ 21.08 per share (R$ 17.65 per share at December 31, 2004) considering the total of 799,359,738 common shares (disregarding treasury stock). The market value of the common share at December 31, 2005 was R$ 42.20 (R$ 32.50 at December 31, 2004).

(b) Of the subscription bonuses issued by the Bank, the remaining balance of 15,993,142 "B" Bonus and 27,028,746 "C" Bonus can be exercised up to the original terms – 03.31.2006 to 06.30.2006 and 03.31.2011 to 06.30.2011, respectively.

(c) Capital

Capital was increased during the year from R$ 9,864,153 thousand to R$ 10,797,337 thousand and comprises 810,617,415 common shares with no par value. The Federal Treasury is the controlling stockholder.

The capital increase resulted from the capitalization of the Expansion reserves approved at the Annual and Extraordinary General Meeting of stockholders, held on April 26, 2005, and rectified by the Brazilian Central Bank on June 30, 2005, without the issue of new shares.

(d) Treasury stock

The Bank purchased 10,234,252,464 preferred shares, equivalent to 1.44% of the total capital, as reimbursement to dissident stockholders not in agreement with the conversion of preferred shares into common shares, approved at the Special Preferred Stockholders' Meeting held on June 7, 2002. These shares were converted into 11,257,677 common shares and remain in treasury in accordance with article 45 of Law 6404/76.

(e) Revaluation reserves

These refer to a revaluation of assets carried out by the associated companies Visanet, Kepler Weber, Brasilcap and Brasilseg and by the subsidiary Cobra Tecnologia S.A.. The realizations of the reserves in the period, totaling R$ 2,379 thousand (R$ 88 thousand at December 31, 2004), were transferred to the "Retained earnings" account.

(f) Appropriation of net income

	2nd half 2005	2005	2004
Net income	2,174,767	4,153,602	3,024,006
Adjustment to retained earnings	766	3,552	278
Adjusted net income	2,175,533	4,157,154	3,024,284
Legal reserve	108,738	207,680	151,200
Statutory reserve	65,243	124,608	90,720
Interest on own capital	739,821	1,367,986	954,268
Dividends	130,085	130,085	--
Reserves for expansion	1,131,646	2,326,795	1,828,096
Adjusted net income after appropriations	0	0	0

(g) Interest on own capital/Dividends

	2nd half 2005	2005	2004
1. Basis of calculation	2,344,706	4,480,465	3,244,512
a) Net income for the period	2,174,767	4,153,602	3,024,006
b) Legal reserve recorded in the period	(108,738)	(207,680)	(151,200)
c) Adjustment to retained earnings	725	1,172	190
d) Profit sharing	277,911	530,992	371,428
e) Realization of the revaluation reserve in subsidiary and associated companies	41	2,379	88
2. Minimum mandatory statutory dividend (25% of item 1)	586,177	1,120,116	--
3. Interest on own capital considered as dividends	609,264	1,143,204	811,128
4. Withholding Income Tax	130,557	224,782	143,140
5. Interest on own capital payable to stockholders (item 3 + item 4)	739,821	1,367,986	954,268
6. Dividends paid to stockholders	130,085	130,085	--
7. Total paid to stockholders	869,906	1,498,071	954,268

In conformity with Laws Nos. 9.249/1995 and 9.430/1996 and the Bank's bylaws, management decided to pay interest on own capital to the stockholders, considered as dividends, plus additional dividends, equivalent in the second half of 2005 to 40% of the net income.

Interest on own capital and the dividends will be paid with interest equivalent to the SELIC rate as from the balance sheet date up to the effective payment date, in accordance with Decree 2673/1998, as amended by Decree 3381/2000.

The total interest on own capital for 2005 amounts to R$ 1,367,986 thousand, which resulted in a reduction of the tax charge of R$ 465,114 thousand.

(h) Retained profits

The capital budget that supports the appropriation to Reserve for Expansion will be submitted to the Annual General Meeting of stockholders that will approve the 2005 financial statements.

(i) Adjustment to market value - securities and derivative financial instruments

In accordance with BACEN Circular Letters 3068/01 and 3082/02, this account records the mark-to-market adjustment of securities available for sale, totaling R$ 129,927 thousand (R$ 42,585 thousand at December 31, 2004), net of tax effects. The changes in this stockholders' equity account are as follows:

	December 31, 2004	Net Changes in the period	December 31, 2005
Securities available for sale	**Balance**		**Balance**
Bank	74,362	(15,432)	58,929
Subsidiary and associated companies	11,118	97,929	109,046
Tax effects	(42,895)	4,845	(38,048)
Total	42,585	87,342	129,927

	December 31, 2003	Net Changes in the period	December 31, 2004
Securities available for sale	**Balance**		**Balance**
Bank	358,095	(283,733)	74,362
Subsidiary and associated companies	8,044	3,074	11,118
Tax effects	(138,315)	95,420	(42,895)
Total	227,824	(185,239)	42,585

(j) Shareholding positions

As prescribed in paragraphs IV, V, VI and VII of Article 40 of the Bank's by-laws, the shareholding positions are as follows:

Paragraph IV: shareholdings of all those who hold, directly or indirectly, more than 5% of capital:

Stockholders	Total shares	Total - %
Federal Treasury	584,778,036	72.1
Banco do Brasil Employees Retirement Fund (PREVI)	112,415,335	13.9
BNDES Participações S.A. - BNDESPAR	46,604,052	5.7

Paragraph V: number and characteristics of the securities issued by the Bank and directly or indirectly held by the controlling stockholder, management and members of the Fiscal Council; and

Paragraph VI: changes in ownership of the parties referred to in the previous paragraph of these securities during the preceding twelve months:

Controlling stockholder - Federal Treasury	2005	2004
Common shares (ON)	584,778,036	584,778,036
Bonus B	–	155,276,743
Bonus C	–	258,794,573

		ON Shares		B Bonds		C Bonds	
Board of Directors	Position	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Bernard Appy	President	01	01	–	–	–	–
Rossano Maranhão Pinto	Vice-president	01	01	–	–	–	–
Carlos Augusto Vidotto	Counselor	02	02	–	–	–	–
Francisco Augusto da Costa e Silva	Counselor	02	02	–	–	–	–
João Carlos Ferraz	Counselor	02	02	–	–	–	–
José Carlos Rocha Miranda	Counselor	01	01	–	–	–	–
Tarcísio José Massote de Godoy	Counselor	01	01	–	–	–	–

Fiscal Council	Position	ON Shares		B Bonds		C Bonds	
		December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Rodrigo Pirajá Wienskoski	President	–	–	–	–	–	–
Alon Feuerwerker	Member	–	–	–	–	–	–
Artemio Bertholini	Member	–	–	–	–	–	–
Otávio Ladeira de Medeiros	Member	–	–	–	–	–	–
Vicente de Paulo Barros Pegoraro	Member	1	1	–	–	–	–
Amaury Patrick Gremaud	Deputy	–	–	–	–	–	–
Ernesto Rubens Gelbcke	Deputy	–	–	–	–	–	–
Henrique Jager	Deputy	–	–	–	–	–	–
Marcus Pereira Aucélio	Deputy	–	–	–	–	–	–
Pedro Paulo Bernardes Lobato	Deputy	–	–	–	–	–	–

Executive Board of Directors	Position	ON Shares		B Bonus		C Bonus	
		December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Rossano Maranhão Pinto	President	1	1	–	–	–	–
Adézio de Almeida Lima	Vice-president	2	2	–	–	1	1
Aldo Luiz Mendes	Vice-president	–	–	–	–	–	–
Antônio Francisco de Lima Neto	Vice-president	–	–	–	–	–	–
José Luiz de Cerqueira César	Vice-president	–	–	–	–	–	–
José Maria Rabelo	Vice-president	20	20	6	6	10	10
Luiz Oswaldo Sant'Iago Moreira de Souza	Vice-president	2	2	–	–	1	1
Ricardo Alves da Conceição	Vice-president	371	371	111	111	185	185

Directors	Position	ON Shares		B Bonds		C Bonds	
		December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Augusto Braúna Pinheiro	Director	–	–	–	–	–	–
Clara da Cunha Lopes	Director	–	–	–	–	–	–
Derci Alcântara	Director	33	33	9	9	16	16
Francisco Cláudio Duda	Director	2	–	2	–	1	–
Izabela Campos Alcântara Lemos	Director	–	–	–	–	–	–
José Carlos Soares	Director	219	219	6	6	10	10
José Gilberto Jaloretto	Director	–	–	–	–	–	–
Juraci Masiero	Director	–	–	–	–	–	–
Luiz Gustavo Braz Lage	Director	–	–	–	–	–	–
Manoel Gimenes Ruy	Director	14	14	4	4	6	6
Maria da Graça França	Director	–	–	–	–	–	–
Miguel Oscar Viana Peixoto	Director	–	–	–	–	–	–
Milton Luciano dos Santos	Director	–	–	–	–	–	–
Paulo Euclides Bonzanini	Director	–	–	–	–	–	–
Paulo Rogério Caffarelli	Director	–	–	–	–	–	–
Ricardo José da Costa Flores	Director	19	19	5	5	9	9
Rogério Fernando Lot	Director	–	–	–	–	–	–
Sandro Kohler Marcondes	Director	1	–	–	–	–	–
Sérgio Ricardo Miranda Nazaré	Director	–	–	–	–	–	–
William Bezerra Cavalcanti Filho	Director	–	–	–	–	–	–
Statutory Auditor							
José Luis Prota Salinas	General Auditor	–	–	–	–	–	–

Paragraph VII - number of shares in the market and percentage in relation to the total issued:

BB shares	Number	%
Market	799,359,738	98.6
Total issued	810,617,415	100

17 Income Tax and Social Contribution on Net Income

(a) Details of calculation basis

	BB – Consolidated					
	2nd half 2005		2005		2004	
	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
a) Profit before taxation and after employee profit sharing	3,982,494	3,982,494	7,448,595	7,448,595	4,869,426	4,869,426
Profit before taxation	3,879,876	3,879,876	7,240,563	7,240,563	4,737,556	4,737,556
Net income of foreign entities	(250,388)	(250,388)	(444,580)	(444,580)	(124,683)	(124,683)
Intercompany eliminations	630,176	630,176	1,182,081	1,182,081	626,416	626,416
Employee profit sharing	(277,170)	(277,170)	(529,469)	(529,469)	(369,863)	(369,863)
b) Permanent additions/(deductions)	(1,682,343)	(1,675,621)	(2,598,835)	(2,584,245)	(1,779,410)	(1,798,552)
Equity in the (earnings)/loss of subsidiary and associated companies	(859,687)	(859,687)	(1,067,865)	(1,067,865)	(623,458)	(623,458)
Interest on own capital	(739,821)	(739,821)	(1,367,986)	(1,367,986)	(954,268)	(954,268)
Non-deductible expenses and provisions	217,384	217,382	386,025	386,021	450,963	419,275
Other additions/(deductions)	(300,219)	(293,495)	(547,009)	(534,415)	(652,647)	(640,101)
c) Temporary additions/(deductions)	3,105,304	3,000,908	4,790,250	4,780,654	2,791,333	2,809,105
Allowance for loan losses	2,921,379	2,921,379	5,416,154	5,416,154	4,560,180	4,560,180
Provision for loss on securities and investments	(54)	(54)	6,815	6,815	6,601	6,705
Provision for pension liabilities	117,814	117,814	(390,652)	(390,652)	(2,004,902)	(2,003,409)
Provision for labor claims, tax contingencies and contingent liabilities	146,109	146,109	143,226	222,868	479,646	500,288
Amortization of goodwill on investments	796	–	1,591	–	6,378	–
Other additions/(deductions)	(80,740)	(184,340)	(386,884)	(474,531)	(256,570)	(254,659)
d) Other additions/(deductions)	(1,054,568)	(1,054,915)	(2,417,761)	(2,420,852)	(2,256,159)	(2,246,647)
Foreign profits	304,366	304,366	304,366	304,366	202,381	202,381
Adjustment - BACEN Resolution 2682/99 and Law 9430/99	(1,381,925)	(1,381,925)	(2,723,559)	(2,723,559)	(2,438,257)	(2,438,257)
Other	22,991	22,644	1,432	(1,659)	(20,283)	(10,771)
e) Taxable income	4,350,687	4,252,866	7,224,249	7,224,152	3,625,189	3,633,331
f) Income tax/social contribution:	1,045,381	379,443	1,751,505	648,367	866,741	325,440
Rate of 15%/9%	656,224	384,345	1,090,298	653,269	549,491	330,427
Additional 10%	437,446	–	726,793	–	366,231	–
Tax incentives	(22,618)	–	(39,915)	–	(22,069)	–
Income tax on profits of foreign entities	(25,671)	(4,902)	(25,671)	(4,902)	(26,912)	(4,987)

(b) Details of income tax and social contribution expense:

	BB – Consolidated					
	2nd half 2005		2005		2004	
	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
a) Present Values	(1,064,006)	(379,763)	(1,782,560)	(648,686)	(899,037)	(325,440)
Provision for income tax and social contribution - domestic	(1,046,244)	(379,763)	(1,752,368)	(648,686)	(866,741)	(325,440)
Foreign income tax	(17,762)	–	(30,192)	–	(32,296)	–

b) Deferred tax liabilities	(79,511)	(27,317)	(191,197)	(67,334)	(88,795)	(35,719)
(Provision)/reversal of deferred income tax on the adjustment of the portfolio and depreciation (leasing operations)	(2,515)	–	(6,330)	–	7,438	–
(Provision)/reversal of provision for deferred taxes - positive MTM	7,238	2,407	(4,263)	(1,418)	26,146	8,338
(Provision)/reversal of the provision for deferred income tax - sale of investments in installments (BB - BI)	20	7	341	123	642	231
(Provision)/reversal of provision for deferred taxes-restatement of judicial deposits	(98,346)	(35,404)	(175,626)	(63,226)	(123,021)	(44,288)
(Provision)/reversal of provision for deferred taxes – foreign profits	19,411	8,486	–	–	–	–
(Provision)/reversal of provision for deferred income tax on transactions carried out in the futures market	(5,319)	(2,813)	(5,319)	(2,813)	–	–
c) Provision (a+b)	(1,143,517)	(407,080)	(1,973,757)	(716,020)	(987,832)	(361,159)
d) Deferred tax credits	128,887	(4,126)	137,431	(1,209)	5,749	3,009
Recording/(reversal) of tax credits on temporary Differences	(7,738)	(1,988)	(1,905)	(116)	1,279	(418)
Recording/(reversal) of tax credits on income tax and social contribution losses	135,725	(2,138)	140,868	(1,093)	1,600	3,427
Recording/(reversal) of tax credits - negative MTM	900	–	(1,532)	–	2,870	–
e) Total income tax and social contribution expense (c+d)	(1,014,630)	(411,206)	(1,836,326)	(717,229)	(982,083)	(358,150)

(c) Reconciliation of income tax and social contribution expense:

	BB-Consolidated		
	2nd half 2005	2005	2004
a) Income tax			
Profit before taxation and profit sharing	3,879,876	7,240,563	4,737,556
Total income tax charge (rate of 25%)	(969,969)	(1,810,141)	(1,184,389)
Charges on interest on own capital	184,955	341,996	238,567
Charges of non-taxable income	449,102	932,812	1,284,322
Charges of non-deductible expenses	(1,071,875)	(2,018,928)	(1,925,668)
Charges of foreign profits	(66,729)	(82,466)	(50,125)
Employee profit sharing	69,293	132,367	92,466
Deferred charges on mark-to-market adjustments	482	155	2,088
Other	367,493	627,962	538,587
Fiscal incentives (workers meal program, culture and others)	22,618	39,915	22,069
Income tax expense	(1,014,630)	(1,836,326)	(982,083)
b) Social contribution			
Profit before taxation and profit sharing	3,879,876	7,240,563	4,737,556
Total social contribution charge (rate of 9%)	(349,189)	(651,651)	(426,380)
Charges on interest on own capital	66,584	123,119	85,884
Charges of non-taxable income	161,508	328,407	460,329
Charges of non-deductible expenses	(385,077)	(726,244)	(694,138)
Charges of foreign profits	(22,491)	(22,491)	(13,227)
Employee profit sharing	24,946	47,654	33,288

Deferred charges on mark-to-market adjustments	172	54	751
Other	92,341	183,923	195,343
Social contribution expense	(411,206)	(717,229)	(358,150)

(d) Litigation: income tax and social contribution on net income

In February 1998, the Bank filed a legal request for full offset of prior year income tax and social contribution on net income losses against taxable income. Since then, the Bank has offset these tax losses in full against income tax and social contribution taxable income and has made judicial deposits of the taxes otherwise due (on 70% of the amount offset). These deposits prompted the Federal District 16th Court to issue a dispatch recognizing the suspension of payment of these taxes until final judgment of the Bank's request, based on article 151, II, of the Tax Code.

The amounts relating to this matter are as follows:

		December 31, 2005	December 31, 2004
(a)	Judicial deposits	7,534,554	5,292,920
	Original amounts	5,294,110	4,031,431
	Restatement	2,240,444	1,261,489
(b)	70% thereof	5,169,336	3,902,263
	Income tax losses incurred up to December 31, 1994	739,067	739,067
	Income tax losses incurred after December 31, 1994	2,262,966	1,411,102
	Social contribution losses incurred up to December 31, 1994	356,007	356,007
	Social contribution losses incurred after December 31, 1994	560,880	560,880
	Social contribution to offset (temporary differences up to 1998)	1,250,416	835,207

(c) The offset of income tax and social contribution losses results in the reduction of the deferred tax credits.

(d) The provision relating to the judicial deposit equal to the value of its atualization, recorded in Provision for loss on other receivables without loan characteristics, amounts to R$ 2,240,444 thousand. Management considers this provision sufficient based on the status of the lawsuit at December 31, 2005.

(e) In the event of an unfavorable decision to the extraordinary appeal which was accepted by the President of the Federal Regional Court - First Region on November 26, 2001 and submitted to the Federal Supreme Court for judgment, the deposits equivalent to the amount of taxes determined to be payable will be transferred to the Federal Revenue Secretariat; the amount of these deposits, net of the provision recorded, will be expensed. The recording of the related tax credits as income will depend on an analysis of their future realization.

(f) In September 2005, the Bank offset the balance of the tax losses and related tax credits recorded as assets. From October 2005, the income tax has been fully paid through the Document for Receipt of Collection of Federal Income (DARF).

18 Tax credits

(a) Tax credits recorded as assets

		BB - Consolidated			
		December 31, 2005		December 31, 2004	
		Income tax	Social contribution	Income tax	Social contribution
	Nature and origin				
(a)	Income tax and social contribution losses	160,165	25,947	4,675,706	38,082
(a.1)	Rate (%)	25	9	25	9
(a.2)	Tax credit recorded	40,041	2,335	1,168,926	3,427
(b)	Timing differences	14,141,943	11,513,782	14,149,583	11,515,074
(b.1)	Rate (%)	25	9	25	9
(b.2)	Tax credit recorded	3,535,486	1,036,240	3,537,391	1,036,357
(c)	Negative mark-to-market adjustments	165,137	158,824	93,913	84,392
(c.1)	Rate (%)	25	9	25	9
(c.2)	Tax credit recorded	41,284	14,294	23,478	7,595
(d)	Social contribution to offset	–	2,001,226	–	2,601,295
(e)	Tax credits abroad	4,116	–	10,704	–
(f)	Total income tax and social contribution tax credits recorded (a.2 + b.2 + c.2 + d + e)	3,620,927	3,054,095	4,740,499	3,648,674
		Pasep	Cofins	Pasep	Cofins
(g)	Negative mark-to-market adjustments	178,041	178,041	146,699	146,696
(g.1)	Rate (%)	0.65	4	0,65	4
(g.2)	Tax credit recorded	1,157	7,122	954	5,868
(h)	Negative futures market adjustments	87,696	87,696	954	5,868
(h.1)	Rate (%)	0.65	4	–	–
(h.2)	Tax credit recorded	570	3,508	–	–
(i)	Total PASEP and COFINS credits recorded (g.2 + h.2)	1,727	10,630	–	–
(j)	Total tax credits recorded (f + i)	3,622,654	3,064,725	4,741,453	3,654,542

(b) Tax credits not recorded as assets

		BB – Consolidated			
		December 31, 2005		December 31, 2004	
		Income tax	Social contribution	Income tax	Social contribution
	Nature and origin				
(a)	Income tax and social contribution losses	123,709	82,150	613,069	40,040
(a.1)	Rate (%)	25	9	25	9
(a.2)	Tax credits not recorded	30,927	7,393	153,267	3,604
(b)	Timing differences	5,043,681	7,492,913	2,580,551	4,979,061
(b.1)	Rate (%)	25	9	25	9
(b.2)	Tax credits not recorded	1,260,920	674,362	645,138	448,116
(c)	Negative mark-to-market adjustments	4,932	4,932	50,771	50,771
(c.1)	Rate (%)	25	9	25	9
(c.2)	Tax credits not recorded	1,233	444	12,693	4,569
(d)	Accounting losses of foreign entities in countries with favorable taxation	399,623	399,623	547,116	547,116
(d.1)	Rate (%)	25	9	25	9
(d.2)	Tax credits not recorded	99,906	35,966	136,779	49,240
(e)	Tax credits abroad	68,105	–	100,910	–
(f)	Total income tax and social contribution credits not recorded (a.2 + b.2 + c.2 + d.2 + e)	1,461,091	718,165	1,048,787	505,529
		Pasep	Cofins	Pasep	Cofins
(g)	Negative mark to market adjustments	–	–	1,449	1,452
(g.1)	Rate (%)	0.65	4	0.65	4
(g.2)	Tax credits	–	–	9	58
(h)	Total PASEP and COFINS tax credits not recorded (g.2)	–	–	9	58
(i)	Total tax credits not recorded (f + h)	1,461,091	718,165	1,048,796	505,587

(c) **Changes during the period**

(i) **Tax credits recorded during the period**

		BB – Consolidated			
		Year 2005		Year 2004	
		Income tax	Social contribution	Income tax	Social contribution
(a)	On income tax and social contribution losses	5,080	–	9,520	3,427
(b)	On timing differences	3,959	1,446	4,243	1,493
(c)	On negative mark-to-market adjustments	24,426	9,028	6,100	2,172
(d)	Tax credits abroad	–	–	–	–
(e)	Total income tax and social contribution credits recorded (a + b + c+d)	33,465	10,474	19,863	7,092
		Pasep	Cofins	Pasep	Cofins
(f)	On negative mark-to-market adjustments	950	5,847	218	1,343
(g)	Total tax credits recorded (e + f)	34,415	16,321	20,081	8,435

(ii) **Tax credits reversed during the period**

		BB – Consolidated			
		Year 2005		Year 2004	
		Income tax	Social contribution	Income tax	Social contribution
(a)	Relating to income tax and social contribution losses	1,133,965	1,092	743,180	–
(b)	Relating to timing differences	5,864	1,562	2,964	1,911
(c)	Relating to social contribution to offset (MP 1858/99)	–	600,069	–	282,700
(d)	Relating to negative mark-to-market Adjustments	6,622	2,329	567	268
(e)	Tax credits abroad	6,588	–	6,948	–
(f)	Total reversals of income tax and social contribution tax credits (a + b + c + d + e)	1,153,039	605,052	753,659	284,879

		Pasep	Cofins	Pasep	Cofins
(g)	Relating to negative mark-to-market Adjustments	176	1,085	50	122
(h)	Total tax credits reversed (f + g)	1,153,215	606,137	753,709	285,001

(d) Deferred tax liabilities

		BB – Consolidated			
		December 31, 2005		December 31, 2004	
		Income tax	Social contribution	Income tax	Social contribution
(a)	Arising from sale of investments	272	98	977	352
(b)	Arising from mark-to-market adjustments	74,383	26,778	54,474	19,686
(c)	Arising from lease portfolio adjustment	35,913	–	29,582	–
(d)	Arising from tax incentive depreciation	3	–	3	–
(e)	Entities abroad	1,349	–	1,081	–
(f)	Arising from restatement of judicial deposits	299,979	107,992	124,351	44,767
(g)	Arising from foreign profits	–	–	–	–
(h)	Arising from futures market transactions	5,319	2,813	–	–
(i)	Total deferred income tax and social contribution liabilities (a + b + c + d + e + f + g + h)	417,218	137,681	210,468	64,805
		Pasep	Cofins	Pasep	Cofins
(j)	Arising from mark-to-market adjustments	2,028	12,482	1,486	9,141
(k)	Arising from restatement of judicial deposits	8,180	50,337	3,391	20,867
(l)	Arising from futures market transactions	213	1,311	–	–
(m)	Total deferred tax liabilities (i + j + k + l)	427,639	201,811	215,345	94,813

(e) Estimates of the realization of tax credits recorded (tax losses, timing differences, negative mark-to-market adjustments on derivatives and social contribution available for offset)

	Banco do Brasil	
	December 31, 2005	
	Nominal value	Present value
In 2006	2,053,000	1,951,000
In 2007	1,874,000	1,777,000
In 2008	1,788,000	1,674,000
In 2009	811,000	721,000
Total tax credits	6,526,000	6,123,000

During 2005, the tax credits realized by the Bank amounted to R$ 1,714,779 thousand, 70.57% of the projection for the year (R$ 2,430,000).

The above estimates of realization of tax credits were based on a technical study carried out as of December 31, 2005.

(f) **Other Information**

(f.1) The tax credits were recorded at the current rates calculated on their respective bases. The rules established by CMN Resolution 3059/2002 for the recording, maintenance and reversal/use of the credits are being followed.

(f.2) The tax credits recorded include Social Contribution to Offset relating to tax credits calculated at the rate of 18% on tax losses and temporary differences existing on December 31, 1998. Provisional Measure (MP) 1.858/99 (current MP 2158-35/2001) reduced the rate of social contribution from 18% to 8% and authorized the maintenance of this credit classified in Other Receivables - Sundry. At December 31, 2005, the balance of this account amounted to R$ 2,001,226 thousand.

Since January 1, 2003, the rate for social contribution on net income is 9%, in conformity with Law 10637/2002.

(f.3) The projections of offset of tax credits recorded as assets in the Bank are classified in two groups. The first arises from tax losses (income tax and social contribution on net income losses) and Social Contribution on Net Income (CSLL) to offset, whose projection for offset is linked to the ability to generate IRPJ and CSLL taxable income in future years. The second group arises from temporary differences, whose ability for offset arises from changes in the provisions (estimates of realization, of reversals, write-offs and use).

(f.4) In September 2005, the Bank offset the balance of the IRPJ tax credits arising from tax losses. The realization of the nominal amounts of the other tax credits recorded as assets, based on a technical study prepared by the Bank (as of December 31, 2005), is estimated in four years, in the following proportions:

	CSLL to offset	Temporary differences
In 2006	29%	32%
In 2007	26%	30%
In 2008	30%	26%
In 2009	15%	12%

This study also shows the tax credits recorded as assets at present values based on the average funding rate of the Bank.

(f.5) The Bank has recorded IRPJ, CSLL, PASEP and COFINS tax credits on the negative mark-to-market adjustments of securities and derivative financial instruments recorded in a separate account in Stockholders' equity. The Bank has only recognized PASEP and COFINS tax credits on negative mark-to-market adjustments recorded in income for the period, in compliance with the rules included in CMN Resolution 3059/2002 and BACEN Circular 3171/2002 (Note 3, items "d" and "e").

IRPJ, CSLL, PASEP and COFINS deferred tax liabilities have been recorded on the positive mark-to-market adjustments of securities and derivative financial instruments recorded in income and in a separate account in Stockholders' equity (Note 3, items "d" and "e").

19 Equity in the Earnings (Loss) of Subsidiary and Associated Companies

Significant investments in Brazil and abroad are stated on the equity method of accounting, in conformity with BACEN and CVM instructions, and are classified in an investment account in permanent assets.

The equity accounting adjustments were recorded in the account "Equity in the earnings (loss) of subsidiary and associated companies" as follows:

(a) BB - Domestic and Foreign branches

DESCRIPTION	Paid in capital	Adjusted stockholder's equity	Our ownership%	Dividends/ interest on own capital	Equity in the earnings (loss)		Book value	
					Operational	Foreign exchange variations	12.31.2005	12.31.2004
SUBSIDIARIES								
BAMB – Brazilian American Merchant Bank	994,458	1,415,406	100.00	–	179,423	(181,350)	1,415,406	1,370,895
Banco do Brasil A.G. Vienna (Austria)	52,063	81,441	100.00	–	3,285	(23,874)	81,441	102,030
BB – Leasing Company Ltd.	–	78,814	100.00	–	4,506	(9,962)	78,813	84,270
BB – Administração de Cartões de Crédito S.A.	9,300	24,883	100.00	5,134	5,926	–	24,883	25,898
BB – Administradora de Consórcios S.A.	14,100	14,447	100.00	6,593	9,844	–	14,447	11,396
BB – Corretora de Seguros e Admin. de Bens S.A.	26,918	35,010	100.00	58,046	58,429	–	35,010	34,939
BB – Administradora de Ativos – Distribuidora de Títulos e Valores Mobiliários S.A.	99,628	118,383	100.00	263,049	268,725	–	118,383	120,088
BB – Banco de Investimento S.A.	1,589,399	1,714,940	100.00	871,208	564,765	–	1,714,940	2,011,544
BB – Leasing S.A. – Arrendamento Mercantil	61,850	25,023	100.00	–	3,849	–	25,023	21,174
Banco Popular do Brasil S.A.	116,550	28,847	100.00	–	(62,117)	–	28,847	90,961
Cobra Tecnologia S.A.	17,183	–	99.35	620	19,880	–	–	–
ASSOCIATED COMPANIES								
CADAM	183,904	358,862	21.64	1,013	(2,479)	–	77,225	80,718
SUBTOTAL	–	–	–	1,203,663	1,051,836	(195,186)	3,614,418	3,953,913
Abroad								
Foreign exchange gain/losses in branches	–	–	–	–	–	(449,011)	–	–
Increase/decrease in stockholders' equity arising from other changes	–	–	–	–	3,640	–	–	–
TOTAL	–	–	–	1,203,663	1,055,476	(644,197)	3,614,418	3,953,913

(b) BB – Consolidated

DESCRIPTION	Paid in capital	Adjusted stockholder's equity	Our ownership %	Dividends/ interest on own capital	Equity in the earnings (loss) Operational	Foreign exchange variations	Reversal	(Goodwill / Negative goodwill) (A))	Book value 12.31.2005	12.31.2004
1)Investments of Banco do Brasil S.A.										
SUBSIDIARIES										
BB – Administradora de Cartões de Crédito S.A.	9,300	24,883	100.00	5,134	5,926	–	–	–	24,883	25,898
BB – Administradora de Consórcios S.A.	14,100	14,447	100.00	6,593	9,644	–	–	–	14,447	11,396
BB – Corretora de Seguros e Admin. de Bens S.A.	26,918	35,010	100.00	56,048	56,429	–	–	–	35,010	34,939
Cobra Tecnologia S.A.	17,183	–	99.35	620	19,880	–	–	–	–	–
ASSOCIATED COMPANIES										
CADAM S.A.	183,904	356,862	21.64	1,013	(2,479)	–	–	–	77,225	80,718
SUBTOTAL (1)	–	–	–	69,406	89,400	–	–	–	151,565	152,951
2) Investments of BB-BI Banco de Investimento										
ASSOCIATED COMPANIES										
Brasilseg Participações S.A.	84,290	212,558	70.00	22,400	31,515	–	–	–	148,790	138,563
Cia. De Seguros Aliança do Brasil S.A.	129,861	271,788	70.00	91,332	107,823	–	–	–	190,251	173,880
Brasilprev	77,687	247,983	49.99	50,887	71,068	–	–	(3,099)	127,065	108,005
Brasilcap	79,054	200,028	49.99	63,838	77,931	–	–	–	99,994	82,553
Brasilsaúde	39,726	47,500	49,92	569	3,499	–	–	111	23,601	20,668
Cia. Brasileira de Meios de Pagamento	74,534	377,182	32.00	52,299	133,286	–	–	–	120,804	39,804
Seguradora Brasileira de Crédito à Exportação	9,165	16,728	12.088	141	252	–	–	–	2,022	1,910
Cibrasec (B)	68,475	64,914	9.09	579	383	–	–	–	–	5,592
Itapebi	150,000	237,855	19.00	13,465	17,253	–	–	–	45,193	41,862
Kepler Weber	86,230	78,341	24.38	634	(8,362)	–	–	–	19,100	28,097
Cia Bras. Soluções e Serviços (C)	8,720	23,583	40.345	–	6,075	–	–	–	6,422	–
Ativos S.A.	4,577	25,973	74.50	25,126	27,132	–	–	–	19,665	17,658
BAF S.A (D)	203,498	4,369	100.00	–	(23,719)	–	23,719	–	4,369	28,089
SUBTOTAL (2)	–	–	–	321,270	444,134	–	23,719	(2,988)	807,276	684,681
3) Investments of BAMB – Brazilian American Merchant Bank										
SUBSIDIARIES										
BBTUR - Viagens e Turismo Ltda (2)	9,633	12,370	99.00	–	5,498	1,787	–	–	12,246	15,390
Ativos S.A. (2)	4,577	25,973	25.50	–	6,409	787	–	–	6,623	6,044
Other	–	–	–	–	12	–	–	–	2	16
SUBTOTAL (3)	–	–	–	–	13,919	2,574	–	–	18,871	21,450
4) Investments of BB – Leasing Associated Companies Ltd.										
BBTUR - Viagens e Turismo Ltda. (2)	9,633	12,370	1.00	–	74	–	–	–	124	155
SUBTOTAL (4)	–	–	–	–	74	–	–	–	124	155
5) Investments of BB-DTVM Administração de Ativos - Distribuidora de Títulos e Valores Mobiliários S.A.										
ASSOCIATED COMPANIES- (not valued on the equity method										
PRONOR	–	–	12.02	–	14	–	–	–	20,722	20,722
SUBTOTAL (5)	–	–	–	–	14	–	–	–	20,722	20,722
Abroad										
Foreign exchange gain/losses in branches	–	–	–	–	–	(449,011)	–	–	–	–
Foreign exchange gain/losses in subsidiaries	–	–	–	–	–	(195,186)	–	–	–	–
Increase/decrease in stockholders' equity arising from other movements,										

TOTAL	–	–	–	390,676	551,181	(641,623)	23,719	(2,988)	998,568	879,959

(A) The goodwill recorded on the acquisition of investments was based on the estimate of future profitability and the negative goodwill was based on other economic reasons.
(B) As from the 2nd half of 2005, this investment is being recorded at cost because of the reduction in the percentage holding from 10% to 9.09%.
(C) The capital reserve of R$ 7,665 thousand relating to subscription bonus was not included in the calculation of the adjusted stockholders' equity because the bonus is recorded as marketable securities of this Company.
(D) The agreements for dissolution of the partnership in Maxblue Américas Holdings S.A. were signed on December 19, 2003, through which BB BI assigned its 49.90% interest in the Company in exchange for a 100% interest in Maxblue DTVM S.A. The Extraordinary General Meeting of shareholders held on December 5, 2004 changed the name of Maxblue DTVM S.A. to "Brasil Aconselhamento Financeiro e DTVM S.A". The Extraordinary General Meeting held on July 26, 2004 approved the change in the bylaws, with the change in name to "Brasil Aconselhamento Financeiro S.A.", as well as the change in the Company's objectives, no longer characterizing it as a securities broker. The Annual General Meeting held on April 30, 2005 approved the Company's extrajudicial liquidation. As from the 2nd half of 2005, the Company has not been recorded on the equity method of accounting. A provision for loss of R$ 3,920 thousand was recorded.

20 Related-party Transactions

The transactions carried out between companies of the group are:

	December 31, 2005		December 31, 2004	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)
Cash and cash equivalents	4,947	–	1,406	–
Foreign subsidiaries	4,947	–	1,406	–
Short-term interbank deposits	3,462,333	285,449	285,885	301,004
Foreign subsidiaries	2,936,388	216,762	–	262,381
BB - Banco de Investimento S.A.	–	–	–	2,995
BB - Leasing S.A. – Arrendamento Mercantil	445,945	68,687	265,762	35,628
BB - Banco Popular do Brasil S.A.	80,000	–	20,100	–
Dollar Diversified Payment Rights Finance Company	–	–	23	–
Securities	176,171	(4,012)	107,334	(3,748)
BB - Banco de Investimento S.A.	–	–	439	–
BB - Leasing S.A. – Arrendamento Mercantil	7	–	9,394	–
BB - Administração de Ativos - DTVM S.A.	–	(59)	–	(1,205)
BB - Corretora de Seguros e Administradora de Bens S.A.	–	–	–	(1,485)
BB – Administradora de Cartões de Crédito S.A.	–	(2,843)	–	(320)
Brasil Aconselhamento Financeiro S.A.	–	–	–	(335)
BB - Administradora de Consórcios S.A.	–	(1,110)	–	(403)
Dollar Diversified Payment Rights Finance Company	176,164	–	97,501	–
Loan operations	92,820	364,845	68,593	606,580
Foreign subsidiaries	–	1,278	–	1,665
BB - Leasing S.A. – Arrendamento Mercantil	69,464	13,259	68,216	9,540
BB - Administração de Ativos - DTVM S.A.	386	350,308	377	595,375
Cobra Tecnologia S.A.	22,970	–	–	–
Other receivables	591,565	–	554,161	–
BB - Banco de Investimento S.A.	277,692	–	211,667	–
BB - Leasing S.A. – Arrendamento Mercantil	2,644	–	3,108	–
BB - Administração de Ativos - DTVM S.A.	148,380	–	168,523	–
BB - Administradora de Cartões de Crédito S.A.	269	–	10,108	–
BB - Corretora de Seguros e Adm de Bens S.A.	79,810	–	63,889	–
Cobra Tecnologia S.A.	711	–	1,100	–
BB - Banco Popular do Brasil S.A.	13,579	–	21,728	–
BB - Administradora de Consórcios S.A.	1,623	–	3,572	–
Brasil Aconselhamento Financeiro S.A.	100	–	119	–

	December 31, 2005		December 31, 2004	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)
BB - Tur Viagens e Turismo Ltda.	14,917	–	3,914	–
Ativos S.A.	234	–	305	–
Dollar Diversified Payment Rights Finance Company	2	–	3	–
Nikkei Remittance Rights Finance Company	51,604	–	66,127	–
Demand deposits	(6,007)	–	(5,499)	–
Foreign subsidiaries	(95)	–	(156)	–
BB - Banco de Investimento S.A.	(112)	–	(97)	–
BB - Leasing S.A. – Arrendamento Mercantil	(32)	–	(54)	–
BB - Administração de Ativos - DTVM S.A.	(556)	–	(101)	–
BB - Administradora de Cartões de Crédito S.A.	(42)	–	(126)	–
BB - Corretora de Seguros e Adm de Bens S.A.	(806)	–	(938)	–
BB - Tur Viagens e Turismo Ltda.	(3,540)	–	(3,562)	–
Cobra Tecnologia S.A.	(775)	–	(420)	–
Brasil Aconselhamento Financeiro S.A.	(21)	–	(12)	–
BB-Administradora de Consórcios S.A.	(2)	–	–	–
Ativos S.A.	(26)	–	(13)	–
Interbank deposits	(9,450,135)	–	(7,614,510)	–
Foreign subsidiaries	(9,450,135)	–	(7,614,510)	–
Deposits received under security repurchase agreements	(1,052,577)	(177,821)	(1,307,089)	(89,641)
Foreign subsidiaries	(47,363)	–	(53,576)	–
BB - Banco de Investimento S.A.	(296,491)	(81,413)	(529,697)	(20,467)
BB - Leasing S.A. – Arrendamento Mercantil	–	(257)	(1,688)	(138)
BB - Administração de Ativos - DTVM S.A.	(362,600)	(61,545)	(329,048)	(42,612)
BB - Administradora de Cartões de Crédito S.A.	(132,790)	(2,518)	(186,111)	(4,632)
BB - Corretora de Seguros e Adm de Bens S.A.	(168,563)	(22,465)	(144,318)	(16,745)
BB - Banco Popular do Brasil S.A.	(15,008)	(6,866)	(47,048)	(3,668)
BB - Administradora de Consórcios S.A.	(21,130)	(2,089)	(10,133)	(468)
Brasil Aconselhamento Financeiro S.A.	(6,594)	(215)	(5,470)	–
BB - Tur Viagens e Turismo Ltda.	(2,038)	(453)	–	(913)
Funds from acceptance and issue of securities	(30,154)	–	(83,403)	–
Foreign subsidiaries	(30,154)	–	(83,403)	–
Foreign borrowings	(2,963,122)	(10,576)	(3,104,347)	(15,195)
Foreign subsidiaries	(2,963,122)	(10,576)	(3,104,347)	(15,195)
Foreign onlendings	(587,075)	–	(740,377)	(17,862)
Foreign subsidiaries	(587,075)	–	(740,377)	(17,862)
Derivative financial instruments	(1,190)	30,114	(30,107)	2,193
Foreign subsidiaries	(736)	27,246	(29,584)	–
BB - Banco de Investimento S.A.	–	1,372	(417)	200
BB - Leasing S.A. – Arrendamento Mercantil	–	1,496	–	2,314
BB - Administradora de Cartões de Crédito S.A.	(41)	–	(101)	–
BB - Corretora de Seguros e Adm de Bens S.A.	–	–	–	(321)
BB - Administradora de Consórcios S.A.	(413)	–	(5)	–
Other liabilities	(3,210,121)	–	(3,951,754)	–
Foreign subsidiaries	(498,061)	–	(573,918)	–
BB - Leasing S.A. – Arrendamento Mercantil	(23)	–	(38)	–
BB - Administradora de Cartões de Crédito S.A.	(47,806)	–	–	–
BB – Administração de Ativos - DTVM S.A.	(5,098)	–	(4,746)	–
Cobra Tecnologia S.A.	(81,421)	–	(20,385)	–
BB - Tur Viagens e Turismo Ltda.	(263)	–	(5,253)	–
BB-Banco Popular do Brasil S.A.	(1,720)	–	–	–
Dollar Diversified Payment Rights Finance Company	(2,425,281)	–	(2,963,793)	–
Nikkei Remittance Rights Finance Company	(150,448)	–	(383,621)	–

	December 31, 2005		December 31, 2004	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)
Reimbursement of costs	–	–	–	(4,226)
BB-Administração de Ativos - DTVM S.A.	–	–	–	(4,226)
Other operating income	–	32,962	–	72,415
Foreign subsidiaries	–	4,780	–	54,266
BB - Banco de Investimento S.A.	–	14,218	–	2,596
BB - Administração de Ativos - DTVM S.A.	–	10,232	–	4,587
BB - Administradora de Cartões de Crédito S.A.	–	–	–	5,876
BB - Corretora de Seguros e Adm de Bens S.A.	–	388	–	5,056
BB - Tur Viagens e Turismo Ltda.	–	–	–	34
Ativos S.A.	–	1,802	–	–
Dollar Diversified Payment Rights Finance Company	–	1,542	–	–
Other administrative/operating expenses	–	(181,098)	–	(94,103)
BB - Administração de Ativos - DTVM S.A.	–	(10,152)	–	(8,870)
BB -Banco Popular do Brasil S.A.	–	(9,068)	–	–
BB - Administradora de Cartões de Crédito S.A.	–	(16)	–	(62)
Brasil Aconselhamento Financeiro S.A.	–	(9,950)	–	(9,950)
Cobra Tecnologia S.A.	–	(56,039)	–	(74,235)
Ativos S.A.	–	–	–	(986)
BB - Tur Viagens e Turismo Ltda.	–	(4)	–	–
Dollar Diversified Payment Rights Finance Company	–	(88,475)	–	–
Nikkei Remittance Rights Finance Company	–	(7,394)	–	–

Other receivables include accounts receivable from related parties, dividends and interest on own capital receivable.

Transactions carried out between the companies included in the consolidation are eliminated on consolidation (Note 2.b).

21 Operating Limits - Basel Agreement

At December 31, 2005, the referential stockholders' equity exceeded the minimum required by the Brazilian Central Bank by R$ 8,803,162 and the coefficient of capital adequacy was 17.11% (15.20% as of December 31, 2004), while the minimum required is 11%.

The risk-weighted assets are as follows:

	BB-Consolidated	
	December 31, 2005	December 31, 2004
Cash and cash equivalents	2,867,948	2,683,303
Credits and securities issued or guaranteed by the Brazilian Government	69,852,160	71,377,781
Deposits with the Brazilian Central Bank	23,418,515	21,930,975
Receivables from related companies	14,579	69,177
Specific credits - rescheduling of rural credits	610,151	543,841
Foreign exchange portfolio	644,527	1,201,834
Other	1,839,911	1,128,037

	December 31, 2005	December 31, 2004
Total subject to zero-risk	99,247,791	98,934,948
Foreign currency funds	445,780	11,177,281
Clearing services for checks and other papers	881,979	54,044
Foreign exchange portfolio	666,149	593,602
Deposits with other banks	2,568,960	1,640,298
Investments in gold	3,723	3,260
Total subject to 20% risk	4,566,591	13,468,485
Weighted amount	913,318	2,693,697
Funds applied in interbank deposits	20,821,165	13,295,398
Foreign exchange portfolio	7,201,602	6,208,834
Foreign securities	232,279	246,442
Other	194,935	418,770
Total subject to 50% risk	28,449,980	20,169,444
Weighted amount	14,224,990	10,084,722
Loan operations	85,802,372	74,680,264
Property and equipment in use	3,119,294	3,052,353
Leased assets	788,181	537,315
Investments	1,034,234	888,550
Securities	4,169,362	4,023,571
Foreign exchange portfolio	643,448	525,713
Memorandum accounts	(9,507,773)	(8,732,023)
Other	18,377,266	14,478,359
Total subject to 100% risk	104,426,384	89,454,102
Weighted amount	104,426,384	89,454,102
Deferred tax credits - income tax and social contribution on net income	6,677,789	8,315,575
Total subject to 300% risk	6,677,789	8,315,575
Weighted amount	20,033,367	24,946,725
Total assets subject to risk weighting	243,368,535	230,342,554
Total weighted amount	139,598,059	127,179,246

The calculations of the required stockholders' equity and the adequacy coefficient are as follows:

	BB-Consolidated	
	December 31, 2005	**December 31, 2004**
(a) Assets subject to risk weighting	243,368,535	230,342,554
(b) AWR (assets weighted by risk)	139,598,059	127,179,246
(c) SWAP credit risk	1,112,598	982,191
(d) Requirement of stockholders' equity on AWR (11% of b)	15,355,787	13,989,717
(e) Requirement of stockholders' equity on SWAP (20% of c)	222,520	196,438
(f) Requirement of stockholders' equity on interest rate exposure	257,619	326,441
(g) Required stockholders' equity (RSE): d + e + f	15,835,925	14,512,596
(h) Referential equity amount (RE)	24,639,087	20,050,437
Level I	16,816,822	13,999,558
Capital	10,797,337	9,864,153
Capital reserves	4,778	4,769
Revenue reserves	6,020,150	4,294,251
Adjustment to market value - securities and derivatives	129,926	42,585
Treasury stock	(125,779)	(125,779)
Tax credits excluded from Level I of RE	(9,590)	(80,421)
Level II	7,822,265	6,050,879
Subordinated debts eligible as capital	7,798,914	6,025,162
- Funds obtained from the FCO	7,126,141	6,025,162
- Funds obtained abroad	672,773	--
Revaluation reserves	23,351	25,717
(I) Ratio between Referential equity amount to required stockholders' equity: RE and RSE (h/g)	1,56	1,38
(j) Surplus/(insufficiency) of stockholders' equity: RE - RSE (h-g)	8,803,162	5,537,841
(l) Margin/(surplus) of leverage: (j x 100)/11	80,028,747	50,344,007
(m) Basel Ratio: RE x 100/(RSE/0,11)	17,11	15,20

22 Profit Sharing

In the second half of 2005, the Bank recorded a provision of R$ 277,911 thousand (R$ 191,328 thousand in the second half of 2004) and R$ 530,992 thousand in the full year of 2004 (R$ 371.428 thousand in the full year of 2005), relating to employees' and officers' profit sharing.

23 Balance Sheet by Currency and Foreign Exchange Exposure

The purpose of this balance sheet is to show the assets and liabilities in foreign currency in Brazil and abroad.

	BB – Consolidated					
		December 31, 2005			December 31, 2004	
	Balance Sheet	Local currency	Foreign currency Brazil	Foreign currency Abroad	Foreign currency Brazil	Foreign currency Abroad
ASSETS	252,976,988	205,844,808	10,552,707	36,579,473	21,521,124	27,859,850
Current Assets and Long-Term Receivables	247,396,627	200,448,877	10,530,457	36,417,293	21,492,617	27,652,236
Cash and cash equivalents	5,827,663	2,669,641	570,682	2,587,340	11,347,689	1,664,672
'Short-term interbank investments	28,995,923	7,610,201	58,748	21,326,974	357,190	13,855,698
Securities and derivative financial instruments	66,470,116	62,660,367	405,447	3,404,302	1,509,287	2,990,785
Interbank accounts	24,403,915	24,403,050	–	865	610	395
Interdepartmental accounts	121,311	121,311	–	–	–	–
Loan and lease operations	85,961,141	75,520,510	1,484,242	8,956,389	917,371	8,741,149
Other receivables and assets	35,616,558	27,463,797	8,011,338	141,423	7,360,590	399,537
Permanent Assets	5,580,361	5,395,931	22,250	162,180	28,507	207,614
Investments	1,045,217	994,296	22,250	28,671	28,507	34,183
Property and equipment	3,119,294	2,985,785	–	133,509	–	173,431
Leased assets	812,106	812,106	–	–	–	–
Deferred charges	603,744	603,744	–	–	–	–
LIABILITIES	252,976,988	206,985,551	21,793,569	24,197,868	20,476,178	28,327,253
Current and Long-Term Liabilities	236,002,662	190,011,225	21,793,569	24,197,868	20,476,178	28,327,253
Deposits	137,658,259	120,790,847	3,031,608	13,835,804	973,288	15,348,804
Demand deposits	35,802,362	31,694,928	3,031,295	1,076,139	972,538	1,014,683
Savings deposits	32,844,214	32,844,214	–	–	–	–
Interbank deposits	5,516,969	1,053,259	–	4,463,710	–	4,781,943
Time deposits	63,494,714	55,198,446	313	8,295,955	730	9,552,178
Deposits received under security repurchase agreements	30,508,259	29,562,992	–	945,267	–	1,226,410
Funds from acceptance and issue of securities	3,165,651	–	–	3,165,651	–	4,123,185
Interbank accounts	980,153	963,175	–	16,978	–	5,513
Interdepartmental accounts	1,972,847	568,792	1,404,055	–	1,282,918	–
Borrowing and onlendings	18,228,743	13,370,418	856,646	4,001,679	11,673,538	4,893,813
Derivative financial instruments	570,821	570,821	–	–	–	–
Other liabilities	42,917,929	24,184,180	16,501,260	2,232,489	6,566,454	2,729,528
DEFERRED INCOME	124,562	124,562	=	=	=	=
STOCKHOLDERS' EQUITY	16,849,764	16,849,764	=	=	=	=

Banco do Brasil does not follow the policy of incurring exposure in foreign currency which requires capital for its coverage, and stays within the 5% exposure limit in relation to the Reference Equity, as prescribed by CMN Resolution No. 2.891, of September 26, 2001. The foreign exchange exposure at December 31, 2005 was R$ 630,619 thousand (R$ 188,264 thousand at December 31, 2004).

The Brazilian Central Bank authorized the use of a methodology which considers the exposure in Euro, U.S. dollar, Swiss franc, Yen, Pound sterling and Gold as one currency, incorporating the diversification effect in the calculation of the foreign exchange exposure. In order to improve foreign exchange risk management, Banco do Brasil adopted this methodology.

24 Retirement and Pension and Health Plans - Post-Employment Benefits

(a) Caixa de Previdência dos Funcionários do Banco do Brasil - PREVI

Banco do Brasil is the sponsor of Caixa de Previdência dos Funcionários do Banco do Brasil (PREVI) which provides participants and their dependents with benefits which are complementary or similar to those of the Basic Government Retirement Plan. The plans offered through PREVI are of defined contribution (Plano Previ Futuro) or defined benefit (Plan 1), the latter having adopted the capitalization method for actuarial calculations. At December 31, 2005, the number of participants was 135,844, of which 79,787 are active and 56,057 retired employees.

(a.1) The funding of the vested and unvested benefits is summarized as follows:

(i) Participants employed before April 14, 1967, who were not retired and who were not in a position on that date to request their retirement, contemplated in the contract signed on December 24, 1997 between the Bank and PREVI (Plan 1): The sponsor assumes the commitment for the payment of pensions for this group; the mathematical reserves which guarantee the benefits are fully funded. The pension rights of this group of participants are characterized as a defined benefit.

(ii) Participants employed between April 15, 1967 and December 23, 1997 (Plan 1): active participants contribute 3% of their contribution salary plus 2% of the amount of such salary that exceeds half of the value of PREVI contribution (R$ 2,200.06 at December 31, 2005), plus 8% of the amount of such salary that exceeds the PREVI contribution. Participants receiving benefits contribute 8% of the amount of the pension complement and the sponsor an amount equal to the contributions of the participants. The retirement benefit of this group is characterized as a defined benefit.

(iii) Participants employed as from December 24, 1997 (Plano Previ Futuro): active participants contribute to PREVI an amount between 7% and 17% of their contribution salary, varying based on length 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. The retirement benefit of this group is characterized as a defined contribution.

(a.2) Effects of Benefit Plan 1, based on actuarial valuations as of December 31, 2004 and 2005 carried out by an independent actuary, and of the Plano Previ Futuro as required by CVM Resolution 371/00:

(i) Equity effect (reconciliation of assets and liabilities):

Specification	Plan 1	
	December 31, 2005	December 31, 2004
(1) Present value of actuarial liabilities with coverage	58,033,630	52,354,343
(2) Present value of actuarial liabilities not covered	–	–
(3) Present value of actuarial liabilities (1 + 2)	58,033,630	52,354,343
(4) Fair value of the plan assets	(81,439,183)	(68,880,031)
(5) Present value of liabilities in excess of (less than) the fair value of the assets (3 + 4)	(23,405,553)	(16,525,688)
(6) Actuarial (gains) or losses not recognized	(20,217,605)	(13,955,593)
(7) Net actuarial liability (asset) recorded (5 - 6)	(3,187,948)	(2,570,095)

The Previ Futuro Plan, being a defined contribution plan, is not required to record actuarial assets or liabilities.

(ii) Amounts paid to PREVI:

Specification	December 31, 2005			December 31, 2004		
	Plan 1	Plano Previ Futuro	Total	Plan 1	Plano Previ Futuro	Total
Sponsor contributions	469,605	59,228	528,833	460,231	39,619	499,850
Amounts paid to PREVI referring to the 1997 Contract	1,132,047	–	1,132,047	2,314,399	–	2,314,399
Total paid to PREVI	1,601,652	59,228	1,660,880	2,774,630	39,619	2,814,249

(iii) Effect on net income:

Specification	December 31, 2005			December 31, 2004		
	Plan 1	Plano Previ Futuro	Total	Plan 1	Plano Previ Futuro	Total
(1) Cost of current service (with interest)	(281,872)	(115,626)	(397,498)	(301,512)	(77,294)	(378,806)
(2) Interest on actuarial liabilities	(5,351,350)	–	(5,351,350)	(4,760,264)	–	(4,760,264)
(3) Expected earnings on the plan assets	7,144,406	–	7,144,406	5,764,477	–	5,764,477
(4) Deferment of the net earnings from assets and liabilities (2+3)	1,793,056	–	1,793,056	1,004,213	–	1,004,213
(5) Total gross (expense)/income (1 - 2 - 3 + 4)	(281,872)	(115,626)	(397,498)	(301,512)	(77,294)	(378,806)
(6) Expected contributions from participants	185,971	59,359	245,330	164,272	39,656	203,928
(7) Previ Liabilities/Assets (expense)/income (1997 Contract)	(8,860)	–	(8,860)	(247,592)	–	(247,592)
(8) Actuarial gains	267,629	–	267,629	–	–	–
(9) Subtotal net (expense) /income (5 + 6 + 7 + 8)	162,868	(56,267)	106,601	(384,832)	(37,638)	(422,470)
(10) Previ management fee (5% of the employers' union dues)	(23,480)	(2,961)	(26,441)	(23,011)	(1,981)	(24,992)
(11) Effect of the net (expense)/income (9 + 10)	139,388	(59,228)	80,160	(407,843)	(39,619)	(447,462)

(a.3) The principal economic assumptions adopted for the actuarial calculations were the following:

Specification	12.31.2005	12.31.2004
- Real interest rate used for discounting actuarial liabilities to present value	6.3% a.a.	6.7% a.a.
- Real expected yield on retirement and pension plan assets	6.3% a.a.	6.7% a.a.
- Estimated salary increases:		
- Plan 1	1.3154% a.a.	1.4712% a.a.
- Plano Previ Futuro	3.3914% a.a.	3.5320% a.a.

(b) Benefits of sole responsibility of the Bank

Banco do Brasil is also responsible for assistance and pension benefits for employees employed before April 14, 1967, not covered by the PREVI Benefits Plan, with characteristics of a defined

benefit plan, and the regime adopted for the actuarial calculations is that of capitalization. There were 8,772 retired employees and surviving spouses on December 31, 2005.

The main benefits are: (a) retirement pensions to founder participants and pension payments to survivors of participants deceased prior 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 retirement benefits and pension payments in excess of those provided by the PREVI Benefit Plans, as a result of judicial and administrative decisions due to the restructuring of job and salary plans and incentives created by the Bank.

(b.1) The cost of these benefits is totally funded by Banco do Brasil.

(b.2) Effects on the financial statements based on actuarial valuations as of December 31, 2004 and 2005 carried out by an independent actuary, as required by CVM Resolution 371/00:

(i) Equity effect (reconciliation of assets and liabilities):

Specification	December 31, 2005	December 31, 2004
(1) Present value of actuarial liabilities with coverage	–	–
(2) Present value of actuarial liabilities not covered (Plans without financial assets)	1,588,703	1,532,148
(3) Present value of actuarial liabilities (1 + 2)	1,588,703	1,532,148
(4) Fair value of the plan assets	–	–
(5) Present value of liabilities in excess of the fair value of the assets (3 + 4)	1,588,703	1,532,148
(6) Actuarial (gains) or losses not recognized	158,870	153,215
(7) Net actuarial liability/(asset) recorded (5 - 6)	1,429,833	1,378,933

(ii) Amounts paid to PREVI:

Specification	December 31, 2005	December 31, 2004
Sponsor contributions	299,577	307,687

(iii) Effect on net income:

Specification	December 31, 2005	December 31, 2004
(1) Cost of current service	--	--
(2) Contributions from participants	--	--
(3) Interest on actuarial liabilities	(149,709)	(146,487)
(4) Actuarial gains or (losses)	(200,768)	(196,509)
(5) Expected earnings on assets	--	--
(6) Effect of the expense recorded (1 - 2 + 3 + 4 - 5)	(350,477)	(342,996)

(b.3) The economic assumptions adopted for the actuarial calculations are the same as those adopted for the PREVI Plan 1 (item 24 (a.3)).

(c) CASSI - Caixa de Assistência dos Funcionários do Banco do Brasil

The Bank is the sponsor of a Health Plan managed by CASSI - Caixa de Assistência dos Funcionários do Banco do Brasil. The main objective is to provide coverage for expenses with the promotion, protection, recovery and rehabilitation of a member's health and of his/her inscribed beneficiaries. At December 31, 2005, there were 158,621 participants, of which 87,299 active and 71,322 retired.participants and pensioners.

The Bank contributes monthly an amount equivalent to 150% of the total contributions from members (active and retired) and from pension beneficiaries of employees employed before December 23, 1997 and 100% of the total contributions from participants employed after that date. Monthly contributions from members and pension beneficiaries amount to 3% of the total payroll or the total retirement or pension plan benefits.

(c.1) Effects of the CASSI Plan on the financial statements, based on actuarial appraisals as of December 31, 2004 and 2005 carried out by an independent actuary, as required by CVM Resolution 371/00:

(i) Equity effect (reconciliation of assets and liabilities):

Specification	December 31, 2005	December 31, 2004
(1) Present value of actuarial liabilities with coverage	--	--
(2) Present value of actuarial liabilities not covered (Plans without financial assets)	3,232,214	3,078,155
(3) Present value of actuarial liabilities (1 + 2)	3,232,214	3,078,155
(4) Fair value of the plan assets	--	--
(5) Present value of liabilities in excess of the fair value of the assets (3 + 4)	3,232,214	3,078,155
(6) Actuarial (gains) or losses not recognized	1,385,367	1,406,434
(7) Net actuarial liability (asset) recorded (5 - 6)	1,846,847	1,671,721

(ii) Amounts paid to CASSI:

Specification	December 31, 2005	December 31, 2004
Sponsor contributions	379,172	358,267

The amounts of R$ 379,172 thousand and R$ 358,267 thousand comprise Employer Contributions for Active employees and Pensioners, as follows: at December 31, 2005 – Active employees R$ 146,319 thousand and Pensioners R$ 232,843 thousand, and December 31, 2004 – Active employees R$ 133,377 thousand and Pensioners R$ 224,890 thousand.

(iii) Effect on net income:

	December 31, 2005	December 31, 2004
(1) Cost of current service (with interest)	(31,233)	(23,774)
(2) Expected contributions from participants	--	--
(3) Interest on actuarial liabilities	(314,677)	(243,759)
(4) Actuarial (gains) or losses	62,069	35,961
(5) Expenses with current employees	(146,319)	(133,377)
(6) Expected earnings on assets	--	--
(7) Effect of the expense recorded (1 - 2 + 3 + 4 + 5 - 6)	(554,298)	(436,871)

(c.2) The economic assumptions adopted for the actuarial calculations were the same as those applied to the PREVI Plan (item 24(a.3)).

(d) Policy for the recognition of actuarial gains and losses

In accordance with CVM Deliberation 371, the actuarial gains or losses to be recognized as income or expense in a defined benefit plan are the amount of unrecognized gains and losses that exceed, in each period, the higher of the following limits:

- 10% of the present value of the total actuarial liability of the defined benefit; and
- 10% of the fair value of plan assets.

(d.1) Benefits of Sole Responsibility of the Bank (Plan 1): Actuarial losses relating to these benefits are being recorded in the same year the actuarial calculation is made because the persons involved are all retired participants, and thus there is no remaining length of service to amortize.

(d.2) Benefit Plan 1: Previ Plan 1 has assets at fair value in excess of the liabilities, thus permitting the recording of actuarial gains. In the 1st half year 2005, because of (i) the remaining pension commitments of the plan; (ii) the fluctuations that can affect the fair value of plan assets, and (iii) the possibility to realize actuarial gains, the Bank, conservatively, did not record the actuarial gains. However, as from the 2nd half year, because of (i) the significant increase in the fair value of the plan assets and ii) the improvement in the ability to realize the actuarial gains, the Bank started to recognize these gains, based on the average remaining work period estimated for the employees participating in the plan (11.1 years), as calculated in the actuarial valuation as of December 31, 2004 for 2005, as well as the effective ability to realize these gains, considering the future contributions.

(d.3) Cassi Actuarial Liability: the actuarial losses relating to this liability are recognized over the average remaining work period estimated for the employees participating in the plan (15.5 years).

(e) Summary of the Provisions for the PREVI and CASSI Liabilities

Specification	12.31.2005					
	Net actuarial liability/ (asset) on January 1, 2005	(Expense) income recorded in the income statement considering actuarial adjustments	Transfer between unamortized reserves and advanced amortization	Unrecognized actuarial (losses)/gains	Sponsor contribut-ions made in the year	Net actuarial liability (asset) on December 31, 2005
	A	B	C	D	E	F = (A-B+C+D+E)
Actuarial asset CVM No. 371	(2,570,095)	171,728	–	–	(446,125)	(3,187,948)
Actuarial asset 1997 contract	442,001	(8,860)	–	–	(1,132,046)	(681,185)
- Advanced amortization (1997 contract)	(9,044,502)	1,047,595	565,631	(327)	(470,187)	(9,996,980)
- Unamortized reserves (1997 contract)	9,486,503	(1,056,455)	(565,631)	801,449	(661,859)	10,116,917
- Unrecognized actuarial losses (1997 contract)	–	–	–	(801,122)	–	(801,122)
PREVI actuarial liability in respect of the Informal Plan (sole responsibility of the Bank)	1,378,933	(350,477)	–	–	(299,577)	1,429,833
CASSI actuarial liability	1,671,721	(407,979)	–	–	(232,853)	1,846,847

Specification	12.31.2004			
	Net actuarial liability/ (asset) on January 1, 2004	Expense (income) *recorded in* the income statement considering actuarial adjustments	Sponsor contribut-ions made in the year	Net actuarial *liability* (asset) on December 31, 2004
	A	B	C	D=(A-B+C)
Previ actuarial liability in respect of the 1997 contract	2,508,808	(247,592)	(2,314,399)	442,001
PREVI actuarial asset (net)	(2,270,115)	(137,240)	(437,220)	(2,570,095)
PREVI actuarial liability in respect of the Informal Plan (sole responsibility of the Bank)	1,343,242	(342,996)	(307,305)	1,378,933
CASSI actuarial liability	1,593,117	(303,494)	(224,890)	1,671,721

(f) **PREVI contributions parity**

In order to comply with the Federal Constitution, a parity was established as from December 16, 2000 between the contributions from the Bank and from participants.

On April 12, 2001, the Judge of the Thirteenth Federal Court of the Federal District granted a partial injunction for a claim filed by the São Paulo Bank Employees Union against the Secretariat of Complementary Retirement Benefits and against the Fiscal Director appointed by the Secretariat for PREVI.

The injunction suspends the decision issued by the Fiscal Director on April 6, 2001 which authorizes the use of R$ 2.2 billion attributable to Banco do Brasil's share in PREVI's remaining reserve balances, after the implementation of the parity, to amortize the pension liability with the entity that is the Bank's responsibility, retroactive to December 15, 2000.

While the injunction is in effect, the decision of the Fiscal Director cannot be carried out. The readjusted amount of the initial R$ 2.2 billion totals R$ 5.1 billion at December 31, 2005.

A proposal for agreement with the labor union which filed the lawsuits is being discussed. In the event an agreement is reached, Banco do Brasil will be able to amortize the actuarial liability and/or reduce future contributions to Previ by R$ 2.1 billion (position at June 30, 2005), in accordance with the Significant Event Notice published on November 30, 2005.

25 Compensation Paid to Employees and Management

The monthly compensation of employees and management of the Bank in Brazil is presented below (in reais) in the format required by item 4, Section C of Ministry of Finance Statement of Justification 139/88:

	Year 2005	Year 2004
Lowest salary	827.40	780.30
Standard amount	206.85	195.07
Semiannual bonus	31.80	30.00
Fixed amount – Trade Union Agreement 2004	1,066.05	1,005.37
Total		
Highest salary	1,144.50	1,079.68
Standard amount	395.51	374.81
Amount per individual/supplement for length of service - I	1,213.06	1,144.36
Amount per individual - standard amount	11,054.14	10,426.63
Variable temporary supplement – commissioned position	2,753.40	2,597.40
Additional per function	1,709.10	1,612.20
Additional for temporary work updated	1,803.89	1,702.12
Semiannual bonus	20,073.60	18,937.20
Total		
Average salary	3,204.33	3,070.91
Management	26,160.00	24,679.20
President	23,570.10	22,235.70
Vice-president	20,073.60	18,937.20
Director		

26 Assignment of Employees to External Organizations

(a) With costs for the Bank

(a.1) Federal government

Assignments are regulated by article 93 of Law 8112/90 (amended by Law 9257/97), by Decree 925/93, and by PGFN/CJN Note 088/96 issued by the General Counsel of the Federal Treasury.

	Year 2005	Year 2004
Number of employees assigned	12	14
Cost for the period	2,125	2,673

(a.2) Labor unions

Assignments occur in cases prescribed in the Collective Labor Agreement or by commitments assumed as a result of salary negotiations:

	Year 2005	Year 2004
Number of employees assigned	130	119
Cost for the period	9,362	8,012

(a.3) Other organizations/entities

Assignments occur as a result of agreements of strategic business interest of the Bank:

	Year 2005	Year 2004
Number of employees assigned	3	3
Cost for the period	960	885

(b) Without cost to the Bank

	Year 2005	Year 2004
(a) Federal, state and municipal governments	346	311
(b) External organizations	659	614
(c) Employee entities	32	30
(d) Subsidiary and associated companies	305	302
Total employees assigned	1,487	1,393

27 Commitments, Responsibilities and Contingencies

(a) Contingent liabilities

The Bank and its subsidiaries are parties in lawsuits involving labor, civil, tax and social security contingencies.

The Bank classifies contingencies as remote, possible and probable, based on the possibilities of loss determined after a legal update of each claim. This procedure complies with Statement XXII - Contingencies issued by the Institute of Independent Auditors of Brazil - IBRACON, which requires a provision for the total amount of the contingencies classified as probable, and does not require a provision to be recorded for those classified as possible and remote.

The provisions for claims are recorded taking into consideration the possibility of success by the plaintiff in the lawsuit against the Bank/subsidiary.

The provisions for labor claims are recorded considering, also, the jurisprudence applicable to each claim.

The consolidated position of the contingent liabilities at December 31, 2005, segregated by nature of claim and classification of loss, as well as the provisions recorded, whose changes in the Bank are shown in Note 7, are the following:

	BB - domestic and foreign branches				BB - consolidated			
	December 31, 2005		December 31, 2004		December 31, 2005		December 31, 2004	
	Amount	Provision	Amount	Provision	Amount	Provision	Amount	Provision
Labor claims	2,411,772	2,129,075	2,351,075	2,003,297	2,411,772	2,129,075	2,351,075	2,003,297
Probable loss	2,129,075	2,129,075	2,003,297	2,003,297	2,129,075	2,129,075	2,003,297	2,003,297
Possible loss	282,697	–	347,778	–	282,697	–	347,778	–
Tax claims	519,669	28,523	304,729	112,775	569,340	70,448	313,576	112,800
Probable loss	28,523	28,523	112,775	112,775	70,448	70,448	112,800	112,800
Possible loss	491,146	–	191,954	–	498,892	–	200,776	–
Civil claims	2,143,055	864,466	1,872,546	747,236	2,186,597	893,388	1,914,653	775,814
Probable loss	864,466	864,466	747,236	747,236	893,388	893,388	775,814	775,814
Possible loss	1,278,589	–	1,125,310	–	1,293,209	–	1,138,839	–
Social security claims	474	=	473	8	474	=	473	8
Probable loss	–	–	8	8	–	–	8	8
Possible loss	474	–	465	–	474	–	465	–

(b) **Contingent tax assets**

(b.1) The Bank has filed lawsuits for reimbursement of taxes paid in error, the most important being:

- Unconstitutionality of Income Tax on Net Income paid in 1989 and in the 1st six months of 1992, in the amount of R$ 11,128 thousand;

- Tax on Financial Transactions (IOF) - Law 8033/90 (Price-level restatement), in the amount of R$ 173,466 thousand;

(b.2) During the first six-month period of 2005, the Bank recorded in Other Operating Income the amount of R$ 229,127 thousand relating to the recognition of the right to offset tax credits related to the 1988 social contribution on net income, as a result of a final and unappealable court decision. In August 2005, the Bank recorded as other operating income the amount of R$ 920,201 thousandarising from the difference recognized by Order DRF/BSB/Diort, of July 21, 2005 of the Federal Revenue Secretariat, after verification of the offset of incorrect tax payments. This amount is in addition to
R$ 564,621 recorded in the 1st half of 2004 relating to the recognition of the right to offset Finsocial tax credits. The balances of these incorrect tax payments are restated monthly.

(c) ***Other commitments***

(c.1) The Bank is the sponsor of Fundação Banco do Brasil whose purpose is the promotion, support, advancement and sponsorship of educational, cultural, social, philanthropic, and recreational/sporting activities, as well as the promotion of research activities of a technological and scientific nature, and rural and urban community assistance services. During 2005, the Bank contributed with R$ 20,500 thousand to the Fundação.

(c.2) Guarantees to third parties, for a fee and with counter-guarantees from the beneficiaries - guarantees, sureties and bonds - amounted to R$ 2,214,813 thousand at December 31, 2005 (R$ 3,522,423 thousand at December 31, 2004). A provision of R$ 15,004 thousand , recorded in "Other Liabilities", is considered sufficient to cover any potential loss arising on these guarantees.

(c.3) Available credit lines for loan and lease operations amount to R$ 24,740,149 thousand at December 31, 2005 (R$ 22,090,164 thousand at December 31, 2004).

(c.4) The confirmed import and export letters of credit total R$ 873,902 thousand at December 31, 2005 (R$ 714,910 thousand at December 31, 2004).

(c.5) The Bank is the operator of the Fund for Sectorial Investments (FISET), with net assets, at December 31, 2005, of R$ 2,282 thousand (R$ 2,285 thousand at December 31, 2004), and is the manager of the Public Service Employee Savings Program (PASEP), with net assets of R$ 1,417,062 thousand at December 31, 2005 (R$ 1,312,029 thousand at December 31, 2004). The Bank guarantees the latter a minimum remuneration equivalent to the Long-Term Interest Rate (TJLP).

(c.6) Despite the reduced level of risk to which its assets are subject, the Bank contracts insurance cover for its assets in amounts considered sufficient to cover any losses.

28 Reclassifications for Comparative Purposes

Due to the consolidation of the special purpose entities, Dollar Diversified Payment Rights Finance Company and Nikkei Remittance Rights Finance Company, in conformity with CVM Instruction No. 408 of August 18, 2004, the following reclassifications were made in the December 31, 2004 balances for comparative purposes:

Balance Sheet	Previous disclosure	Reclassifications	Reclassified balances
Short-term interbank investments			
Interbank deposits	13,721,765	66,123	13,787,888
Other receivables			
Sundry	23,580,821	(66,123)	23,514,698
Funds from acceptance and issue of securities			
Foreign securities	775,771	3,347,414	4,123,185
Other liabilities			
Negotiation and intermediation of securities	3,626,862	(3,347,414)	279,448
Statement of Income			
Income from Financial Intermediation			
Securities	11,306,123	1,976	11,308,099
Expenses from Financial Intermediation			
Deposits and funds obtained in the money market	(12,722,133)	(256,097)	(12,978,230)
Other operating income (expenses)	5,825,858	(1,976)	5,823,882
Other operating income	(4,303,889)	256,097	(4,047,792)
Other operating expenses			

Statement of Added Value

	BB-Domestic and Foreign Branches					
	2nd half 2005		Year 2005		Year 2004	
	BALANCE	%	BALANCE	%	BALANCE	%
Added value calculation						
Net income from financial intermediation	5,335,864		10,589,456		10,057,529	
Banking service fees	3,650,262		7,045,699		6,114,938	
Other operating income (expenses), net	(753,638)		(1,572,372)		(3,242,258)	
Non-operating income, net	90,813		208,354		130,057	
Added value	8,323,301		16,271,137		13,060,266	
Equity in the earnings (loss) of subsidiary and associated companies	508,182		411,279		423,632	
Gross added value	8,831,483		16,682,416		13,483,898	
Depreciation and amortization	(322,637)		(641,666)		(510,000)	
Added value to be distributed	8,508,846	100.00	16,040,750	100.00	12,973,898	100.00
Distribution of added value						
Employees	3,717,423	43.69	7,045,989	43.93	6,614,800	50.98
Salaries and fees	2,550,003		4,822,617		4,640,037	
Benefits, social charges and training	889,509		1,692,380		1,603,335	
Employee profit sharing	277,911		530,992		371,428	
Governments	2,616,656	30.75	4,841,159	30.18	3,335,092	25.71
Brazil	2,597,470	30.53	4,803,499	29.95	3,299,947	25.44
Social security contributions (INSS) on salaries	469,686		880,468		788,445	
Tax expenses (except income tax and social contribution on net income)	845,480		1,617,565		1,364,017	
Income tax/social contribution on net income	1,282,304		2,305,466		1,147,485	
Foreign	19,186	0.22	37,660	0.23	35,145	0.27
Tax expenses (except income tax and social contribution on net income)	3,542		6,324		10,230	
Income tax/social contribution on net income	15,644		31,336		24,915	
Stockholders	2,174,767	25.56	4,153,602	25.89	3,024,006	23.31
Dividends/Interest on own capital of the Federal Treasury	627,202		1,080,109		688,027	
Dividends/Interest on own capital of other stockholders	242,704		417,962		266,241	
Retained earnings	1,304,861		2,655,531		2,069,738	
Added value distributed	8,508,846	100.00	16,040,750	100.00	12,973,898	100.00

	BB-Consolidated					
	2nd half 2005		Year 2005		Year 2004	
	BALANCE	%	BALANCE	%	BALANCE	%
Added value calculation						
Net income from financial intermediation	5,462,177		10,809,261		10,208,416	
Banking service fees	3,953,364		7,648,070		6,606,837	
Other operating income (expenses), net	(724,763)		(1,520,984)		(3,178,077)	
Non-operating income, net	91,527		210,151		130,283	
Added value	8,782,305		17,146,498		13,767,459	
Equity in the earnings (loss) of subsidiary and associated companies	258,085		(66,723)		46,357	
Gross added value	9,040,390		17,079,775		13,813,816	
Depreciation and amortization	(325,489)		(645,286)		(511,587)	
Added value to be distributed	8,714,901	100.00	16,434,489	100.00	13,302,229	100.00
Distribution of added value						
Employees	3,754,288	43.08	7,117,829	43.31	6,674,346	50.18
Salaries and fees	2,577,517		4,876,184		4,684,340	
Benefits, social charges and training	897,496		1,708,239		1,616,689	
Employee profit sharing	279,273		533,406		373,317	
Governments	2,785,848	31.97	5,163,058	31.42	3,603,877	27.09
Brazil	2,765,868	31.74	5,124,434	31.18	3,566,591	26.81
Social security contributions (INSS) on salaries	473,870		888,756		794,886	
Tax expenses (except income tax and social contribution on net income)	882,471		1,714,169		1,457,914	
Income tax/social contribution on net income	1,409,527		2,521,509		1,313,791	
Foreign	19,980	0.23	38,624	0.24	37,286	0.28
Tax expenses (except income tax and social contribution on net income)	3,671		6,578		10,845	
Income tax/social contribution on net income	16,309		32,046		26,441	
Stockholders	2,174,767	24.95	4,153,602	25.27	3,024,006	22.73
Dividens/Interest on own capital of the Federal Treasury	627,202		1,080,109		688,027	
Dividens/Interest on own capital of other stockholders	242,704		417,962		266,241	
Retained earnings	1,304,861		2,655,531		2,069,738	
Added value distributed	8,714,901	100.00	16,434,489	100.00	13,302,229	100.00

Cash Flow

	BB-Domestic and Foreign Branches			BB- Consolidated		
	2nd half 2005	2005	2004	2nd half 2005	2005	2004
Cash flows from operating activities						
Net income	2,174,767	4,153,602	3,024,006	2,174,767	4,153,602	3,024,006
Depreciation and amortization	322,637	641,666	510,000	325,489	645,286	511,587
Depreciation of leased assets	7,571	13,221	(169)	123,034	227,331	145,792
Amortization of losses	–	–	–	5,738	10,206	5,451
Equity in the (earnings) loss of subsidiary and associated companies	(508,182)	(411,279)	(423,632)	(258,085)	66,723	(46,357)
(Income)/loss on the sale of assets and investments	12	25	31	12	25	(758)
(Profit)/loss on the sale of property and equipment	–	(83,120)	–	–	(83,120)	–
Restatement of installment sale of assets and investments	–	–	–	–	–	(880)
Excess depreciation	–	–	–	(25,410)	(38,865)	30,978
Changes in currency conversion rate	(33,825)	(417,910)	(142,319)	(37,752)	(601,369)	(262,751)
(Gains)/losses, changes in the percentage ownership of investments	–	–	–	58	(110)	–
(Gain)/losses on investments	2	2	44	2	2	44
Amortization of share premium	–	–	–	796	1,592	6,377
Additional /(reversal) provision for loss of other assets	–	–	–	(54)	(41)	(47)
Additional/(reversal) provision for loss of tax incentive investments	–	–	–	7	(228)	452
Additional/(reversal) provision for loss on investments	(841)	25,680	(18,203)	(919)	26,477	(37,353)
Disposals of fixed assets	–	1,159	114,503	–	1,159	114,503
Disposals of investments	2	2	–	2	2	–
Disposals of other assets	1,964	3,448	966	1,964	3,448	966
Other adjustments	3,189	3,257	679	(3,278)	6,601	(2,391)
Short-term interbank investments	(14,740,826)	(14,752,576)	34,582,880	(11,617,112)	(12,542,565)	16,954,072
Marketable securities and derivative financial instruments	2,625,517	6,935,868	(4,128,683)	2,502,925	7,015,244	(3,895,220)
Interbank and interdepartmental accounts	(2,217,994)	(1,039,222)	(3,666,509)	(2,224,917)	(1,049,443)	(3,674,899)
Loan operations	(5,334,039)	(11,291,406)	(9,533,979)	(5,216,515)	(11,118,465)	(9,231,713)
Lease operations	(3,652)	4,485	(19,300)	(10,938)	834	(7,829)
Other receivables	904,363	(3,998,444)	(4,136,612)	290,925	(3,909,808)	(3,889,465)
Other assets	(334,151)	(281,457)	(55,765)	(331,557)	(278,940)	(39,519)
Other liabilities	2,845,075	10,877,388	(11,943,189)	1,002,823	8,409,974	(11,798,297)
Changes in deferred income	8,524	(9,018)	7,615	8,524	(9,018)	7,297
Increase in capital of subsidiaries	–	–	(92,050)	–	–	(92,050)
Revaluation reserve through the equity method of accounting	40	(2,286)	(1,350)	40	(2,286)	(1,350)
Capital increase	–	–	47,756	–	–	47,756
Donations and investment subsidies	–	–	–	14	14	–
Adjustment to market value – securities and derivatives	151,564	87,342	(185,239)	151,564	87,342	(185,239)
Net cash provided by (used in) operating activities	**(14,130,283)**	**(9,539,575)**	**3,941,582**	**(13,139,852)**	**(8,978,395)**	**(12,316,837)**
Cash flows from financing activities						
Deposits	22,413,583	24,683,590	(11,269,626)	19,708,445	22,126,417	5,518,171
Deposits received under security repurchase agreements	(6,087,735)	(14,251,914)	4,981,560	(5,659,823)	(14,018,601)	4,463,615
Funds from acceptance and issue of securities	10,807	(239,098)	(793,079)	2,596,713	2,389,880	(860,949)
Borrowings and onlendings	2,174,635	(9,252,403)	9,298,017	1,328,844	(8,949,961)	9,736,844
Derivative financial instruments	(902,531)	47,894	(8,905)	(902,167)	47,641	(9,696)

Realization of capital of subsidiary and associated companies	–	–	–	2,970	2,970	–
Dividends and bonuses proposed	(130,085)	(130,085)	–	(130,085)	(130,085)	–
Interest on own capital proposed	(739,821)	(1,367,986)	(954,268)	(739,821)	(1,367,986)	(954,268)
Net cash provided by financing activities	**16,738,833**	**(510,002)**	**1,253,699**	**16,203,075**	**100,275**	**17,893,717**
Cash flows from investing activities						
Dividends receivable from subsidiary and associated companies	490,695	1,204,138	480,120	187,626	356,050	205,304
Interest on own capital receivable	–	5,682	14,599	23,352	34,626	38,494
Purchases of non-operating assets	17,417	50,627	97,503	17,766	51,288	98,059
Purchases of property and equipment	38,998	186,267	397,876	38,998	186,267	398,309
Purchases of leased assets	–	–	–	38,372	55,729	44,846
Investments	–	238	502	134	827	502
Adjustment to market value of associated companies	(21,274)	(49,749)	32,360	–	(28,475)	211,557
Purchase of non-operating assets	(17,499)	(39,871)	(37,736)	(17,722)	(39,922)	(38,236)
Purchase of property and equipment	(576,458)	(696,026)	(813,119)	(576,458)	(696,025)	(813,614)
Purchase of leased assets	(43,612)	(65,625)	(16,905)	(273,904)	(508,008)	(367,812)
Purchase of investments	–	–	(366,416)	(538)	(1,377)	(366,945)
Expenditures in deferred charges	(133,336)	(195,166)	(249,209)	(137,275)	(199,018)	(282,764)
Cash provided by (used in) investing activities	**(245,069)**	**400,993**	**(460,425)**	**(699,649)**	**(788,039)**	**(872,300)**
Change in cash and cash equivalents:	**2,363,481**	**(9,648,584)**	**4,734,856**	**2,363,574**	**(9,666,159)**	**4,704,580**
At the beginning of the period	3,464,458	15,476,523	10,741,667	3,464,089	15,493,822	10,789,242
At the end of the period	5,827,939	5,827,939	15,476,523	5,827,663	5,827,663	15,493,822
Net increase (decrease) in cash and cash equivalents	**2,363,481**	**(9,648,584)**	**4,734,856**	**2,363,574**	**(9,666,159)**	**4,704,580**

* * *

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(D1) MD&A 4th Quarter 2007 (Presentation, Economic Environment, Securities, Corporate Governance, Other Information, Summarized Financial Statements, Balance Sheet Analysis, Risk Management, Analysis of Results and Financial Statements)

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Presentation

The Performance Analysis report presents the economic/financial situation of Banco do Brasil (BB). Presented quarterly, geared toward market analysts, shareholders and investors, this report addresses topics such as the economic environment, performance of BB shares and corporate governance practices adopted by the Institution. In addition, there are separate analyses of the capital structure and results.

The reader will also find tables with historical data, for eight periods, of the summarized balance sheet, the summarized corporate law income statement, the income statement with reclassifications, the analytic spread, and other information about profitability, productivity, quality of the loan portfolio, capital structure, capital market, and structural data.

The Balance Sheet Analysis comprises a more detailed study of the main components of the balance sheet such as the securities portfolio, the loan portfolio, tax credits, and market borrowings, amongst others.

The Analysis of Results shows the components of the reclassified statement of income. These reclassifications are made with the intention of allowing a better understanding of the results, making the historical data more comparable and facilitating better forecasting from this data.

The publication also features an exclusive chapter about Risk Management, first included in the previous quarter. The structure and the process of risk management at BB, as well as the analysis of market, liquidity and credit risks, are presented in this section. We also address the Company's capital structure, emphasizing the initiatives in progress for adaptation to the demands of Basel II.

Finally, the financial statements and the explanatory notes for the quarter under analysis can also be found.

ON-LINE ACCESS

The Performance Analysis report can also be read through Banco do Brasil's Investor Relations website. Further information is also made available about the Bank, such as: Corporate Governance, news items, frequently asked questions, and the Download Center, containing versions of this report for the Adobe® Reader® software, general information, balance sheet analysis, and complete financial statements; the historical data in Excel; presentations to the market; the Social and Environment Responsibility Report and Social Balance Sheet; audio of the teleconferences about the results, among others.

MD&A 4Q07

1 Economic Environment

In 2007, the international favorable scenario was impacted by the increased uncertainties related to the development of the US real estate market and its effects on the international financial markets. Turbulences were manifested by a strong increase in the volatility of asset prices, credit restrictions and increase of default, with potential impacts on American and global economic activity.

The soundness of the Brazilian external accounts, backed by robust trade balances, even though in downturn (US$ 40 at the end of 2007) and the strong reserve accumulation, which inventories reached US$ 180,3 billion, were paramount so that the increased volatility and the stronger aversion to risk could not have a huge impact on the Brazilian assets.

Accordingly, the foreign exchange rate continued its appreciation curve, closing the year at R$ 1.77/US$.

The favorable environment for the price level, which IPCA variation of 4.46% made it the fourth consecutive year when the inflation target was met, and the higher increase in the economy growth have favored the inflow of foreign capital, the increase in investment capacity and the reduction of the country risk. With the continuing strengthening of the macroeconomic foundations, the major risk rating agencies have upgraded Brazil's risk rating, placing it short of one level from the investment grade, which was already reached by the securities denominated in local currency, according to Standard & Poor's criteria.

Accordingly, the Brazilian Central Bank has reduced the Selic rate to 11.25% p.a., its lowest level ever since it was created in 1986. The pause in the flexibilization cycle of the monetary policy was the response to the external turmoil and the resulting inflation pressure risks arising, particularly, from the strong pace of the economic activity. The actual GDP growth, to a level above 5% per year, has been sustained by the increase in investments, actual income, employment level and favorable credit market conditions.

Table 1. Main Macroeconomic Indicators

	4Q06	3Q07		4Q07	12 months
GDP – Change %*	3.8	5.2		-	-
International Reserves**	85.8	163.0		180.3	-
Country Risk***	191	177		214	-
Ptax Dollar Sale	(1.7)	(4.5)		(3.7)	(17.2)
Accumulated IGP-DI FGV	1.6	3.0		3.3	7.9
Accumulated IGP-M FGV	1.5	2.6		3.5	7.7
Accumulated IPCA – IBGE	1.1	0.9		1.4	4.5
Selic (end of period - %)	13.25	11.25		11.25	-
Accumulated Selic	3.1	2.8		2.6	11.9
Accumulated TR (ex BTN)	0.5	0.3		0.2	1.5
TJLP – IBGE	6.85	6.25		6.25	-
Ptax Dollar Sale *	2.1380	1.8389		1.7713	-

* Deseasonalized variance (quarter over previous quarter)
** Amount accumulated in the year up to the end of the period (in US$ billion)
*** Closing Rate
Source: Economatica

In the foreign exchange market, the US dollar closed 2007 quoted at R$ 1.7713, as compared to R$ 1.8389 in the third quarter of 2007. In view of its risk management policy of working with low foreign exchange exposure, the volatility of the foreign exchange rate only brings about residual effects in the Bank's results. The IGP-DI and IGP-M price variation indexes showed a greater change in the 12-month period, while the IPCA rate reflected a lower change over the period.

BB Securities Shares

With regard to the tax residence of the investors, it is to be noted that the quantity of shareholders resident in Brazil is 382,622, who hold 90.1% of the total of the shares, while the quantity of foreign shareholders is 320, who hold 0.08% of the total of the shares. There was an increase in the participation of foreigners in the last 12 months. While in December 2006 foreigners held 7.2% of the total quantity of shares of the Bank, at the end of 4Q07 they held interest of 9.9%.

Table 9. Tax Residence of the Investors

December 2007	N. Shareholders	% Shareholders		Qty. Shares	% Qty. Shares
Brazil	382,622	99.92		2,230,725,402	90.10
Abroad	320	0.08		245,223,867	9.90
Total	382,942	100.0		2,475,949,269	100.0

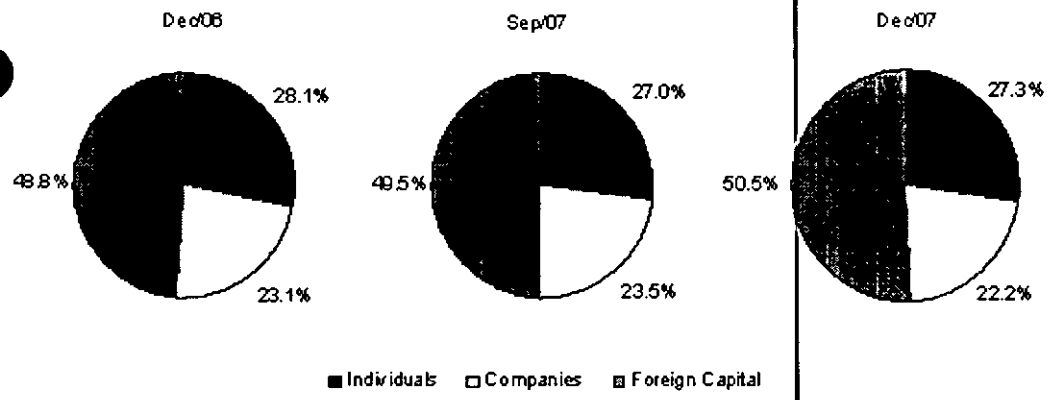


Figure 1. Total distribution of the Free Float

With regard to the total of the Bank's shares that are well spread out in the market (19.6%), that is, the free float, the predominance of foreign capital can be seen (50.5%), followed by Individuals (27.3%) and Companies (22.2%).

The major part of the free float, 90.4% (438.7 million shares), is under custody of the Brazilian Clearing and Depository Corporation (CBLC), distributed as shown in the following figure. It can be observed that in December 2006 foreign investors held 55.8% of the total marketable shares at CBLC, followed by companies with 25.9%. The Bank recorded growth of the share of individuals in December 2007, which rose from 17.9% in 3Q07 to 20.0% in 3Q07, while companies had its share reduced.

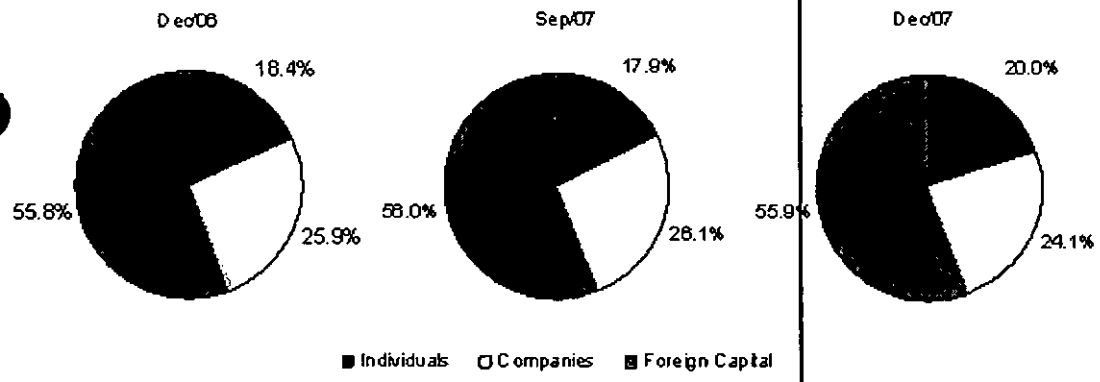


Figure 2. Free Float Distribution at the CBLC

Equity Held by Foreign Investors

In an extraordinary meeting held on 04.19.2006, the National Monetary Council (CMN) approved, to be forwarded to the President of the Republic, a proposal for foreign interest increase in Banco do Brasil S.A.'s capital stock, from current 5.6% to 12.5%. The increase in equity held by foreign investors was approved by means of presidential decree s/n.º, of May 31, 2006, in accordance with the provisions of article 52 of the Temporary Constitutional Provisions Act.

From 2002 onwards, a noteworthy increase has been noted in the participating interest of foreigners in the Bank's capital. With the Bank's Public Stock Offerings held in 2006 and 2007 and the "B" and "C" Bonus Subscription, the interest held by foreign parties significantly increased, from 3.4% in 2005 to 7.2% at the end of 2006, and 9.9% at the end of 2007, representing 50.5% of the free float.

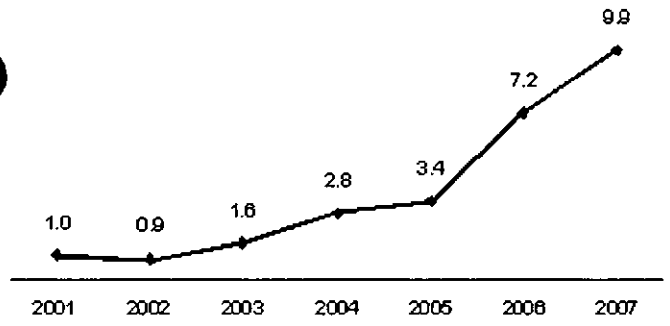


Figure 3. Equity Held by Foreign Investors

BB Securities Warrants

In 1996, on the occasion of BB's capital increase, three series of warrants were issued: A, B, and C, maturing in 2001, 2006, and 2011, respectively. The exercise price for these warrants was established at R$ 8.50, with readjustment by the IGP-DI "pro rata temporis".

The Stockholders' Meeting of 10.23.2007 approved a proposal forwarded by the Board of Directors for bringing the exercise of "C" Bonuses forward, allowing the holders of these Bonuses, at their sole discretion, to exercise their right in the period between November 1 and 30, 2007, observing the conditions approved at the Extraordinary General Meeting of 6.17.1996. Said proposal did not abolish the exercise right in the period originally foreseen, from 03.31.2011to 06.30.2011, for the remaining "C" Bonuses.

On December 6, 2007, Banco do Brasil disclosed the result of the "C" Bonus subscription for the year: The total exercised "C" Bonus (BBAS13) was 21,148,315, approximately 78.2%. The exercised Bonus generated 66,232,261 Subscription Receipts (BBAS11). The Stockholders' Meeting held on January 24, 2007 approved the capital increase for conversion of Subscription Receipts into shares, and approved by the Central Bank on 02,13,08.

The composition of bonus holders in December 2007, after the early exercise of the "C" Bonus (from November 1 to 30, 2007), is represented in the table below:

Table 10. Breakdown of the C Series Warrant Holders

		%
	4Q06	4Q07
Individuals	37.5	82.4
Companies	45.4	16.0
Foreign Capital	17.1	1.6
Total	100.0	100.0

"C" Warrants showed the following characteristics in December 31, 2007:

Table 11. C Series Warrants

Series	Code	Exercise Date	Number	Exercise Price R$	Quotation in R$
C Bonds	BBAS13	03.31 to 06.30.2011	5,880,431	23.78	71.99

In a simulation, taking into account the total of 2,542.1 million shares (after incorporation of the Receipts converted into shares in the shareholding base), the potential dilution of the Bank's capital is 0.7%, based on the assumption that until 2011 there will be no more additional capital increases and that the remaining quantity of "C" bonus will be exercised upon maturity (March 31 to June 30, 2011).

Conversion:

1 Warrant = 3.131799 shares

Total of Shares = 2,542,181,541

* After conversion of the Subscription Receipts (BBAS11) into shares

Table 12. Expected Dilution of Capital

Warrants	Qty. Warrants	Qty. Shares	Dilution of Capital - %
C Series	5,880,431	18,416,328	0.7

BB Securities Performance of the Shares

Market

In 2007, in spite of the unfavorable foreign scenario, Ibovespa renewed its historical record 43 times and closed the year at 63,886 points, with earnings of 43.65%. In the domestic scenario, one highlight was the SELIC interest rate, which closed the year at 11.25%, its lowest historical level. There was a significant inflow of new individual investors into the Brazilian capital market, representing an increase of over 107% for the year. The total traded volume reached R$ 1.2 trillion, an increase of 100.3% as compared to 2006, which corresponds to the daily average of R$ 4,9 billion.

In the first quarter of 2007, the Brazilian equity market, which followed the global investors' concerns in relation to the US inflation and the possible increase in interest rates in that country, had a volatile behavior. The São Paulo Stock Exchange recorded an appreciation of only 3% in that period.

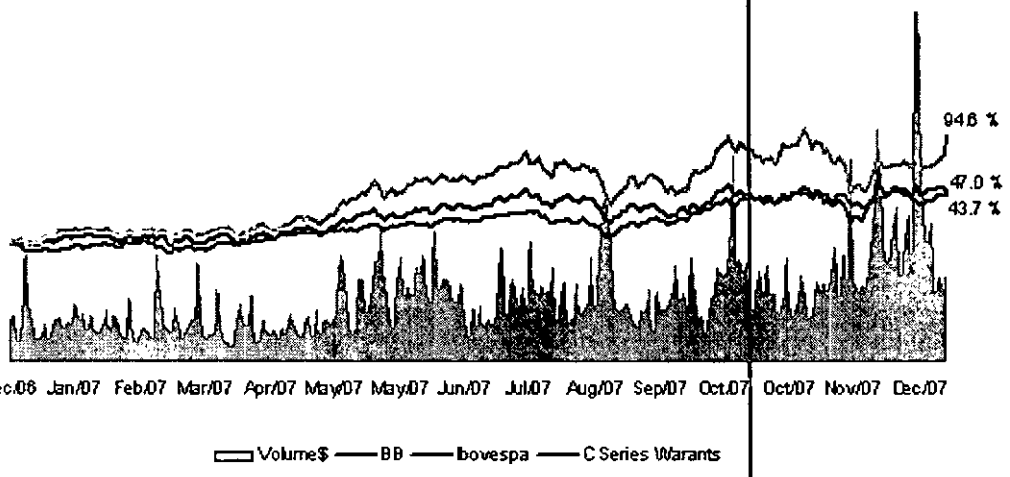
However, in the second quarter of 2007, economic indexes had a good performance, which gave rise to the adoption of an expanding monetary policy, with cuts in interest rates. Accordingly, in the second quarter, Ibovespa increased 18.7%, and accumulated appreciation of 22.3% in the first six months of the year.

At the beginning of the second half, however, the disclosure of uncertainties in relation to the subprime real estate loan market in the USA and the fear that this crisis would spread to other segments of the financial system contaminated the markets and caused their liquidity to drop. In spite of this troubled scenario, the Brazilian market recorded a positive performance in the third quarter of 2007, with an appreciation of 11.2%.

Even though recording an appreciation of 5.7%, during the fourth quarter of 2007, the behavior of the domestic equity market was inconsistent. In October, the strong increase in the international prices of commodities, added to the good news from the US economy, contributed to a new strong appreciation of 8.0%. In November, nevertheless, the downturn in the foreign scenario caused Ibovespa to close the month at 63,006 points, with a decrease of 3.5% in nominal terms. In December, the São Paulo Stock Exchange resumed its positive course, and on the 6th it reached its maximum value, at 65,790 points.

BB shares

BB share closed the quarter quoted at R$ 30.40. In the YTD in 12 months shares and "C" bonuses recorded valuation of 47.0% and 94.6%, respectively, while Ibovespa climbed 43.7%, according to the following graph.



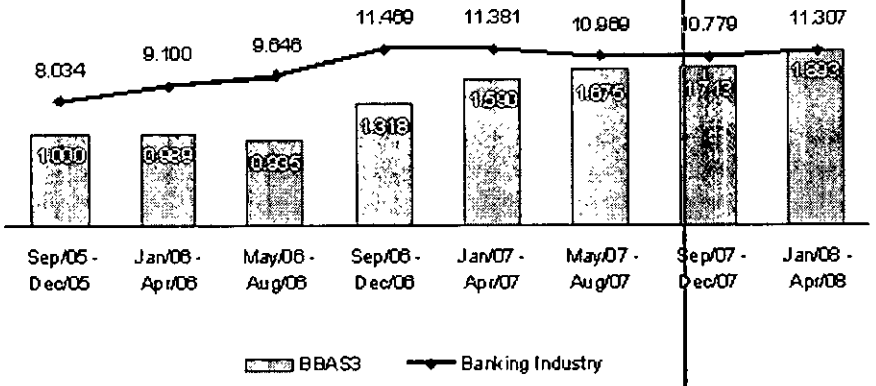
Source: Economatica

Figure 4. BB Shares and "C" Bonds vs. Ibovespa

Participation in Ibovespa

The Bovespa Index (Ibovespa) is an index that represents the Brazilian stock market, made up of papers that were traded in at least 80% of the trading sessions carried out. From this, the Tradability Index is worked out, made up by the financial volume and by the quantity traded of each paper transacted, which determines the ranking of the paper's share in the market. Out of the total of papers, the 80% with the highest Tradability index are determined, to represent the Ibovespa index.

The growth of the Bank's share in the theoretical portfolio of Bovespa can be verified in the following graph. In the theoretical portfolio of Ibovespa in force for the next four months (Jan/08 – Apr/08), the Bank occupies 13th place, as opposed to 18th place in the portfolio of Sept/07 - Dec/07. The Public Offering carried out in 2006 and 2007 and the split of shares, in the proportion of 1:3, favored the increase of the instrument's liquidity in the market, permitting access by small investors to the Bank's shares.

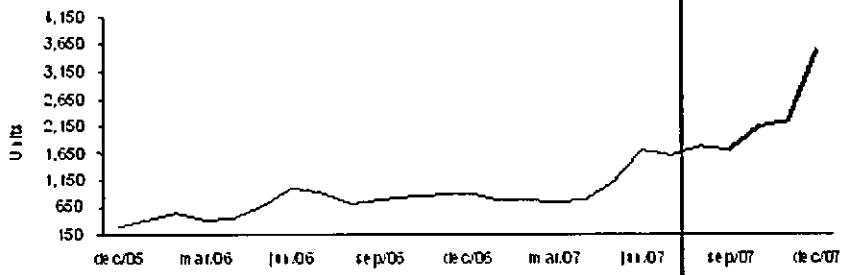


Source: Bovespa

Figure 5. BBAS3 Share in Ibovespa

The Bank's quantity of trades and the financial volume traded were higher in 4Q07 than the same period of the previous year. The increase observed in the last 12 months was fundamentally due to the splitting of shares of Banco do Brasil. With the lower price, the appeal of the instrument grew, allowing small investors to also be part of the traded volume.

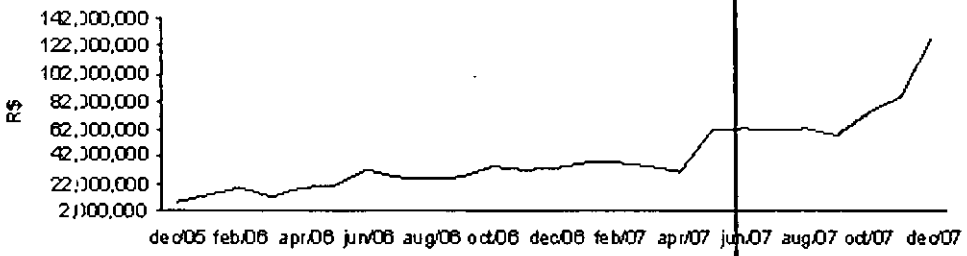
The daily average quantity traded in 4Q07 was 2,627, as opposed to 875 in 4Q06. During the year the average quantity attained the maximum point of 3,499 transactions in the month of December. In comparison with May 2007, last month without influence of the split, we can emphasize that there was an increase of 219.5% in transactions with the instrument.



Source: Economatica

Figure 6. Average amount traded in BBAS3

In relation to the average daily amount traded, the Bank totaled R$ 96.2 million in 4Q07, against R$ 33.6 in 4Q06. During the year, the average volume attained the maximum point of R$ 128.7 million in December 2007, due to the public offering of shares.



Source: Economática

Figure 7. Average financial volume – BBAS3

Market Ratios

The P/L ratio, which indicates a time estimate, in years, for investors to recover the capital invested in the purchase of shares, assuming the full distribution of company profits; attained 14.88x in December 2007, as opposed to 8.59x in December 2006.

The net income per share of the Bank reached R$ 0.49 in 4Q07, against R$ 0.50 in 4Q06. The Price/equity value per share (VPA) ratio of 3.10 in September 2007 denotes that the Bank's shares are traded more than three times the VPA, i.e., the Bank is worth 310% of the amount of Stockholders' Equity at Bovespa.

Market capitalization reached R$ 75,269 million at the end of December 2007, against R$ 52,820 million in the same period of the previous year. The capitalization of the free float recorded R$ 14,753 million, 88.1% higher than the R$ 7,841 million in December 2006.

In the fourth quarter of 2007, the Bank distributed the sum of R$ 486.8 million to its stockholders, with R$ 352.8 million as interest on own capital and R$ 134.0 million as dividends, which represents R$ 0.191476 per share in the period. The Dividend Yield of 2007, determined with a basis on the division of the dividend distributed in the quarter by the market value of the Bank, attained 2.7%.

The graph below shows the behavior of the main multiples of the Bank over the last quarters.

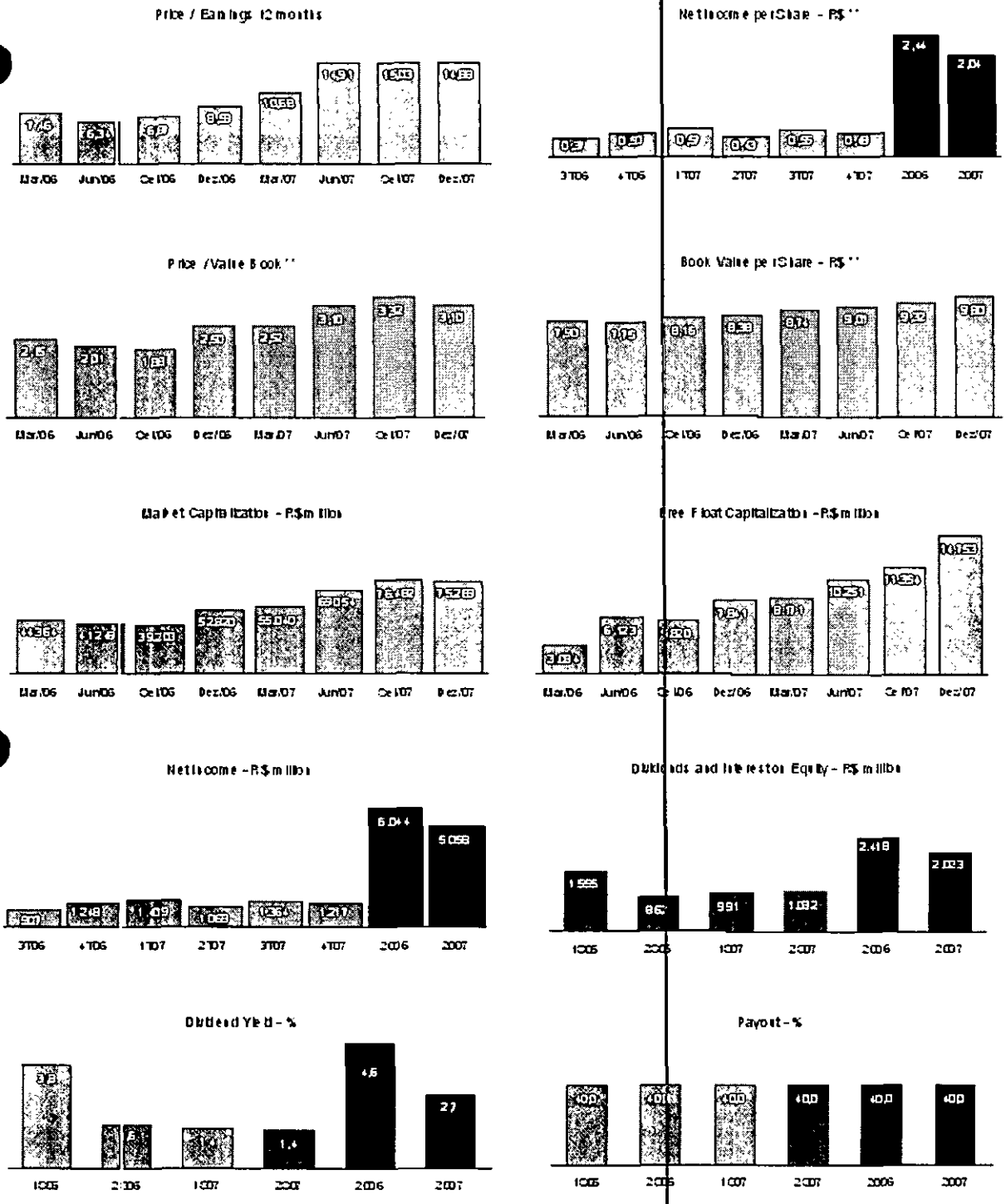


Figure 8. Market Ratios

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3 Corporate Governance

Banco do Brasil adopts referential management principles for the market, and it was the first government company to

adhere to the Bovespa's New Market ("Novo Mercado"), a segment comprising those institutions with the strictest corporate governance practices. To this effect, the by-laws of BB establish practices that ensure the balance of rights among stockholders, the sustainability of business, the transparency, the settling of accounts with stockholders and society, and ethics in the relationship with its audiences.
BB's management bodies are the Board of Directors, advised by the Audit Committee, and the Executive Board, made up of the Board of Officers (president and nine vice-presidents) and by 26 statutory directors. The Bank also has a permanent Fiscal Council.

At any leve of the Bank, the decisions are taken collectively. With the purpose of involving all 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 guarantee agility and security for the decision taking.

Highlights of the period

The most relevant events of the year include the disclosure of the performance of studies by the National Treasury Department for the takeover of Banco do Estado do Piauí (BEP) and for acquisition of the controlling interest of Banco Regional de Brasília (BRB) by Banco do Brasil.

The negotiation for takeover of Banco do Estado de Santa Catarina (Besc) continued throughout the period and in October, the parties executed the terms of the operation, contingent upon the issuance of a specific Resolution of the Federal Senate and of a Presidential Decree for the removal of Besc and of Bescri from the National Privatization Program (PND).

To fulfill the commitment of 25% of free-float up to 2009, assumed upon entrance in the New Market in 2006, BB held a secondary public offering of shares whose settlement occurred in 12/19/2007. The offering comprised 117.7 million shares issued by BB, of which 100.4 million held by BNDESPAR, and 17.3 million held by PREVI, at the price of R$ 29.25 per share. The Offering value was R$ 3.4 billion.

Also along these lines, the General Stockholders' Meeting of October 23, 2007 approved the rescheduling on an earlier date of the exercise of the "C "Series Bonuses, allowing the holders of these Bonuses, at their sole discretion, to exercise their right in the period of November 1-30, 2007, not overruling the right of exercise in the period originally foreseen (03.31.2011 to 06.30.2011). The Stockholders' Meeting held on January 24, 2007 approved the capital increase for conversion of Subscription Receipts (BBAS11) into shares, and approved by the Central Bank on 02,13,08.

Finally, it is worth emphasizing the modifications in the General Management structure of BB. Three new directorates were created (Directorate of Cards, of New Retail Business and of Insurance, Pension and Capitalization) to potentialize the entrance of BB in retail businesses, subordinated to the new vice-presidency formatted in the previous quarter (Vice-presidency of Cards and New Retail Business).

Evidencing the commitment with the best corporate governance practices, BB launched, at the end of the year, its Corporate Governance Code, consolidating the Company's main principles and practices. The Governance Code is available at the Bank's IR page (www.bb.com.br/ri)

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Table 13. Other Information

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Profitability								
Net Income per Share - R$ **	0.96	0.62	0.37	0.50	0.57	0.43	0.55	0.49
ROE – Annualized %	63.0	36.3	19.8	26.7	29.4	20.9	26.3	22.2
ROE – Accumulated and Annualized %	63.0	47.8	35.9	32.1	29.4	24.3	24.0	22.5
ROA - Annualized %	3.7	2.3	1.3	1.7	1.8	1.3	1.6	1.4
GFM / (Assets - Permanent) – Annualized	7.0	6.7	6.3	6.9	6.5	6.6	6.4	6.4
GFM / Remunerated Assets – Annualized	8.5	8.1	7.9	8.4	7.9	8.0	7.7	7.8
Productivity								
Efficiency - %	48.1	43.3	48.7	50.6	44.1	54.0	54.2	53.2
Service Revenues / Personnel Expenses - %	112.1	112.2	115.8	111.6	127.9	97.0	102.0	110.5
Service Revenues / Adm. Expenses - %	65.0	65.1	65.4	63.3	71.5	58.6	59.7	61.2
Personnel Expenses per Collaborator - R$	18,969	19,708	18,435	18,933	20,076	28,204	27,358	25,758
Collaborators / (Branches + PAA + PAB)	17	17	17	17	17	17	17	17
Customers per Collaborator	248	254	260	263	265	280	282	286
Assets per Collaborator – R$ thousand	2,819	2,934	3,034	3,200	3,477	3,737	3,825	3,932
Loan Portfolio / Points of Service – R$ million	7.1	7.6	7.9	8.8	9.3	9.6	9.9	10.5
Quality of the Loan Portfolio								
Allowance / Loan Portfolio - %	7.3	7.4	7.4	6.5	6.5	6.5	6.4	6.4
Allowance / (E + F + G + H) - %	108.3	107.8	103.4	110.5	113.5	114.3	112.2	111.4
Portfolio Net of Allowance / Total Portfolio - %	93.4	93.2	93.1	94.6	94.6	94.6	94.6	94.6
Capital Structure								
Leverage (times)	13.8	14.3	13.9	14.3	14.9	14.9	14.8	14.7
BIS Ratio - %	18.3	17.3	17.7	17.3	17.2	15.9	15.7	15.6
Total Quantity of Shares – thousand	810.6	825.3	825.3	825.3	825.3	2,475.9	2,475.9	2,475.9
Quantity of Shares in Treasury – thousand	11.2	-	-	-	-	-	-	-
Capital Market								
Price / Earnings 12 months **	7.48	6.34	6.87	8.59	10.66	14.91	15.03	14.88
Price / Book Value **	2.15	2.01	1.88	2.50	2.52	3.10	3.32	3.10
Market Capitalization - R$ million	44,364	41,249	38,203	52,820	55,040	69,064	76,482	75,269
Book Value per Share - R$ **	7.90	7.75	8.16	8.38	8.74	9.01	9.32	9.80
Price of Share - R$ **	16.98	15.53	15.36	20.97	22.04	27.89	30.89	30.40
Structural Information								
Total of Points of Service	14,866	14,956	15,042	15,113	15,133	15,161	15,212	15,297
Branches	3,923	3,948	3,960	3,969	3,974	3,977	3,984	4,008
PAA	190	192	191	189	188	188	185	186
PAB	1,273	1,255	1,250	1,236	1,228	1,209	1,208	1,247
PAE	5,700	5,746	5,814	5,875	5,895	5,906	5,949	5,948
SAA	3,775	3,810	3,824	3,841	3,847	3,879	3,884	3,908
PAP	5	5	3	3	3	2	2	2
Total of Customers – thousand	23,259	23,710	24,103	24,374	24,575	24,912	25,235	26,003
Individuals – thousand	21,812	22,225	22,577	22,815	22,993	23,294	23,599	24,336
Businesses – thousand	1,447	1,486	1,526	1,559	1,581	1,618	1,636	1,667
Total of Savings Accounts – thousand	14,499	14,690	15,001	15,360	15,759	16,266	16,425	16,651
Individuals – thousand	14,374	14,571	14,884	15,238	15,640	16,144	16,300	16,526
Businesses – thousand	115	119	117	121	119	123	125	124
Collaborators	93,866	93,333	92,827	92,619	92,580	89,108	89,514	90,974
Employees *	83,405	82,879	82,622	82,672	82,468	79,310	80,048	81,855
Interns	10,460	10,454	10,205	9,947	10,112	9,798	9,466	9,119

* Adjusted Concept See Chapter 8.4.1.

** Adjusted series considering the stock split (1:3) occured in the second quarter of 2007.

Global Ratings								
Fitch Ratings								
Individual	C/D	C/D	C/D	C/D	C / D	C / D	C / D	C / D
Short-Term - Local Currency	B	B	B	B	B	F3	F3	F3
Long-Term - Local Currency	BB	BB+	BB+	BB+	BB+	BBB-	BBB-	BBB-
Short-Term - Foreign Currency	B	B	B	B	B	F3	F3	F3
Long-Term - Foreign Currency	BB-	BB	BB+	BB+	BB+	BBB-	BBB-	BBB-
Moody's:								
Financial Strength	D	D	D	D	C	C	C	C
Short-Term - Local Currency	P-2	P-2	P-1	P-1	P-1	P-1	P-1	P-1
Short-Term - Foreign Currency	NP	NP	NP	NP	NP	NP	NP	NP
Long-Term Debt- Foreign Currency	Ba1	Ba1	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3
Long-Term Deposits - Local Currency	A3	A3	A1	A1	A1	A1	A1	A1
Long-Term Deposits - Foreign Currency	B1	B1	Ba3	Ba3	Ba3	Ba3	Ba3	Ba2
Standard & Poor's								
Long-Term - Local Currency	BB	BB	BB	BB	BB	BB+	BB+	BB+
Long-Term - Foreign Currency	BB-	BB	BB	BB	BB	BB+	BB+	BB+
National Ratings								
Fitch Ratings								
Short-Term	F1+(bra)	F1+(bra)	F1+(bra)	F1+(bra)	F1+(bra)	F1+(bra)	F1+(bra)	F1+(bra)
Long-Term	AA(bra)	AA(bra)	AA(bra)	AA(bra)	AA(bra)	AA+(bra)	AA+(bra)	AA+(bra)
Moody's:								
Short-Term	BR-1	BR-1	BR-1	BR-1	BR-1	BR-1	BR-1	BR-1
Long-Term	Aaa.Br	Aaa.Br	Aaa.Br	Aaa.Br	Aaa.br	Aaa.br	Aaa.br	Aaa.br
Compulsory Investments								
Demand Deposits								
Rate(1)	45%	45%	45%	45%	45%	45%	45%	45%
Additional(2)	8%	8%	8%	8%	8%	8%	8%	8%
Compulsory Investments*	25%	25%	25%	25%	25%	25%	25%	25%
Compulsory Investments (micro finance)	2%	2%	2%	2%	2%	2%	2%	2%
Free	20%	20%	20%	20%	20%	20%	20%	20%
Savings Deposits								
Rate(3)	20%	20%	20%	20%	20%	20%	20%	20%
Additional(2)	10%	10%	10%	10%	10%	10%	10%	10%
Compulsory Investments*	55%	55%	60%	60%	60%	60%	65%	65%
Free	15%	15%	10%	10%	10%	10%	5%	5%
Time Deposits								
Rate(1)	15%	15%	15%	15%	15%	15%	15%	15%
Additional(2)	8%	8%	8%	8%	8%	8%	8%	8%
Free	77%	77%	77%	77%	77%	77%	77%	77%
Judicial Deposits								
Rate	0%	0%	0%	0%	0%	0%	0%	0%
Free	100%	100%	100%	100%	100%	100%	100%	100%

* In BB, the compulsory investments are applied to Rural Credit.
(1) Paid over in cash without remuneration
(2) Paid over in cash at Selic rate.
(3) Paid over in cash at TR + interest of 6.17% p.a.
(4) Linked to securities

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5.1 Summarized Balance Sheet

Table 14. Summarized Balance Sheet – Assets

R$ million

	Balance			Chg.%	
	Dec/06	Sep/07	Dec/07	on Dec/06	on Sep/07
ASSETS	296,356	342,398	357,750	20.7	4.5
Current and Long-term Assets	290,562	336,486	351,446	21.0	4.4
Available Funds	4,749	4,366	4,352	(8.4)	(0.3)
Short-term Interbank Investments	29,088	51,419	51,124	75.8	(0.6)
Securities	73,108	74,126	75,201	2.9	1.5
Securities Available for Trading	7,494	14,046	19,112	155.0	36.1
Securities Available for Sale	40,641	38,466	38,109	(6.2)	(0.9)
Securities Held to Maturity	24,409	20,029	16,830	(31.0)	(16.0)
Financial Derivatives	564	1,585	1,150	103.8	(27.5)
Interbank Accounts	28,180	31,503	33,445	18.7	6.2
Deposits with the Central Bank	26,967	29,199	32,278	19.7	10.5
Compulsory Deposits on Demand Deposits and Float	11,209	10,768	10,768	(3.9)	-
Compulsory Deposits on Savings Deposits	15,758	18,430	21,510	36.5	16.7
Other	1,213	2,304	1,167	(3.8)	(49.4)
Intrabank Accounts	136	73	188	38.2	156.5
Loans	113,858	129,487	138,817	21.9	7.2
Public Sector	4,384	4,843	2,472	(43.6)	(46.8)
Private Sector	117,940	134,184	146,324	24.2	9.0
(Allowance for Loan Losses)	(8,366)	(9,341)	(9,980)	19.3	6.8
Leasing	11	26	32	183.8	21.5
Leasing and Subleasing Receivables	1,018	1,095	1,109	8.9	1.2
(Unearned Lease Income)	(979)	(1,047)	(1,054)	7.7	0.7
(Allowance for Lease Losses)	(28)	(23)	(23)	(18.4)	1.9
Other Receivables	40,482	43,992	45,423	12.2	3.3
Receivable on Guarantees Honored	51	47	49	(4.5)	3.8
Foreign Exchange Portfolio	9,466	11,538	9,023	(4.6)	(21.8)
Income Receivable	280	317	372	33.0	17.3
Trading and Brokerage of Securities	114	191	259	127.3	36.1
Specific Credits	681	738	757	11.1	2.6
Specific Operations	1	1	1	0.0	0.0
Tax Credits	8,604	13,881	13,826	60.7	(0.4)
Actuarial Assets	2,852	2,364	2,266	(14.5)	(4.1)
Warrants Deposits Receivable	13,699	5,857	5,949	(56.6)	1.6
Other Credits	8,857	9,915	13,816	59.6	39.3
(Provision for Doubtful Receivables)	(3,713)	(856)	(896)	(75.9)	4.7
(With Loan Characteristics)	(240)	(300)	(311)	29.4	3.8
(Without Loan Characteristics)	(3,472)	(556)	(585)	(83.1)	5.3
Other Assets	951	1,495	2,865	201.4	91.7
Interest in Companies	0	0	0	(11.5)	(1.2)
Other Assets	294	254	262	(10.7)	3.5
(Provision for Possible Losses)	(152)	(152)	(152)	(6.4)	0.1
Prepaid Expenses	819	1,393	2,755	236.2	97.7
Permanent Assets	5,794	5,912	6,304	8.8	6.6
Investments	1,109	1,276	1,368	23.3	7.2
Property and Equipment	2,862	2,857	2,844	(0.7)	7.0
Leasing Assets	1,228	1,430	1,507	22.7	5.4
Deferred Charges	594	550	586	(1.4)	6.6

Table 15. Summarized Balance Sheet - Liabilities

R$ million

	Balance			Chg.%	
	Dec/06	Sep/07	Dec/07	on Dec/06	on Sep/07
LIABILITIES AND SHAREHOLDER'S EQUITY	296,356	342,398	357,750	20.7	4.5
Current and Long-term Liabilities	275,470	319,226	333,365	21.0	4.4
Deposits	158,841	172,180	188,282	18.5	9.4
Demand Deposits	40,059	38,712	51,311	28.1	32.5
Savings Deposits	36,714	43,831	45,839	24.9	4.6
Interbank Deposits	4,878	5,603	5,144	5.5	(8.2)
Time Deposits	76,900	83,640	85,520	11.2	2.2
Investment Deposits	289	394	468	61.8	18.8
Money Market Borrowing	49,283	74,845	72,270	46.6	(3.4)
Funds from Acceptances and Securities Placed	2,304	1,616	1,297	(43.7)	(19.8)
Foreign Securities	2,304	1,616	1,297	(43.7)	(19.8)
Interbank Accounts	1,166	1,929	12	(99.0)	(99.4)
Intrabank Accounts	2,397	1,497	2,428	1.3	62.2
Borrowing	3,737	2,981	2,833	(24.2)	(4.9)
Foreign Borrowing	3,737	2,981	2,833	(24.2)	(4.9)
Domestic Onlending – Official Institutions	14,335	16,528	17,487	22.0	5.8
National Treasury	2,989	3,132	3,185	6.6	1.7
BNDES	4,858	5,121	8,713	87.1	70.2
Finame	6,004	7,516	4,868	(19.0)	(35.3)
Other Institutions	684	759	723	5.6	(4.8)
Foreign Onlending	0	0	0	-	-
Financial Derivatives	3,511	2,475	1,947	(44.6)	(21.3)
Other Accounts Payable	39,895	45,174	46,808	17.3	3.6
Collection of Taxes and Contributions	181	1,917	233	28.8	(87.8)
Foreign Exchange Portfolio	10,013	11,600	6,609	(34.0)	(43.0)
Shareholders and Statutory Distributions	1,165	1,056	850	(27.0)	(19.5)
Taxes and Social Security	2,872	2,827	3,265	22.2	15.5
Trading and Brokerage of Securities	140	195	243	73.3	24.1
Financial and Development Funds	1,902	1,847	2,117	11.3	14.6
Perpetual Securities	1,085	932	894	(17.6)	(4.1)
Special Operations	2	2	2	(1.0)	(0.5)
FCO (Subordinated Debt)	8,995	9,829	10,012	11.3	1.9
Actuarial Liabilities	3,485	3,932	4,051	16.2	3.0
Other Liabilities	10,255	11,037	18,533	80.7	67.9
Unearned Income	129	107	123	(4.6)	15.1
Shareholders' Equity	20,758	23,065	24,262	16.9	5.2
Capital	11,913	12,711	13,212	10.9	3.9
(Unpaid Capital)	-	-	-	-	-
Capital Reserves	356	0	0	(100.0)	(11.8)
Revaluation Reserves	7	6	6	(10.4)	(6.4)
Revenue Reserves	8,101	8,933	10,695	32.0	19.7
Mark-to-Market – Securities and Derivatives	382	384	350	(8.5)	(8.9)
Retained Earnings (Accumulated losses)	-	1	-	-	(100)
(Treasury Shares)	-	-	-	-	-
Income Accounts	-	1,031	-	-	-

MD&A 4Q07

5.2 Summarized Corporate Law Income Statement

Table 16. Summarized Corporate Law Income Statement

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Financial Intermediation Income	9,404	10,333	10,172	8.2	(1.6)	36,787	40,274	9.5
Loans	5,816	6,517	6,610	13.7	1.4	21,613	25,261	16.9
Leasing	48	49	48	0.7	(1.8)	173	193	11.3
Securities	3,274	3,355	3,088	(5.7)	(8.0)	13,494	12,632	(6.3)
Financial Derivatives	(118)	(149)	(10)	(91.2)	(93.1)	(635)	175	-
Foreign Exchange Portfolio	(5)	155	26	-	(83.5)	539	396	(26.5)
Compulsory Investments	389	405	411	5.7	1.3	1,612	1,616	0.3
Financial Intermediation Expenses	(6,085)	(6,483)	(6,160)	1.2	(5.0)	(25,978)	(25,119)	(3.3)
Money Market Funds	(4,237)	(4,753)	(4,281)	1.0	(9.9)	(16,989)	(17,797)	4.8
Borrowing, Assignments and Onlending	(395)	(498)	(351)	(11.0)	(29.4)	(1,850)	(1,845)	(11.1)
Allowance for Loan Losses	(1,454)	(1,232)	(1,528)	5.1	24.0	(7,140)	(5,677)	(20.5)
Gross Income from Financial Intermediation	3,319	3,850	4,012	20.9	4.2	10,808	15,155	40.2
Other Operating Income (Expenses)	(1,719)	(2,062)	(2,350)	36.7	14.0	(4,612)	(7,881)	70.9
Service Revenues	2,287	2,498	2,590	13.3	3.7	8,887	9,902	11.4
Personnel Expenses	(2,050)	(2,449)	(2,343)	14.3	(4.3)	(7,871)	(9,161)	16.4
Other Administrative Expenses	(1,564)	(1,736)	(1,888)	20.7	8.7	(5,873)	(6,735)	14.7
Taxes	(471)	(513)	(537)	14.0	4.8	(1,825)	(2,084)	13.1
Equity Int. in the Results of Subs. and Affil.	87	50	109	24.9	119.5	288	154	(46.7)
Other Operating Revenues	812	1,353	981	20.7	(28.1)	5,138	5,024	(2.2)
Other Operating Expenses	(821)	(1,274)	(1,261)	53.6	(1.0)	(3,356)	(5,000)	49.0
Operating Income	1,600	1,789	1,663	3.9	(7.0)	6,197	7,273	17.4
Non-operating Income	47	43	196	320.5	359.1	120	281	134.1
Income Before Taxes	1,646	1,831	1,859	12.9	1.5	6,316	7,554	19.6
Income and Social Contribution Taxes	(235)	(293)	(485)	106.6	65.6	(504)	(1,847)	266.4
Statutory Profit Sharing	(164)	(175)	(157)	(4.0)	(10.2)	(777)	(649)	(16.4)
Net Income	1,248	1,364	1,217	(2.5)	(10.8)	6,044	5,058	(16.3)

5.3 Income Statement with Reallocations Table 17. Income Statement with Reallocations

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Financial Intermediation Income	9,487	10,267	10,110	6.6	(1.5)	36,686	39,978	9.0
Loans	5,816	6,517	6,610	13.7	1.4	21,812	25,261	16.9
Leasing	48	49	48	0.7	(1.8)	173	193	11.3
Securities	3,274	3,355	3,088	(5.7)	(8.0)	13,483	12,632	(6.3)
Financial Derivatives	(118)	(149)	(10)	(91.2)	(93.1)	(636)	175	-
Foreign Exchange Portfolio	(5)	155	26	(651.0)	(83.5)	541	396	(26.8)
Compulsory Investments	389	405	411	5.7	1.3	1,512	1,516	0.3
FX Gain(Loss)on Foreign Investments (1)	(27)	(100)	(94)	247.4	(6.1)	(245)	(572)	133.8
Other Op. Inc. of a Fin. Intermed. Nature (2)	110	34	31	(71.4)	(7.8)	148	276	89.1
Financial Intermediation Expenses	(4,631)	(5,111)	(4,632)	0.0	(9.4)	(18,577)	(19,168)	3.2
Money Market Funds (15)	(4,237)	(4,813)	(4,281)	1.0	(7.2)	(16,728)	(17,523)	4.8
Borrowing Assignments and Onlending	(395)	(498)	(351)	(11.0)	(29.4)	(1,851)	(1,645)	(11.1)
Net Interest Income	4,856	5,156	5,478	12.8	6.2	18,107	20,810	14.9
Allowance for Loan Losses (3)	(1,257)	(1,218)	(1,467)	19.1	23.1	(5,743)	(5,380)	(6.3)
Net Financial Margin	3,599	3,940	3,981	10.6	1.0	12,364	15,430	24.8
Service Revenues	2,287	2,488	2,590	13.3	3.7	8,888	9,902	11.4
Taxes on Revenues (4)	(438)	(478)	(495)	13.0	4.0	(1,683)	(1,911)	13.6
Contribution Margin	5,448	5,963	6,076	11.5	1.9	19,568	23,421	19.7
Administrative Expenses	(3,396)	(3,368)	(3,708)	9.2	10.1	(13,020)	(13,449)	3.3
Personnel Expenses (5) (7) (8)	(1,846)	(1,759)	(1,936)	4.9	10.0	(7,270)	(7,077)	(2.7)
Other Administrative Expenses (6)	(1,516)	(1,572)	(1,729)	14.1	10.0	(5,808)	(6,219)	10.9
Other Tax Expenses (4)	(33)	(37)	(42)	26.9	15.0	(142)	(153)	7.3
Commercial Income	2,052	2,595	2,368	15.4	(8.7)	6,548	9,972	52.3
Legal Risk	(251)	(310)	(378)	50.3	21.8	(798)	(1,193)	49.5
Legal Claims (6)	(48)	(164)	(158)	231.6	(3.8)	(197)	(517)	162.0
Labor Lawsuits (5)	(204)	(146)	(219)	7.8	50.8	(601)	(676)	12.5
Other Operating Income(Expenses)	(201)	48	(140)	(30.4)	-	(530)	(98)	(81.5)
Eq.Interest in Resul. Subs. and Affil. (1)	115	148	204	77.7	37.3	507	725	43.0
FX Other Operating Income/Expenses	(316)	(100)	(344)	8.8	243.6	(1,037)	(823)	(20.6)
Other Operating Income (2) and (15)	702	705	711	1.2	0.8	2,518	2,744	9.0
Other Operating Expenses (2) and (3)	(1,018)	(805)	(1,054)	3.6	30.9	(3,555)	(3,567)	0.3
Operating Income	1,600	2,333	1,851	15.7	(20.7)	5,221	8,681	66.3
Non-Operating Income (9)	47	43	47	0.7	10.0	120	131	9.4
Income Before Taxes	1,646	2,376	1,898	15.3	(20.1)	5,341	8,813	65.0
Income and Social Contribution Taxes (7) (8) (9)	(235)	(619)	(498)	112.3	(19.5)	(899)	(2,416)	168.8
Interest on Own Capital Tax Benefit	232	113	120	-	5.8	468	455	(2.8)
Statutory Profit Sharing	(184)	(175)	(157)	(14.0)	(10.2)	(777)	(649)	(16.4)
Recurring Income	1,248	1,582	1,243	(0.4)	(21.5)	3,665	5,748	56.8
Non-Recurring Items	-	(218)	(26)	-	(88.2)	2,379	(690)	-
Previ Parity (10)	-	-	-	-	-	1,362	-	-
Previ – Provision for IR and CS (10)		-	-	-	-	(483)	-	-
Extraordinary Provision for Credit Risks(11)	-	-	-	-	-	(500)	-	-
Tax Credit Recorded (12)	-	-	-	-	-	1,905	-	-
Recovery of Undue Taxes (13)	-	-	-	-	-	115	-	-
Recovery of Undue Taxes – Prov. for IR and CS (13)	-	-	-	-	-	(39)	-	-
Cassi – Assistance Plan (7)	-	(403)	(90)	-	(77.7)	-	(493)	-
Cassi – Provision for IR and CS (7)	-	137	31	-	(77.7)	-	168	-
PAA–Early Retirement Plan(8)	-	(141)	(98)	-	(30.5)	-	(915)	-
Previ – Provision for IR and CS (8)	-	48	33	-	(30.6)	-	311	-
Permanent Exclusions Tax Benefit (14)	-	141	-	-	-	-	141	-
Divestiture (Bovespa Holding and BM&F) (9)	-	-	149	-	-		149	
Divestiture – Provision for IR and CS (9)			(51)				(51)	
Net Income	1,248	1,364	1,217	(2.5)	(10.8)	6,044	5,058	(16.3)

Breakdown

Banco do Brasil is the largest financial institution in Brazil, with total assets of R$ 357,750 million. In the last 12 months, BB increased its assets by 20.7%.

Remunerated Assets had a growth of 22.3% in 12 months. The figure below shows an increase in relative share of remunerated assets in the Bank's total assets, which went up from 81.5% in Dec/06 to 82.6% in Dec/07. This was mainly a result of the increase of loans in the period, which was up 21.9% over December 2006 and 7.2% over September 2007.

With regard to the liabilities, a increase is to be seen in the relative share of interest-bearing liabilities from 67.2% to 67.8% (Dec/06 – Dec/07). This movement is largely due to the increase of 46.6% in Funds Obtained in the Open Market, over December 2006.

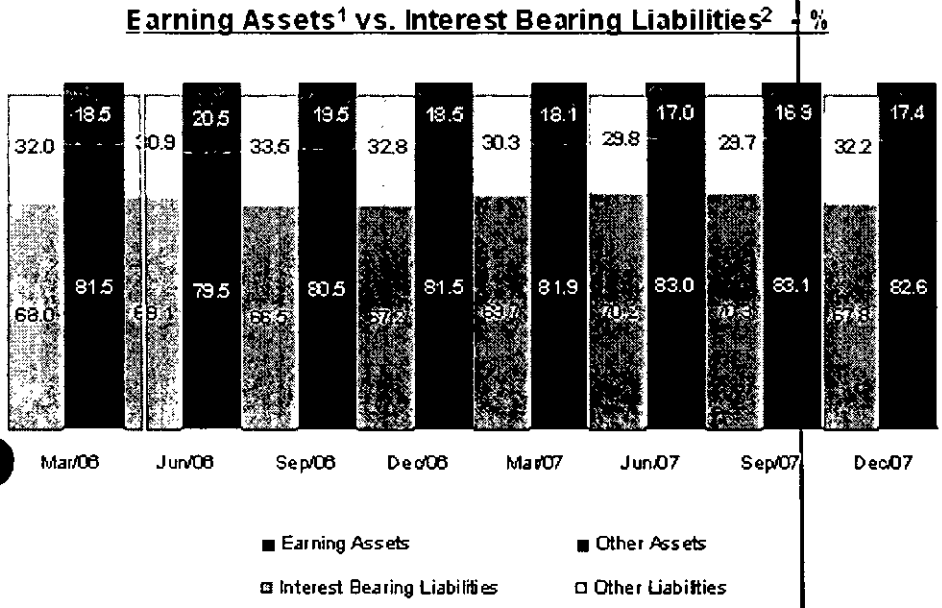


Figure 9. Earning Assets vs. Interest Bearing Liabilities

6.8.1 Foreign Borrowing

Its foreign borrowing demonstrates that Banco do Brasil's credibility goes beyond the national frontiers, making BB a very attractive investment option for international investors. The following table shows the issues in circulation.

Table 40. Foreign Borrowing

Issue Date	Volume in US$ million	Term in years	Cupom (%)	Interest Interval	Issue price	Return for the Investor (%)	Premium over Treasury	Rating	Program
12.27.01	450	7	7.89	Quarterly	100.00	7.890	325	BBB/Baa1	MT100
07.03.02	300	7	L3M+0.60	Quarterly	100.00	5.013	*266	AAA/Aaa	MT100
09.11.02	40	7	7.89	Quarterly	100.00	7.890	489	BBB/Baa1	MT100
03.17.03	120	7	7.26	Quarterly	100.00	7.260	450	BBB/Baa1	MT100
07.10.03	178	8	5.911	Quarterly	100.00	5.955	350	BBB+/Baa1	Visanet
07.10.03	45	8	4.777	Quarterly	95.00	5.955	350	BBB+/Baa1	Visanet
12.19.03	250	10	6.55	Quarterly	100.00	6.550	282	BBB/Baa1	MT100
09.20.04	300	10	8.5	Half-Yearly	99.17	8.625	447	A2	Subord. Debt.
01.23.06	500	Perpetual	7.95	Quarterly	100.00	7.950		Ba1	Perpetual Securities
07.18.07	187	10	9.75	Half-Yearly	100.00	9.750		Baa3	GMTN

* 45C basis point over Libor
** amount in US$ equivalent to R$ 200 million, PTAX 2.75080
*** preliminary calculation in Reais with swap into US$

Analysis of Assets

In the 12-month period, Securities showed a decrease in the participation of Total Assets, going down from 24.7% to 21.0%. The total balance of TVM (Securities) ended 2007 at R$ 75,201 million, as opposed to R$ 73,108 million in 4Q06 and R$ 74,126 in September 2007.

The growth of loans and leasing stands out, with their balance net of allowances increasing 21.9% in relation to 4Q06, reaching R$ 138,849 million. The relative share of these operations climbed from 38.4% in December 2006 and from 37.8% in September 2007 to 38.8% in December 2007.

The increase in the relative participation of Liquidity Assets (except securities) from 11.4% to 15.5% (Dec/06 – Dec/07) is due, mainly, to the increase of 148.1% in deposits received under security repurchase agreements.

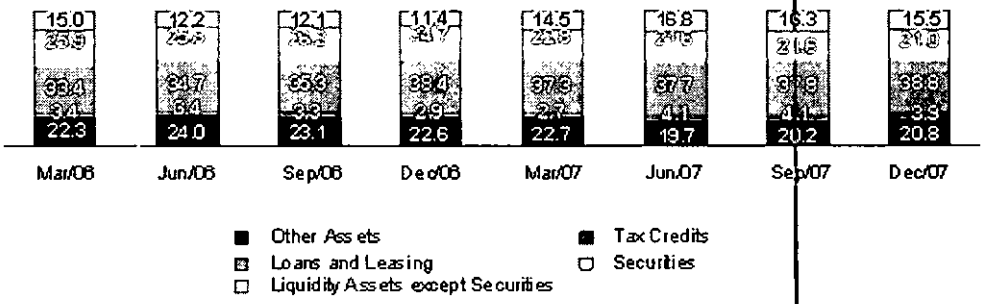


Figure 10. Breakdown of Assets

Table 19. Breakdown of Assets

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Total Assets	264,635	273,836	281,615	296,356	321,898	332,968	342,398	357,750
Liquidity Assets except Securities	39,800	33,433	34,051	33,837	46,605	56,051	55,785	55,476
Securities	68,631	70,677	73,766	73,108	73,350	72,071	74,126	75,201
Loans and Leasing	88,336	94,906	99,505	113,869	120,064	125,524	129,513	138,849
Tax Credits	8,905	9,223	9,311	8,604	8,642	13,746	13,881	13,826
Other Assets	58,962	65,597	64,982	66,939	73,147	65,576	89,094	74,399

Liquidity Analysis One way of measuring the liquidity of a financial institution consists in determining the difference between Liquidity Assets and Liquid Liabilities. Accordingly, the Bank's liquidity is R$ 48.3 billion.

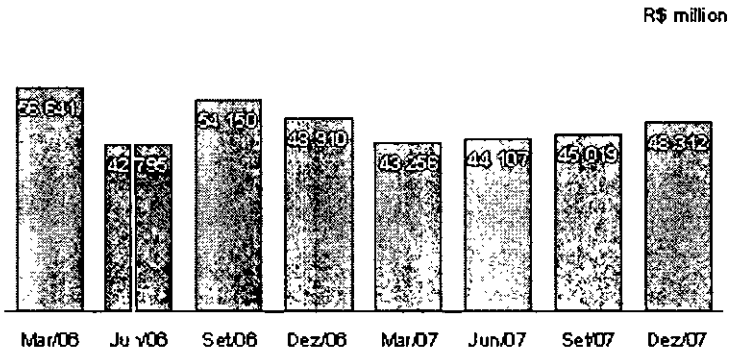


Figure 11. Liquidity Assets (-) Liquidity Liabilities

The liquidity balance exhibits decrease of 1.2% over December 2006, in spite of the expressive growth of Money Market Borrowing (Dec/06 – Dec/07), and increase of 7.3% over September 2007, due to the increase in deposits received under security repurchase agreements. Funds obtained in the Money Market Borrowing climbed from R$ 49,283 million to R$ 72,270 million, an increase of 46.6% in the period (Dec/06 - Dec/07).

Table 20. Liquidity Balance

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Liquidity Assets (A)	104,860	100,146	104,038	103,071	115,921	123,972	125,468	125,726
Available Funds	4,056	3,674	4,559	4,749	5,511	4,437	4,366	4,352
Interbank Investments	35,744	29,758	29,492	29,088	41,185	51,614	51,419	51,124
Securities(except linked to Bacen)	64,860	66,713	69,986	69,235	69,226	67,921	69,683	70,250
Liquidity Liabilities (B)	48,019	57,352	49,888	54,162	72,965	79,865	80,448	77,415
Interbank Deposits	5,262	5,855	5,579	4,878	5,026	5,146	5,603	5,144
Money Market Borrowing	42,758	51,498	44,309	49,283	67,939	74,719	74,845	72,270
Liquidity Balance (A - B)	56,841	42,795	54,150	48,910	43,256	44,107	45,019	48,312

Securities Portfolio

The Securities Portfolio remained stable, showing an increase of 2.9% from December 2006 to December 2007. Most of the growth of the occurred in the category of Securities for Trading, which went from R$ 7,494 million to R$ 19,112 million in the period, corresponding to a growth of 155.0%, and of Derivative financial instruments, with a growth of 103.8% in the period. On the other hand, there was a reduction of 31.0% in the category of Securities Held to Maturity. The change in the Portfolio profile in comparison with December 2006 can be observed in the table below.

Table 21. Securities Portfolio by Category

R$ million

	Balances								Share %	
	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07	Dec/06	Dec/07
Securities	68,631	70,677	73,766	73,108	73,360	72,071	74,126	75,201	100.0	100.0
Available for Trading	4,327	5,568	5,205	7,494	7,361	10,856	14,046	19,112	10.3	25.4
Available for Sale	38,815	39,781	43,180	40,841	40,711	39,379	38,486	38,109	55.8	50.7
Held to Maturity	25,069	24,885	24,894	24,409	24,283	20,599	20,029	16,830	33.4	22.4
Financial Derivatives	421	463	448	564	1,016	1,247	1,585	1,150	0.8	1.5

In the following table, the concentration in securities with a maturity of between 0 and 5 years can be seen. In December 2007 these securities accounted for 93.3% in the total amount, which was slightly higher than the 91.2% share for the same period of the prior year.

Table 22. Securities Portfolio by Maturities - Market Value

R$ million

	Up to 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total
	Balance	Share %	Balance	Share %	Balance	Share %	Balance	Share %	
Mar/06	18,159	26.7	42,565	62.6	6,379	9.4	873	1.3	67,977
Jun/06	21,931	31.3	40,556	57.9	6,681	9.5	842	1.2	70,008
Sep/06	22,707	31.0	42,017	57.4	7,536	10.3	938	1.3	73,197
Dec/06	24,057	33.2	42,039	58.0	5,164	7.1	1,217	1.7	72,476
Mar/07	22,430	30.9	42,910	59.2	5,292	7.3	1,676	2.3	72,309
Jun/07	26,707	37.7	37,351	52.8	5,217	7.4	1,527	2.2	70,801
Sep/07	27,694	38.2	37,919	52.3	5,473	7.5	1,456	2.0	72,542
Dec/07	30,945	41.8	38,197	51.6	3,518	4.7	1,413	1.9	74,073

In the chart below we note a decrease in securities maturing after 5 years as compared to December 2006, and an increase in securities maturing up 1 year.

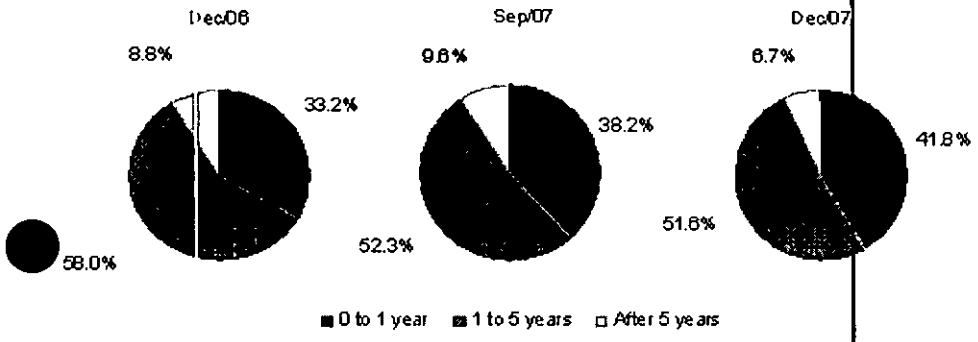


Figure 12. Securities Portfolio with Maturities between 0 and 5 years and after 5 years

Banco do Brasil has maintained its unchallenged leadership in lending in Brazil, with a 16.0% market share in the Financial System, against 16.5% in December 2006.

Loan operations in the financial system reached R$ 932.3 billion in December, a growth of 27.3% in 12 months. As a consequence, total loans now represent 34.7% of GDP, in comparison with 30.7% in December 2006.

The Bank's total loan portfolio in Brazil increased 23.5% in the same period. In relation to the previous quarter, growth in BB reached 8.5%. Considering the Bank's total portfolio (domestic and foreign), growth in 12 months was 20.7%.

The growth of the portfolio of BB, below SFN, is justified by the reduction in the pace of growth during the year, of the Agribusiness and Foreign Trade portfolio, and decrease of operations carried out abroad due to the appreciation of the Real against the Dollar.

At the Bank the Agribusiness portfolio has a 34.7% share of the total portfolio in the country. Due to its relevance in the portfolio of BB, the reduced growth of rural credit in 2007, contributed to the loss of market share observed in this period.

In a simulation, if the Agribusiness portfolio were excluded (from the domestic portfolio of BB) and the others (Individuals and Companies), which represent 65.3% of the Bank's portfolio in the country, were maintained, the growth in 12 months would be 28.4% (above the growth observed in the System).

In SFN, loans granted with free resources, corresponding to 70.7% of the total amount of the financial system, came to R$ 659 billion in December, an increase of 32.2% in twelve months. This result was determined by the annual increase of 31.4% in loans to companies, a balance of R$ 342.2 billion. Loans to individuals amounted to R$ 316.8 billion.

The growth of credit in December maintained the growth tendency observed over 2007, although reflecting seasonal characteristics related to the last months of the year. This behavior, as refers to legal entities, is associated with the intensification of demand, conducive to the business cycle that is typical of the year-end. At BB, in relation to the previous quarter, these operations grew 9.7%, while in the year growth was 26.1%. Transactions with SMBs grew 34.4% in relation to December 2006 and 10.2% in relation to September 2007.

In the segment of individuals, the pace of expansion of operations exhibited deceleration in the last quarter, related to the expansion of liquidity favored by the receipt of the thirteenth salary. In the last 12 months, these operations grew 33.4%, against 8.5% in relation to September 2007. In this segment there is an emphasis on payroll loans, financing of vehicle and credit card.

The balance of agribusiness transactions grew 15.1% in relation to December 2006 and 7.1% in relation to September 2007.

Table 23. Loan Portfolio

R$ million

				Chg.%	
	Dec/06	Sep/07	Dec/07	on Dec/06	on Sep/07
Brazil	120,975	137,826	149,366	23.5	8.5
Individuals	23,998	29,466	31,998	33.4	8.5
Businesses	51,916	59,693	65,485	26.1	9.7
- MSE	18,323	22,340	24,622	34.4	10.2
- Other	33,593	37,354	40,863	21.6	9.4
Agribusiness	45,064	48,447	51,883	15.1	7.1
Foreign	12,181	12,568	11,373	(6.6)	(9.4)
Total	133,157	150,184	160,739	20.7	7.0

Table 24. Individuals and Business Customers Loan Portfolio

R$ million

	Retail	Wholesale	Agribusiness	Other	Total
Brazil	53,658	40,473	51,883	3,351	149,366
Individuals	28,929	3	40,182	3,085	72,161
Business Customers	24,729	40,470	11,721	266	77,206
Foreign	-	-	-	11,373	11,373
Total	53,658	40,473	51,883	14,724	160,739

Of the total of loan transactions, 33.2% are loans to the retail segment, 18.4% to the wholesale segment, 32.3% to agribusiness and 7.4% to the foreign trade segment. The portfolio abroad, represents 7.1% of the total. The figure below shows the distribution of the Bank's loan portfolio composition by segment in the period of 12 months.

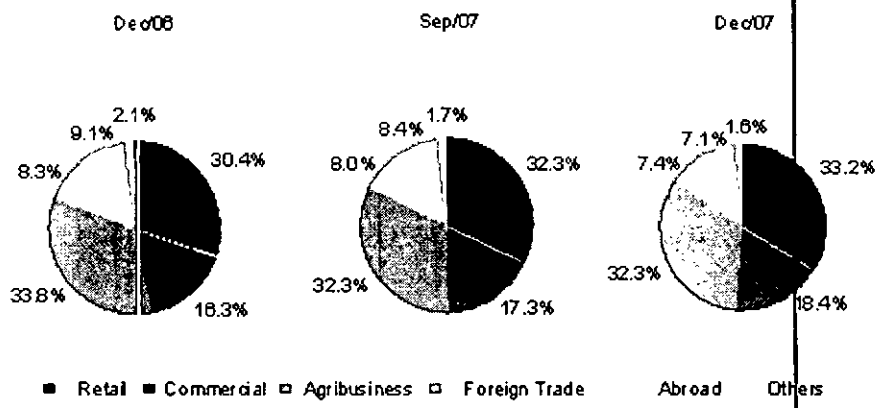


Figure 13. Breakdown of Loan Portfolio

Table 25. Loan Portfolio by Segment

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Total Portfolio	105,527	113,103	118,349	133,157	140,387	145,233	150,184	160,739
Retail	32,415	34,955	37,504	40,435	43,378	45,809	48,576	53,407
Commercial	14,914	15,418	16,649	21,735	24,087	24,878	26,094	29,613
Agribusiness	37,054	39,914	40,320	45,064	46,774	48,769	48,446	51,883
Foreign Trade	9,695	10,183	10,532	11,000	11,190	11,004	12,073	11,911
Abroad	8,872	9,894	10,427	12,181	12,318	12,214	12,568	11,373
Other	2,578	2,838	2,917	2,741	2,642	2,559	2,497	2,552

The Retail Loan Portfolio comprises the products intended, mainly, for Individuals and Micro and Small Businesses. In spite of the creation of the Directors' Offices of Cards and Yew Retail Business, during the year 2007, products linked to these managers (such as Credit Card and part of CDC, mainly related to the financing of vehicles) will still be included in the retail loan portfolio in this quarter in order to facilitate comparability between the periods.

In December 2007, the portfolio reached a balance of R$ 53,407 million, an increase of 32.1% in relation to the same period of the previous year and 9.9% in relation to September 2007.

Table 26. Retail Loan Portfolio

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Direct Consumer Credit (CDC)	12,839	14,468	15,968	16,909	18,595	20,275	21,771	23,880
CDC Crédito em Consignação	4,895	6,040	7,356	8,298	9,343	10,173	11,022	11,888
CDC Veículo	247	426	635	894	1,287	1,722	2,228	2,929
Receivables	6,857	6,804	6,946	7,236	7,539	7,755	7,836	8,062
BB Giro Rápido (WCL)	4,146	4,262	4,266	4,310	4,560	4,760	4,864	4,954
Giro	300	746	1,649	2,800	2,850	2,809	3,589	4,835
Credit Cards	2,825	2,876	2,836	3,080	3,198	3,450	3,847	4,297
Overdraft Accounts	2,585	2,572	2,407	2,211	2,660	2,847	2,593	2,404
Others	3,264	3,327	3,432	3,889	3,976	4,114	4,276	4,977
Total	32,415	34,855	37,504	40,435	43,378	45,809	48,576	53,407

Loans to individual customers – Direct Consumer Finance transactions showed a 41.2% growth in relation to December 2006, and 9.7% in relation to September 2007, reaching a balance of R$ 23,880 million. CDC has the highest relative share in the Retail portfolio, with 44.7% in December 2007, as opposed to 41.8% on December 2006. The increase was basically due to the growth of CDC Vehicle and Payroll Loans.

The Payroll Loans went up from R$ 8,296 million in December 2006 to R$ 11,888 million in December 2007, growing 43.3% in the period. In addition to that, BB's vehicle financing portfolio, reestructured in 2006, went from R$ 894 million in December 2006 to R$ 2,929 million in December 2007, a growth of 227.4%. In relation to September 2007, growth was 31.5%. In September 2006, the Bank entered into a partnership agreement with the Localiza Group, permitting the financing by BB of the sale of used cars of Localiza and its affiliates to checking account holders and non-checking account holders of BB. Of the total of CDC Veículo in 2007, R$737.7 million, 25.2%, originated from the partnerships.

In December 2007, 51.6% of the individual customers had accounts with a credit limit. Revolving Credit Check transactions ended Dec/2007 with a balance of R$ 2,404 million, up 8.7% in relation to the same prior-year period and down 7.3% in relation to September/2007, which suggests that the borrowers are exchanging more expensive debts, such as the revolving credit check, for more inexpensive credit such as CDC Consignment.

The balance of Credit Card showed an increase of 39.5%, with a balance of R$ 4,297 million in the year-end. Banco do Brasil expanded its credit card base by 43.0% in the last 12 months, growing from 14.1 million in December 2006 to 20.2 million in Dec/07.

Loans to SMEs - Transactions intended for micro and small businesses accounted for 42.8% of the retail portfolio in December 2007, against 45.3% recorded in December 2006. The reduction of the relative share of SME in the total Retail portfolio is mainly due to the Bank's strategy of concentrating efforts on products geared toward individuals such as CDC Vehicles, Consignment and Credit Card. The balance of these transactions for SME was R$ 22,883 million, an increase of 24.1% in comparison with December 2006 and of 10.4% in comparison with September 2007, with an emphasis on Working Capital transactions, which had an increase of 50.3% in 12 months and 17.2% in relation to the last quarter.

Table 27. MSB Credit Products

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Receivables	6,857	6,804	6,946	7,236	7,539	7,755	7,836	8,062
BB Giro Rápido	4,146	4,262	4,266	4,310	4,560	4,760	4,864	4,954
Proger Urbano Emp.	2,442	2,639	2,849	3,062	3,258	3,869	3,908	4,835
Giro	300	746	1,649	2,800	2,850	2,809	3,589	4,208
Others	1,214	1,547	2,349	921	846	407	527	826
Total	14,757	15,999	18,058	18,328	19,053	19,600	20,722	22,883

Transactions based on receivables totaled R$ 8,062 million in December 2007, a 11.4% increase in relation to the same period of the previous year and a 2.9% increase in relation to September 2007. The main products intendend for this segment are Receivables.

BB Giro Rápido offers financing for working capital without requiring tangible collateral. The transaction is divided into a part with an overdraft account and another for working capital, paid in installments over 12 months. At the end of December 2007, this line of credit reached a balance of R$ 4,954 million, a 14.9% increase in 12 months.

The Proger Urbano Empresarial transactions use funding from the Worker's Support Fund (FAT) to finance projects or investment with the respective working capital, which provides for the creation of new employment and income in urban areas. These transactions showed an increase of 37.4% (Dec/06 – Dec/07), ending the period with a balance of R$ 4,835 million.

Loans for the lower income population - With the Federal Government's decision to expand the financial services industry to the population with a lower income and to microentrepreneurs, Law 10,735/03 was passed, which makes provisions about the channeling of resources equivalent to 2% of demand deposits taken by financial institutions towards microcredit transactions, at an interest rate of up to 2% a month.

The wholly-owned subsidiary Banco Popular do Brasil (BPB) was created to operate in this segment, with a structure separate from BB Multiple Bank, in order to guarantee the transparency of the process, besides the adequacy of products, processes, loan policy and operating costs. Banco Popular ended the quarter with its network of banking correspondents present in 1,349 municipalities, with R$ 13 million in loans granted in the year, which corresponds to approximately, 79 thousand loan operations, with an average amount of R$ 168 and balance on hand of R$ 30.4 million.

Since its creation in 2004, BPB have already granted more than R$ 400 million in credit. With the support of the partner Civil Society Organizations of Public Interest (CSOPI), Banco Popular carried out a total 1,300 operations to encourage entrepreneurship and the generation of income in the sphere of the National Program of Targeted Productive Microcredit (NPTPM).

Table 28. BPB Highlights

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Assets - R$ thousand	152,960	154,212	147,070	147,508	161,200	152,425	158,448	140,893
Deposits - R$ thousand	95,075	105,033	105,875	106,946	105,946	106,107	106,418	105,373
Loans - R$ thousand	56,129	49,015	44,338	44,054	42,746	26,542	22,663	19,972
Loan Portfolio - R$ thousand	84,322	82,932	75,923	68,403	62,079	43,393	36,752	30,470

Commercial Loan Portfolio

The Commercial Loan Portfolio covers the products intended mainly for medium and large-sized companies and corporate customers. Banco do Brasil has adopted a segmentation model that has the objective of perfecting the management of this customer base, dividing them into the sectors of Industry, Commerce, and Services, and into the medium, large, and corporate segments. The model helps to attain a better knowledge of the specific needs of each company and seeks to develop, diversify and achieve a return from the business. In December 2007, the portfolio reached a balance of R$ 29,613 million, an increase of 36.2% in 12 months and 13.7% in relation to September 2007.

Table 29. Commercial Loan Portfolio

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Working Capital – Others	5,500	5,876	6,927	11,062	13,148	13,139	13,918	16,062
Investment Finance	3,629	3,923	4,060	4,778	5,017	5,716	6,200	7,095
Receivables	3,183	2,897	3,015	3,239	3,093	2,959	2,891	3,389
Overdraft Accounts	1,825	1,827	1,842	1,503	1,524	1,862	1,725	1,680
Others	776	895	1,005	1,154	1,305	1,402	1,500	1,387
Total	14,914	15,418	16,649	21,735	24,087	24,878	26,034	29,613

The line with the highest share in this portfolio, of 54.2%, is "Working Capital - Others". This line ended the year with a balance of R$ 16,062 million, up 45.2% over the same period in the prior year.

The Investment Transactions comprise, in the main, lines of credit intended for the expansion or modernization of production, by the acquisition of machines and equipment, including freight vehicles. The balance of these operations reached R$ 7,095 million, a growth of 48.5% over December 06 and 14.4% over September 07.

Receivable operations closed December 2007 with a balance of R$ 3,389 million, a 4.7% increase in relation to the same period of previous year. These are short-term transactions and present a low credit risk for the Bank. For the

companies, they mean an alternative for working capital financing and an opportunity for boosting their sales, offering longer terms for their customers.

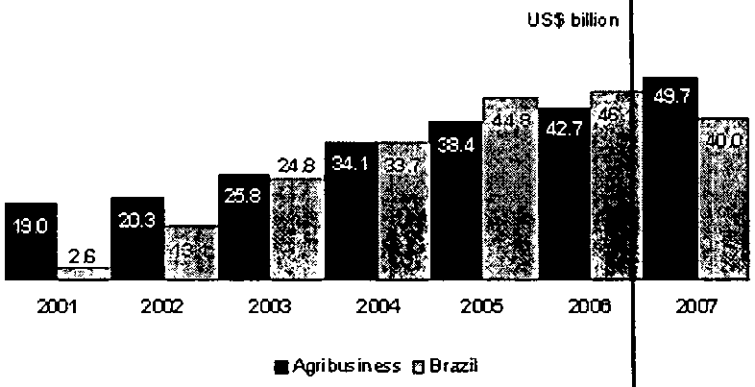
The modest growth of receivables operations in 2007 can be explained by the growth of debenture issues, sale of portfolios of receivables to FIDC and other typical capital market transactions, which are gaining space in the market and compete directly with traditional receivables operations, such as the discounting of bills and the vendor. This type of business is focused on the wholesale segment, and is restricted to large companies.

There are movements with companies going public via IPO, at Bovespa as a mean of obtaining financial resources, an event that also competes with the lines of receivables. The growth of working capital lines can indicate the existence of migration of operations with companies that previously used lines of receivables, and have now opted for the working capital lines on account of longer terms, facilitated offer of receivables in guarantee of operations, different forms of replacement schedule and other characteristics.

Agribusiness Loan Portfolio

Agribusiness is one of the main sectors of the Brazilian economy, of fundamental importance to the growth of the Country. In its role as an agent of public policies, Banco do Brasil represents a link between the government and the rural producer, acting as the largest financier of Brazilian agribusiness in all its segments and in all stages of the productive chain, from the small farmer to the large agroindustrial companies.

The Brazilian Trade Balance has increased as a result of the positive contribution from agribusiness. The trade balance of this sector generated a US$ 40 billion surplus in 2007.



Source: MAPA – Ministério da Agricultura, Pecuária e Abastecimento

Figure 14.Trade Balance (FOB)

The table below shows exports broken down into the main products.

Table 30. Exports

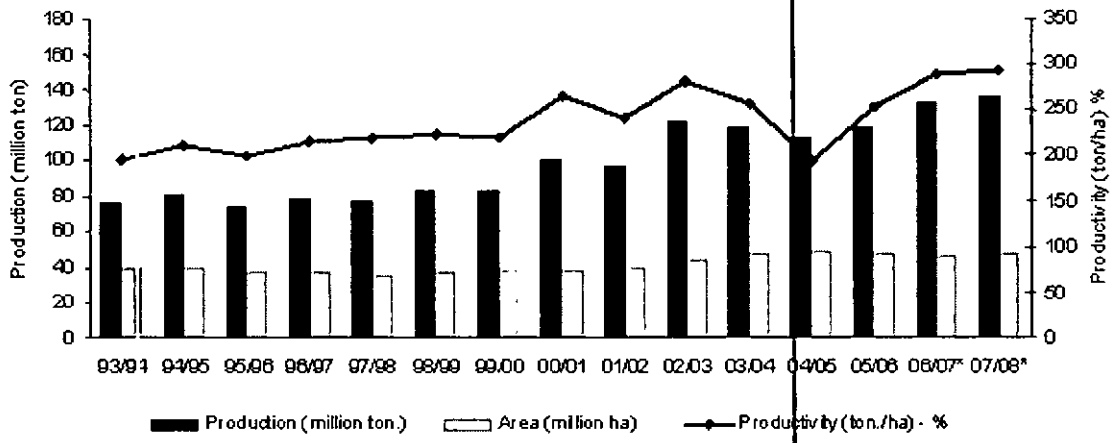
US$ million

	2003	2004	2005	2006	2007
Soybeans and Related Products	8,125	9,922	9,477	9,308	11,381
Meat	3,641	6,060	8,066	8,641	11,295
Leather, Hides and Shoes	2,485	2,672	3,069	3,471	3,554
Sugar	2,298	3,137	4,684	7,772	6,578
Forest Products	5,451	5,852	7,197	7,897	8,819
Coffee, Mate and Spices	1,424	1,880	2,869	3,535	4,093
Fruit Juice	1,282	1,103	1,245	1,570	2,374
Tobacco	1,090	1,406	1,707	1,752	2,262
Other Products	4,852	2,122	3,961	4,087	8,059
Total	30,638	34,134	42,075	48,033	58,416

Source: MAPA – Ministério da Agricultura, Pecuária e Abastecimento

The sector's performance in the last few years is due to the permanent quest for new technologies and for valuing the

services provided by the professionals from this area, always aiming at improving profitability and continuity in the enterprises. In the following chart, the increased productivity per planted area, as a result of gains in productivity, can be visualized.



* Forecast

Figure 15. Production vs. Planted Area

Regarding the distribution of agribusiness transactions by region of the Country in December 2007, it can be seen a higher concentration in the South region.

Table 31. Agribusiness Loan Portfolio by Region

Region	Share - %
North	3.4
Northeast	6.0
Midwest	25.1
Southeast	27.9
South	37.6

Rural credit finances the costs of producing and marketing of agricultural products, stimulates rural investments, including warehousing, processing and the industrial transformation of agricultural products. Furthermore, it encourages the introduction of rational methods in the productive system.

The rural portfolio of SFN attained R$ 89.1 billion in Dec/07, up 14,6% in twelve months, in comparison to the growth of 17.8% observed in 2006. At BB, the balance attained R$ 51,883 million, growth of 7.1% in the last quarter and 15.1% in 2007 (as opposed to 26.2% in 2006). These movements in the Agribusiness portfolio are considered normal for the period, considering the maturities of operations for costing of the 2006/2007 harvest, with concentration of maturities in July and August, and increase of contracts involving the 2007/2008 harvest in the end of the year.

The share of the rural portfolio in the total credit of SFN was 10.6% in Dec/06 dropping to 9.6% in Dec/07. At the Bank, the rural portfolio had a share of 37.4% of the domestic portfolio in Dec/06, attaining 34.8% in Dec/07. Due to its importance in the portfolio of BB, the reduced growth of rural credit in 2007 contributed toward BB's loss of market share. The rural portfolio also influences the growth of the share of operations with normal risk (from AA to C) in the total volume of credit.

Loans for financing costs and marketing, intended to finance the goods and services needed for the production of crops and livestock production, account for 59.4% of the Agribusiness Portfolio. Loans for investments, intended for the modernization of the productive activity, accounted for 38.8% of this portfolio and have an average term of 4 years.

Table 32. Agribusiness Loan Portfolio by Purpose

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Costs	15,891	16,161	15,380	18,705	19,179	19,254	17,856	19,918
Investment	16,051	16,857	17,505	18,582	19,196	19,666	19,731	20,111
Marketing	3,644	5,106	5,832	7,375	8,181	9,888	9,899	10,884
Other	1,468	1,790	1,603	401	218	141	960	971
Total	37,054	39,914	40,320	45,063	46,774	48,769	48,446	51,883

The funds made available by the Bank are obtained from savings deposits (MCR 6-4), demand deposits (MCR 6-2), the Program for Generating Employment and Income in the Rural Area (Proger Rural), the National Program for Strengthening Family Farming, of the Ministry of Agrarian Development (Pronaf), the Constitutional Fund for Developing the Central-West (FCO) and the National Bank for Economic and Social Development (BNDES), amongst others.

Table 33. Agribusiness Loan Portfolio by Product

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Agricultural and Livestock Costs	12,381	12,704	11,957	14,309	14,739	14,800	13,947	15,336
Pronaf/Proger Rural	9,317	9,750	9,844	11,119	11,597	12,036	11,903	12,890
BNDES/Finame Rural	4,028	4,098	4,215	4,363	4,395	4,238	4,267	4,087
FCO Rural	3,367	3,471	3,591	3,730	3,796	3,894	4,069	4,055
Loans to Companies	2,904	4,121	4,787	6,491	7,444	8,757	9,100	10,177
Others	5,057	5,771	5,926	5,051	4,803	5,044	5,261	5,338
Total	37,054	39,914	40,320	45,063	46,774	48,769	48,446	51,883

Proger Rural is a product that offers fixed loans for agricultural and cattle breeding funding, besides financial support for fixed and semi-fixed investments; And the National Family Agriculture Empowerment Program - Pronaf is aimed at the financing of agricultural activity funding. These two products added up to R$ 12,890 million at the end of December 2007, growing 15.9% in relation to the same period of the previous year, and 8.3% in relation to the previous quarter. This movement results from the seasonality of the portfolio, given the maturities of the costing operations of the 2006/2007 harvest, concentrated in July and August, and the start of contracting of the 2007/2008 harvest, at the end of the year.

FCO Rural offers a financial supplement for working capital and costs for the rural producer of the Mid-West region of Brazil. Transactions in the product grew 8.7% in the past 12 months, totalling R$ 4,055 million in December 2007.

The BNDES/Finame Rural products have the objective of financing investments in the modernization of machines and equipment intended for rural production. Operations with these products amounted to R$ 4,087 million at the end of December 2007.

The following table shows the balance of the loan transactions intended for agribusiness by item financed.

Table 34. Agribusiness Loan Portfolio by Financed Items

R$ million

							Chg.%	
Items Financed	Dec/06	Share %	Sep/07	Share %	Dec/07	Share %	on Dec/06	on Sep/07
Cattle Breeding	4,791	10.6	5,612	11.6	6,798	13.1	41.8	21.1
Soybeans	3,571	7.9	2,483	5.1	2,838	5.5	(20.5)	15.3
Corn	2,560	5.7	2,704	5.6	3,016	5.8	17.8	11.5
Sugar Cane	1,235	2.7	1,400	2.9	1,903	3.7	54.2	36.0
Machinery and Equipment	1,038	2.3	1,095	2.3	1,196	2.3	15.2	9.2
Coffee	1,038	2.3	1,238	2.6	1,318	2.5	26.7	6.2
Rice	793	1.8	882	1.8	960	1.9	21.1	8.8
Poultry	571	1.3	662	1.4	674	1.3	17.9	1.7
Fertilizers	560	1.2	546	1.1	536	1.0	(4.2)	(1.8)
Cotton	554	1.2	562	1.2	572	1.1	3.2	1.8
Manioc	491	1.1	504	1.0	517	1.0	5.3	2.6
Pork	482	1.1	544	1.1	523	1.0	8.4	(3.9)
Wheat	437	1.0	580	1.2	600	1.2	37.4	3.4
Others	26,947	59.8	29,658	61.2	30,443	58.7	13.0	2.6
Total	45,064	100.0	48,446	100.0	51,883	100.0	15.1	7.1

In its work of financing Brazilian agribusiness, Banco do Brasil reaches all the segments, from the small producer to the large agro-industrial companies. The table below reveals this work, showing that while financing mini and small producers accounts for 88.0% of the total of contracts, the transactions with the other agents show a 70.9% share of the amount financed.

Table 35. Funds Released for the 07/08 Crop by Segment

R$ million

	Qty. Contracts	Qty. Contracts - %	Amount Contracted	Amount Contracted - %
Mini	377,625	44.8	1,318	8.9
Small	364,290	43.2	2,990	20.2
Medium and Large Sized	101,036	12.0	9,907	66.8
Cooperatives	309	0.0	614	4.1
Total	843,260	100.0	14,830	100.0

Next, the Agribusiness Loan Portfolio by Funding Sources is shown.

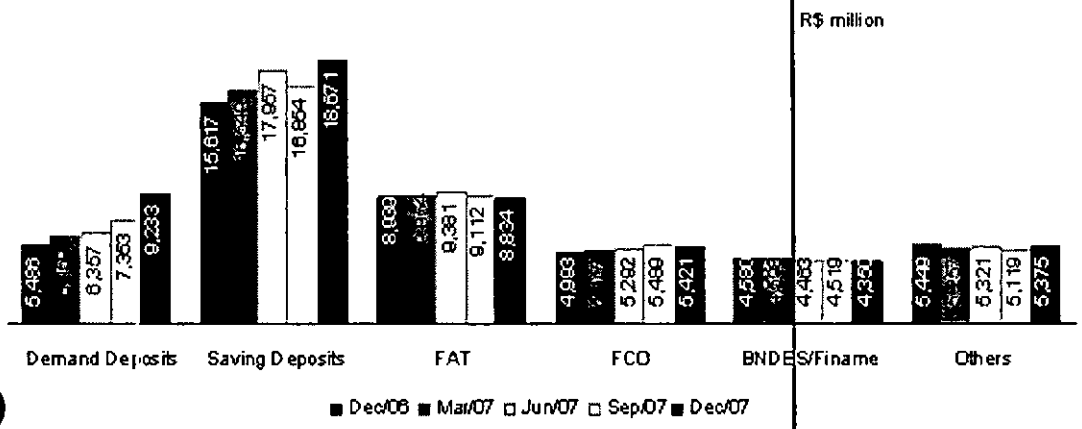


Figure 16. Agribusiness Loan Portfolio by Funding Sources

Investments in Saving Deposits, the main funding line of the portfolio, grew 19.6% in the last 12 months, reaching a balance of R$ 18,671 million in December 2007.

The Bank uses funds from Ouro savings accounts and the FAT (Worker's Support Fund) in rural financings at reduced interest rates. To make this kind of intermediation viable, the National Treasury compensates the Bank, in the form of equalization, for the difference between the funding, risks, administrative and tax costs and the amount charged to the taker of the loans. The following figure shows a history of the revenues received by way of interest rate equalization.

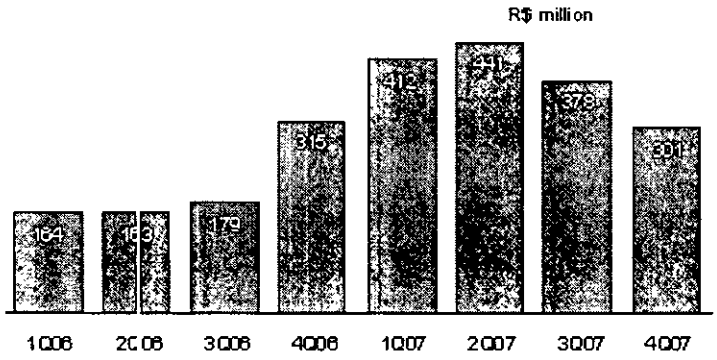


Figure 17. Equalization Revenues

Up to December 2006, the series corresponding to the installments paid to the Bank as equalization was determined with a basis on management information. As of 1Q07, said series was realigned with a basis on information obtained from accounting, aiming to evidence the true impact of this type of revenue on the Bank's income.

We can observe a decrease of R$ 13.8 million in the installments paid to the Bank by way of equalization in 4Q07 in relation to 4Q06 and of R$ 76.8 million in relation to the last quarter, compatible with the maturity of agricultural loans.

Besides the mechanisms for risk management applicable to all the Bank's loan portfolios, the Bank applies, in the management of the agribusiness portfolio, specific methods for identifying risks and minimizing losses.

The bank has Agribusiness portfolio risk mitigation mechanisms. At the end of 4Q07, 25.0% of the portfolio was protected by these mechanisms. The graph below distributes this amount in percentage, indicating that, of the total risk mitigated, third party risk and Insurance (Proagro and Agricultural Insurance) are accountable for the main part (90.4%). The remaining 9.6% are distributed between Arrangements/Plans (Associated Risk and Integration Arrangements/Plans) and Others (Futures and Options and other Mitigating Factors).

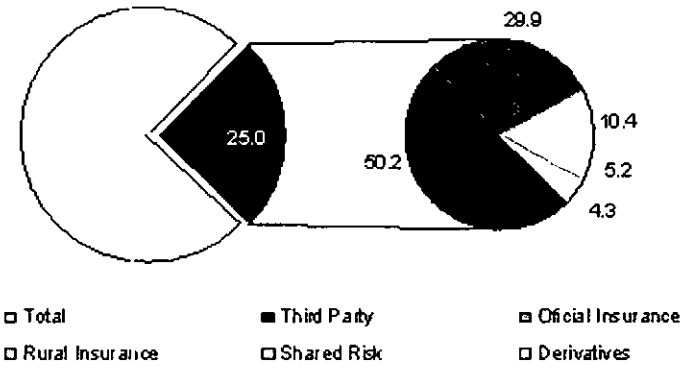


Figure 18. Risk Mitigators

Foreign Trade Loan Portfolio

In Brazil, the trade balance data in December continued to rise. Exports came to US$ 14.2 billion and imports, US$ 10.6 billion. In the YTD, they resulted in a trade balance of US$ 40.0 billion.

The export foreign exchange market traded in the country ended the year with US$ 192.5 billion, with growth of almost 30% in relation to the US$ 148.5 billion of 2006. At the Bank, the total amounts traded showed increases higher than those verified in the country export foreign exchange market: increase of 30%.

In the market of import foreign exchange traded in the country, the total volume attained US$ 107,973 billion in the YTD, with an increase of 24.6% over the same prior-year period. At the Bank, the total amounts traded also exhibited increases higher than those verified in the country foreign exchange market: increase of 26.1%.

The balance of Banco do Brasil's foreign trade loan portfolio ended 4Q07 with 11,911 million, an increase of 8.3% in relation to December 2006. Banco do Brasil has several tools for support to foreign trade, such as training programs; consulting firms that keep track of all the phases of an international operation on a step-by-step basis; the Foreign Trade Counter, a virtual environment for trade between Brazilian companies and the global market; and others.

This portfolio's main product is ACC/ACE, which accounts for 63.9% of the total. In December 2007, this modality reached a balance of R$ 7,610 million, an increase of 1.4% in relation to the same period of previous year. The volume contracted from ACC/ACE reached US$ 3.8 billion in the forth quarter of 2007, growth of 23.9% in relation to the forth quarter of 2006.

Table 36. Foreign Trade Loan Portfolio

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
ACC/ACE	6,996	7,198	7,319	7,502	8,068	7,049	7,647	7,610
BNDES Exim	1,961	2,100	2,304	2,718	2,285	3,061	3,449	3,299
Import Finance	713	867	891	766	809	852	943	970
Others	26	18	19	14	27	41	34	31
Total	9,695	10,183	10,532	11,000	11,190	11,004	12,073	11,911

The table below shows details of the ACC/ACE transactions:

Table 37. ACC/ACE Average Volume per Contract

ACC/ACE	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Volume Contracted (US$ million)	2,822	2,882	3,286	3,064	3,226	4,175	3,880	3,800
Quantity of Contracts	7,587	7,303	7,386	6,932	6,646	7,382	6,871	6,279
Average Volume per Contract (US$ thousand)	372	394	446	442	485	566	565	605

6.6 Tax Credits

In Dec/07 there was an increase of 60.7% in the inventory of Tax Credits - TC in relation to the same period of previous year, on account of the realignment of tax credits written off over the course of the lawsuit filed by the Bank, in 2Q07, relating to the full accumulated tax loss carryforward of Income Tax - IT and of negative bases of Social Contribution Tax - CS.

In 1998, BE went to court with an application for the full carryforward of accumulated tax loss of IT and of negative bases of CS. Since then, the Bank has offset these tax losses in full against income tax and social contribution taxable income and has made judicial deposits of the taxes otherwise due (on 70% of the amount offset).

In May 2007, the tax credits that had been written off since the beginning of the lawsuit were reactivated, in the sum of R$ 4,913.2 million, in contra account to the re-formation of provision relating to the portion of 70% of IT and CS, for which judicial deposits were formed.

At the end of the 4Q07, the activated tax credits are comprised of 57.8% of intertemporal differences. These differences stem from the tax legislation that does not permit the inclusion of certain expenses in the calculation basis as soon as they occur (accrual basis), but rather when they are financially settled (cash basis).

Table 38. Breakdown of Tax Credit

in million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Non-temporal Differences	6,919	7,403	7,701	7,050	7,300	7,707	7,959	7,995
Social Contribution to be Compensated	1,801	1,637	1,460	1,411	1,229	1,011	873	733
Income Tax and Social Contribution – Judicial Claim	-	-	-	-	-	4,913	4893	4,868
Others*	185	167	150	144	113	115	153	229
Total Tax Credit	8,905	9,207	9,311	8,604	8,642	13,746	13,877	13,826
Income Tax / Income before Income Tax - %	24.3	(24.4)	33.9	14.3	25.3	31.4	28.1	28.6

* Includes Tax Losses and Negative Bases and Mark-to-Market, Tax Credits Abroad and Pasep and Cofins

The figure below shows the composition of tax credit at the level of Inter-temporal Differences, of Social Contribution recoverable and IR/CS – Judicial Proceeding. The IT/LAIR ratio in December 2007 is in line with that observed in September 2007, and lower than that observed in Jun/07. In 2Q07, the calculation basis of the tax was affected by permanent additions resulting from exchange variations verified in that period.

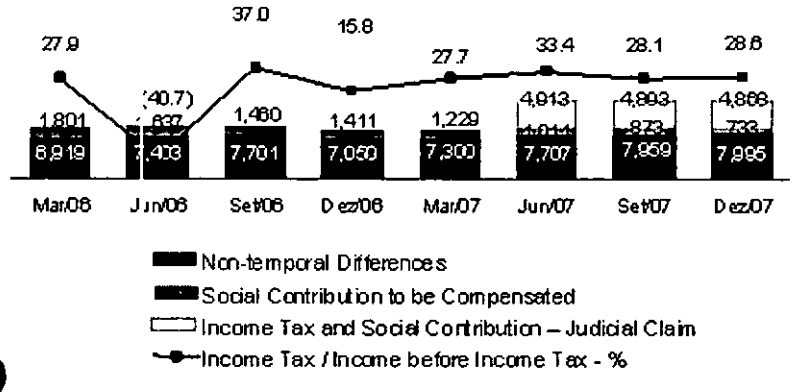


Figure 19. Breakdown of Tax Credit

In 2007, it was observed the realization of tax credits in the Multiple Bank in the amount of R$ 2,684 million,

corresponding to 134.05% of the consumption forecast of technical study carried out in 12.31.2006 (R$2,002 million).

According to the last technical study on the consumption of tax credits at the Full-Service Bank, position on 12.31.2007, the expectation of realization of nominal amounts of activated tax credits, considering the re-composition of those written off over the course of the lawsuit (70%), is projected for 5 years.

6.7 Analysis of Liabilities

The funding obtained by the Institution by means of Deposits grew 18.5% over the balance of December 2006. Demand Deposits showed an increase of 28.1%, reaching R$ 51,311 million; Saving Deposits showed an increase of 24.9%, reaching R$ 45,839 million; and Time Deposits showed an increase of 11.2%, reaching R$ 85,520 million in December 2007.

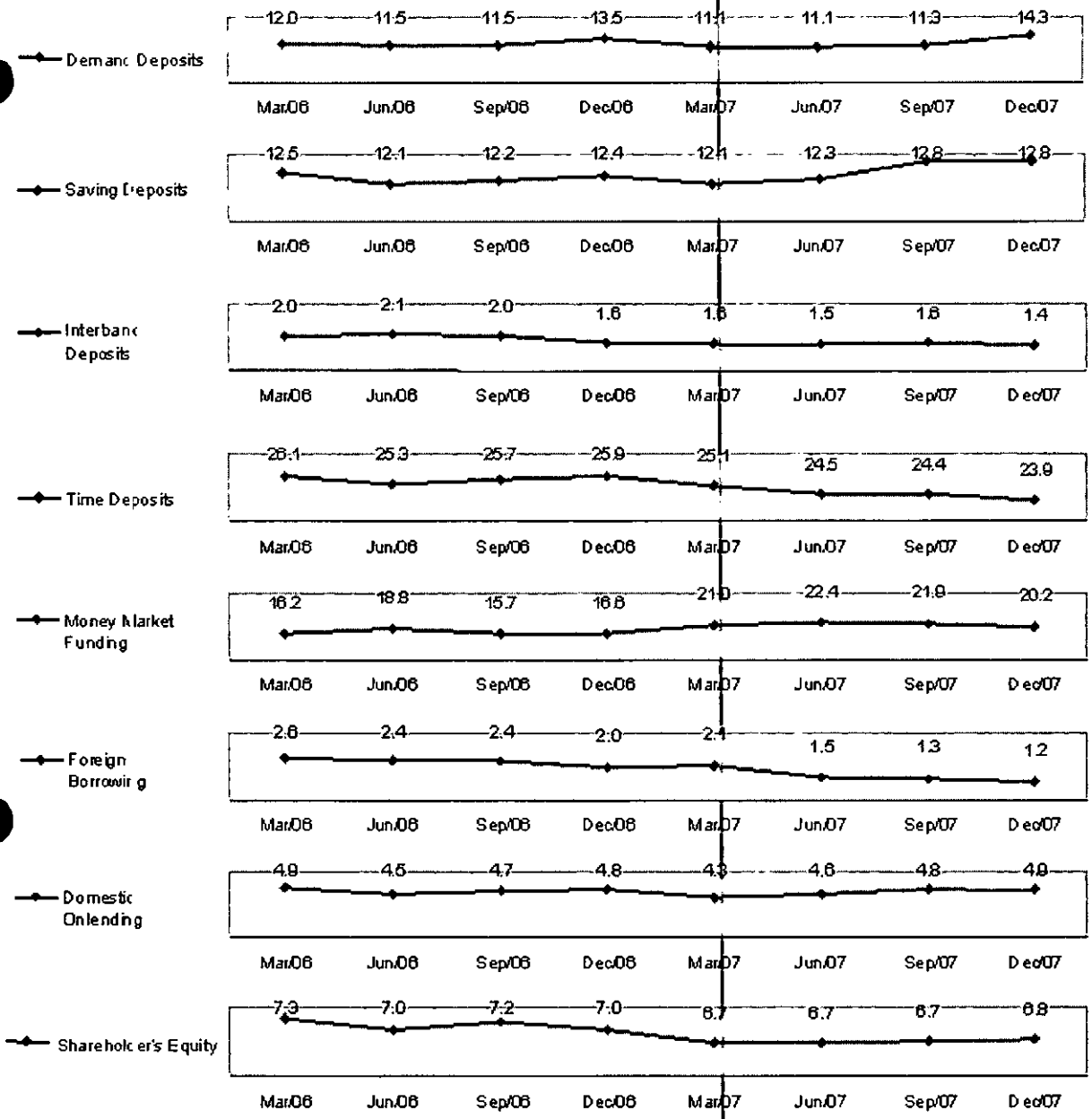
The 46.6% increase of Funds Obtained in the Open Market over December 2006 was a result of the intensification of purchase and sale commitments, and third party portfolio.

Table 39. Liabilities

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Deposits	139,195	139,939	144,902	158,941	160,663	164,545	172,180	188,282
Demand Deposits	31,878	31,363	32,448	40,059	35,588	36,841	38,712	51,311
Savings Deposits	32,975	33,215	34,447	36,714	38,942	40,831	43,831	45,839
Interbank Deposits	5,262	5,855	5,579	4,878	5,026	5,146	5,603	5,144
Time Deposits	68,948	69,377	72,271	76,900	80,860	81,427	83,640	85,520
Investment Deposits	131	129	157	289	247	300	394	468
Money Market Funding	42,758	51,496	44,309	49,283	67,639	74,719	74,845	72,270
Foreign Borrowing	6,820	6,533	6,800	6,041	6,573	4,841	4,597	4,131
Domestic Onlending	13,053	12,431	13,348	14,335	13,960	15,240	16,528	17,487
Other Liabilities	43,601	44,257	52,059	47,098	51,334	51,317	51,183	51,318
Shareholders' Equity	19,209	19,178	20,197	20,758	21,638	22,305	23,065	24,262
Total Liabilities	264,635	273,836	281,615	296,356	321,898	332,968	342,398	357,750

The following figure shows the changes in the percentage share of the main liabilities in such a way as to facilitate an understanding of the composition of the sources of financing.



6.8 Deposits and Money Market Funding

Banco do Brasil's market funding reached R$ 260.6 billion in December 2007, an increase of 25.2% in relation and of 5.5% in relation to December 2006 and September 2007, respectively. Main funding are Open Market Funding (R$ 72.3 billion) and Time Deposits (R$ 85.5 billion), corresponding to 60.7% of the total.

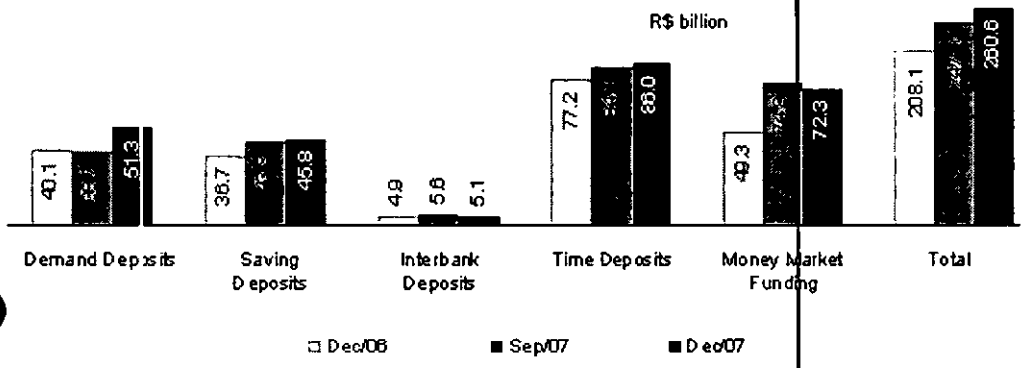
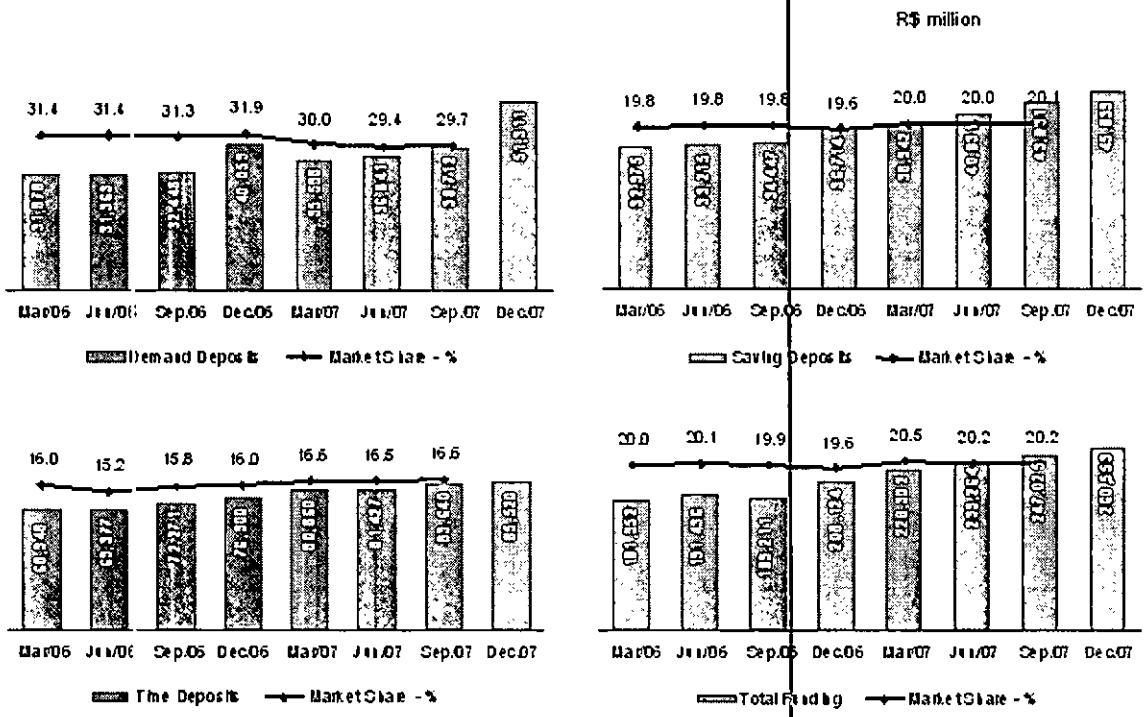


Figure 21. Deposits and Market Funding

BB's position of leadership in Market Funding shows the trust that Brazilians have in the Institution, accounting for 20.2% of the total funding of the Brazilian Banking Industry.



MD&A 4Q07

7.2.1 Market and Liquidity Risk

Introduction

BB uses statistical and simulation methodologies to measure the market and liquidity risks of its positions. The main ones are:

- Value at Risk (VaR);
- Sensitivity (parallel shift and curvature of risk factors);
- Stress test.

The Value at Risk (VaR) is a measure of maximum expected loss in monetary values, under normal market conditions, in a determined line period, with a chosen confidence interval. At BB, the VaR is measured by historical simulation methodology, with confidence interval of 95%, for a period of 1 (one) day.

The Background Simulation methodology employs interest rate changes, market indices, foreign exchange rates, shares, and commodities. This methodology undergoes a process of backtesting, which consists of comparing the distribution of the values calculated with the financial results actually occurred.

With a view to determining the sensitivity of the Bank's capital to the impacts of extreme market movements, stress scenario tests are carried out. These scenarios are constructed from shocks in the market, and are based on significant historical moments or forecast economic-financial scenarios.

Building the scenarios is the responsibility of the Scenarios Commission, under the coordination of the Bank's economics area.

Policies

The Policy on Market and Liquidity Risk and the Policy on the Use of Derivative Financial Instruments approved by the Board of Directors, are part of the strategic documentation regarding the institution's market and liquidity risk management.

These documents are intended to establish guidelines to be complied with in the company's business decisions involving market and liquidity risk, dealing with quantitative aspects as well as the metrics used and the interest rate risk reference parameter, and also qualitative aspects such as the hedging policy, scope of management, and segregation of functions.

Structure

Pursuant to Resolution 3464 dated June 26, 2007, every financial institution should put into practice a market risk management structure segregated from the business units and the internal audit activity unit, and compatible with the nature of the transactions, the complexity of the services, and the institution's degree of market risk exposure.

The Bank has a market risk management structure represented by the Risk Management Directorate (DIRIS), compatible with the Bank's nature of transactions, and totally segregated from the business units and the Internal Audit unit.

The following table outlines the key responsibilities by DIRIS for market risk management.

Risk Management Directorate
Policies and Guidelines;
Methodologies;
Measuring;
Management;
Limits;
Capital requirement.

Figure 31. Responsibilities by Diris

Foreign Exchange Exposure

Banco do Brasil adopts the policy of foreign currency exposure so as not to generate capital requirement for its coverage. However, recent regulations published by the Central Bank may imply in the use of capital in connection with this exposure, without any existing exchange mismatch in the company's consolidated balance sheet.

Below, we present the management statement of foreign currency assets and liabilities, position at 12/31/2007:

	R$ thousand		R$ thousand
ASSETS	36,023,138	LIABILITIES	33,957,245
Current and Long-term Assets	35,909,725	Current and Long-term Liabilities	33,952,337
Avaiable Funds	307,989	Deposits	15,158,752
Short-term Interbank Investments	7,670,993	Demand Deposits	3,202,093
Securities	4,405,390	Saving Deposits	-
Interbank Accounts	-	Interbank Deposits	3,955,984
Intrabank Accounts	-	Time Deposits	8,000,682
Loans/Leasing	14,935,718	Money Market Borrowing	4,871,507
Other Assets	8,589,636	Funds from Acceptances and Securities Placed	1,297,158
Permanent	119,412	Interbank Accounts	-
Investiments	45,918	Intrabank Accounts	1,725,241
Property and Equipment	69,656	Borrowing/Onlending	2,833,947
Leasing Asset	-	Financial Derivatives	479,045
Deferred	3,838	Other Accounts Payable	7,586,788
		Unearned Income	4,907
		Shareholder's Equity	-
OTHER ASSETS AND LIABILITIES			
Off Balance	-	Off Balance	3,406,813
TOTAL ASSETS	36,023,138	TOTAL LIABILITIES	37,364,058
		NET VALUE	1,340,920

Figure 32. Foreign Exchange Exposure

The Banco do Brasil's FX exposure, calculated according to the Central Bank rule 3,367, from 12 of September 2007, was R$ 1,104 million on 12,31,2007.

The chart that follows shows the behavior of Banco do Brasil's foreign exchange exposure since January 2007, in relation to the referential shareholders' equity:

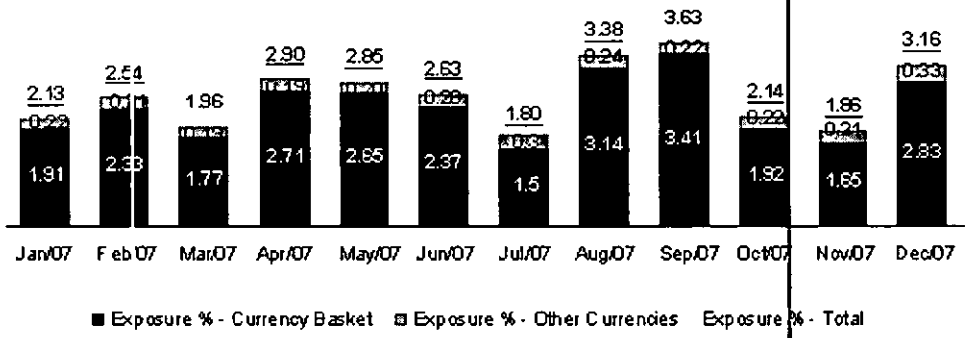


Figure 33. Changes in FX Exposure

Balance Sheet by Index

Banco do Brasil manages its expositions in a consolidated manner, analysing the impacts of several scenarios and stress tests. We present below the composition of assets and liabilities of Banco do Brasil in the country, detailed by index:

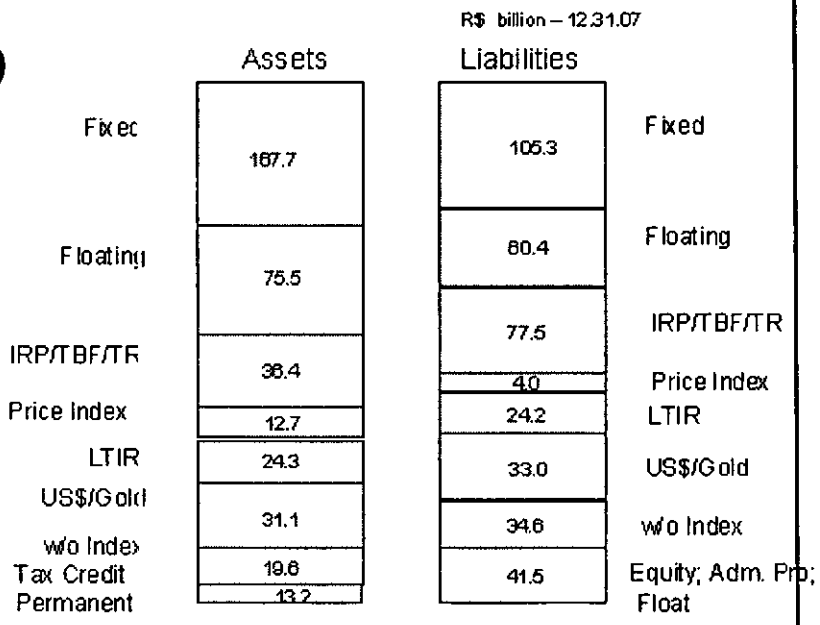


Figure 34. Balance Sheet by Index

The chart below shows Banco do Brasil's net mismatches, by index in Brazil.

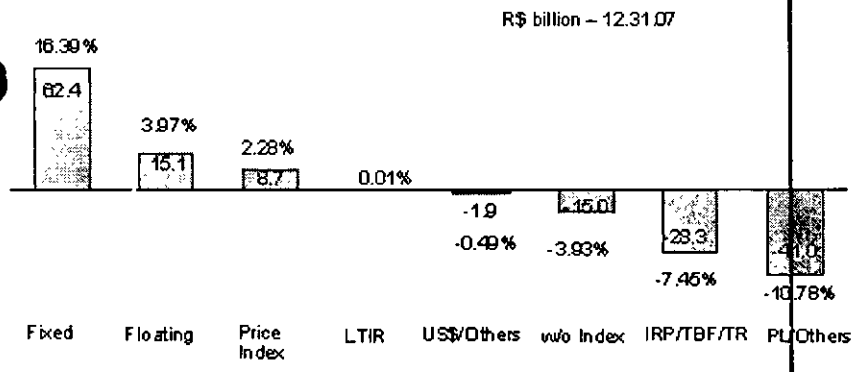


Figure 35. Mismatch Gaps by Index

Consolidated BB Portfolio

The consolidated portfolio of Banco do Brasil is formed by asset and liability positions, comprised of commercial and treasury operations, including derivative financial instruments, recorded in the consolidated balance sheet of the BB Group.

The illustration below shows a Box-Plot analysis of the BB Consolidated Value at Risk (VaR) since the first quarter of 2006.

BB Consolidated	Minimum	Average	Maximum
VaR R$ thousand	90,982	214,243	322,112

Table 43. Value at Risk (VaR) of the BB Consolidated between January and December 2007

BB Consolidated	Minimum	Average	Maximum
VaR R$ thousand	79,636	109,582	138,395

BB Foreign Network

The consolidated portfolio of the Abroad Network is made up of the positions of assets and liabilities, comprising commercial, financial, derivative and securities transactions, recorded in the balance sheets of Banco do Brasil's units located abroad.

The illustration below shows a Box-Plot analysis of the Consolidated Abroad Network's VaR since the first quarter of 2006.

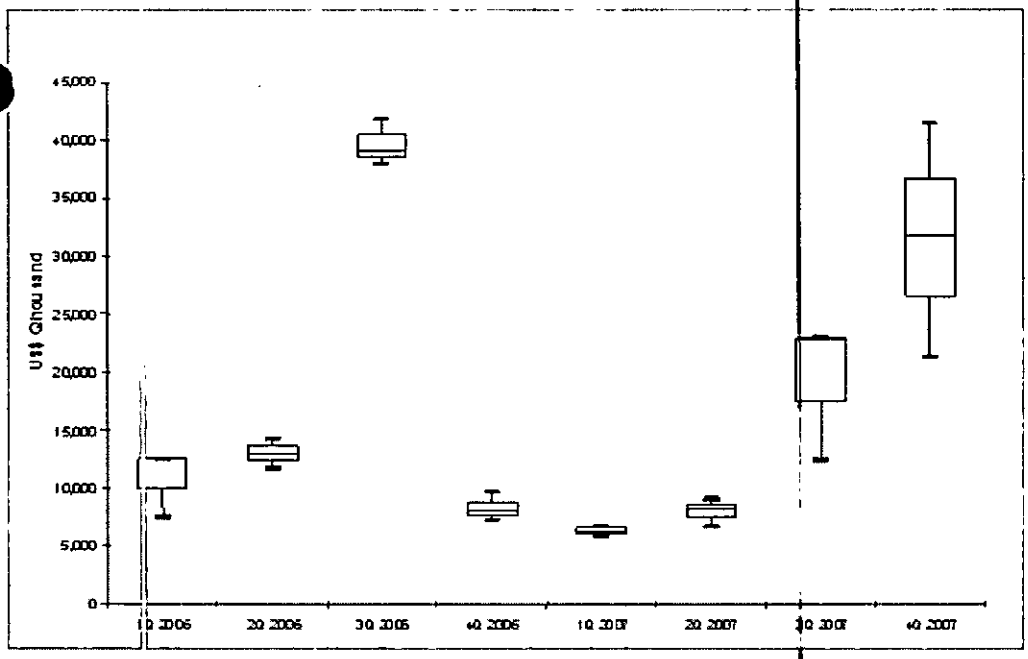


Figure 37. Consolidated Abroad Network's VaR

The following tables describe the Abroad Network's minimum, average, and maximum VaR for the following periods:

Table 44. Abroad Network's VaR between January and December 2006

Abroad Network	Minimum	Average	Maximum
VaR in US$ thousands	7,252	17,968	41,847

Table 45. Abroad Network's VaR between January and December 2007

Abroad Network	Minimum	Average	Maximum
VaR in US$ thousands	5,861	16,321	41,515

BB Fixed Interest Rate Portfolio

The risk management strategy for the set of Real-denominated operations and remunerated at pre-fixed interest rates establishes the VaR limit definition for corrected cost portfolio, which is composed by products accounted for by the corrected cost value. The products accounted for by the market value are managed by means of Domestic Treasury specific-portfolio limits.

The VaR methodology used in managing and accompanying the limits of these portfolios is the same as defined by the Brazilian Central Bank, through Circular 2,972 of 03.23.2000, that is, a 99% confidence level for the period of 10 days and the allocation of the marked-to-market values by standard vertices.

The illustration below shows a Box-Plot analysis of the BB Consolidated fixed interest rate portfolio's VaR since the first quarter of 2006.

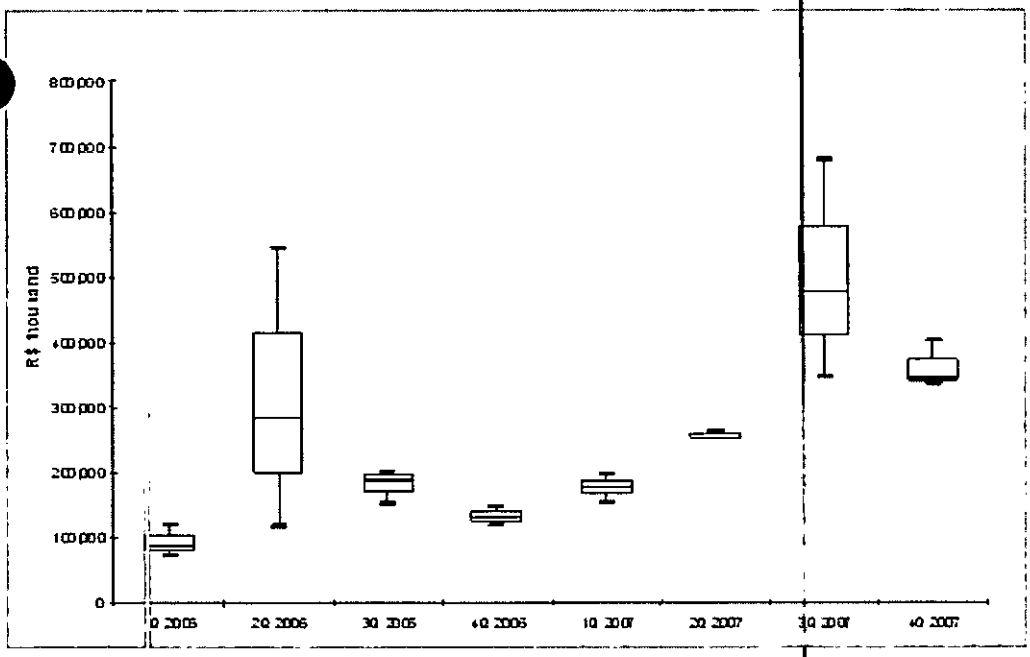


Figure 38. Fixed Interest Rate Portfolio's VaR

The following tables describe the Fixed Interest Rate Portfolio's minimum, average, and maximum VaR for the following periods:

Table 46. Fixed Interest Rate Portfolio's VaR between January and December 2006

Prefixed	Minimum	Average	Maximum
R$ thousand	72,633	181,027	546,476

Table 47. Fixed Interest Rate Portfolio's VaR between January and December 2007

Prefixed	Minimum	Average	Maximum
R$ thousand	155,572	324,421	680,701

BB International Trading For the purposes of management, Banco do Brasil segregates the trading transactions from the others, establishing specific strategies and limits. The diversification effect shows the risk reduction of the portfolio arising from the correlations between the assets that it comprises.

The illustration below shows a Box-Plot analysis of the International Trading portfolio's VaR since the first quarter of 2006.

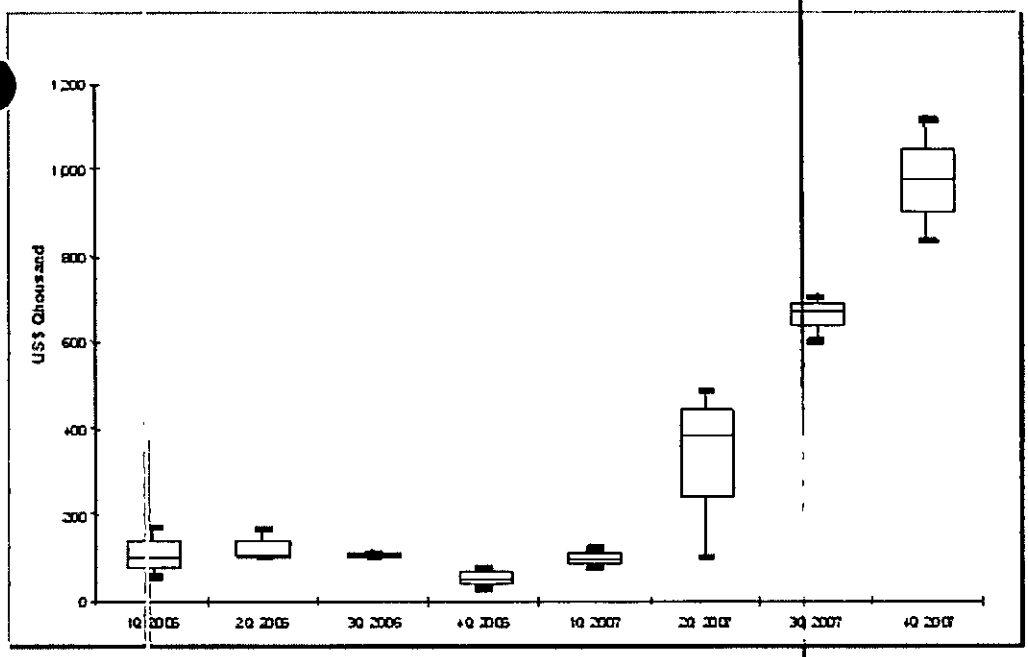


Figure 39. VaR for the International Trading portfolio

The followir g tables describe the International Trading portfolio's m nimum, average, and maximum VaR for the periods shown:

Table 48. VaR for the International Trading portfolio between January and December 2006

Trading	Minimum	Average	Maximum
Internationa l in US$ thousands	34	102	173

Table 49. VaR for the International Trading portfolio between January and December 2007

Trading	Minimum	Average	Maximum
Internatior al in US$ thousand	83	518	1,114

BB Domestic Trading

The illustrat on below shows a Box-Plot analysis of the Domestic Trading portfolio's VaR since the first quarter of 2006.

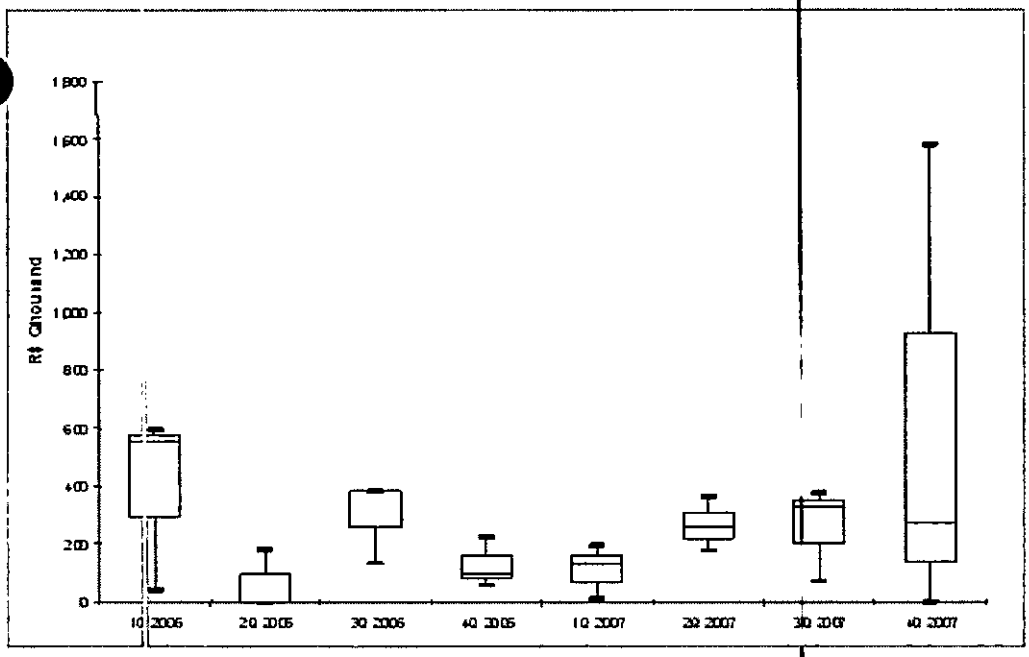


Figure 40. VaR for the Domestic Trading portfolio

The following tables describe the Domestic Trading portfolio's minimum, average, and maximum VaR for the following periods:

Table 50. VaR for the Domestic Trading portfolio between January and December 2006

Trading	Minimum	Average	Maximum
Domestic R$ thousand	0	192	598

Table 51. VaR for the Domestic Trading portfolio between January and December 2007

Trading	Minimum	Average	Maximum
Domestic R$ thousand	0	218	1,584

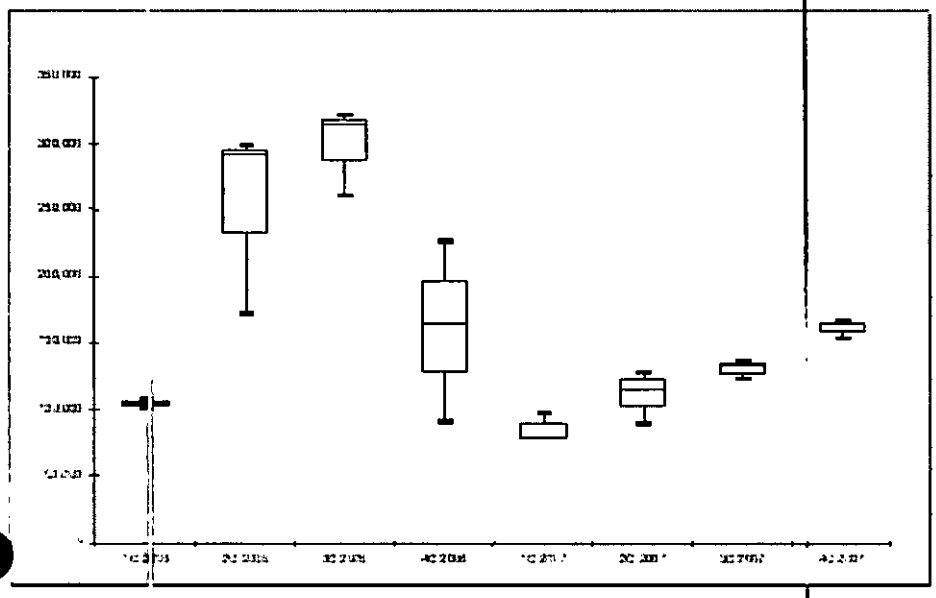


Figure 36. BB Consolidated VaR

The following tables describe the BB Consolidated minimum, average, and maximum VaR for the following periods:

Table 42. Value at Risk (VaR) of the BB Consolidated between January and December 2006

7.1.1 Exposure to Risks

Changes in the international financial environment, such as integration among markets by means of the globalization process, the appearance of new transactions and products, the increase of technological sophistication and new regulations made activities and financial processes and their risk increasingly complex.

In addition, the lessons which arose from the financial disasters such as the Metallgesellschatt Group and Barings, contributed to show the basic need for risk management in the banking industry.

These factors influenced the regulating bodies and financial institutions to invest in risk management, with a view to upgrading the financial strength of banks and prevention against hazardous effects to the financial system.

Aligned with this perspective, Banco do Brasil defined the main risks to which it is exposed and established specific areas for their tracking and management. The main categories are:

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

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.

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

Operating Risk: defined as the possibility of loss resulting from faults or inadequate actions of people, faults of inadequacies of internal processes and systems or arising from external events, including legal risk.

Legal Risk: possibility of loss resulting from fines, penalties or compensation, resulting from lawsuits of supervision and control bodies, as well as loss resulting from an unfavorable decision in lawsuits or administrative proceedings.

Panorama Risk: possibility of loss arising from changes observed in the political, cultural, social, economic or financial conditions of Brazil or of other countries.

a) Strategic Risk - risk of loss due to the failure of strategies adopted, taking into account the dynamics of business and of competition, political alterations in the country and outside it and alterations in the national and world economy.

b) Country Risk - risk of loss due to political, cultural, social, financial/capital flow/or economic alterations in other countries with which there is some kind of economic relationship, particularly investments.

c) Systemic Risk - risk of loss due to financial difficulties of one or more institutions that provoke substantial damage to others, or discontinuation of the normal running of operations of the National Financial System - SFN.

Image Risk: possibility of loss resulting from the institution having its name sullied with the market or authorities, due to negative publicity, whether true or not.

7.1.2 Corporate Governance of Risks

The risk governance model adopted by BB involves a structure of committee and subcommittees, with the participation of several areas of the Institution, contemplating the following aspects:

a. Segregation of duties: business x risk;
b. Specific structure for risk appraisal/management;
c. Defined management process;

d. Decisions at several hierarchical levels;
e. Clear rules and structure of spheres of authority;
. Reference to best management practices.

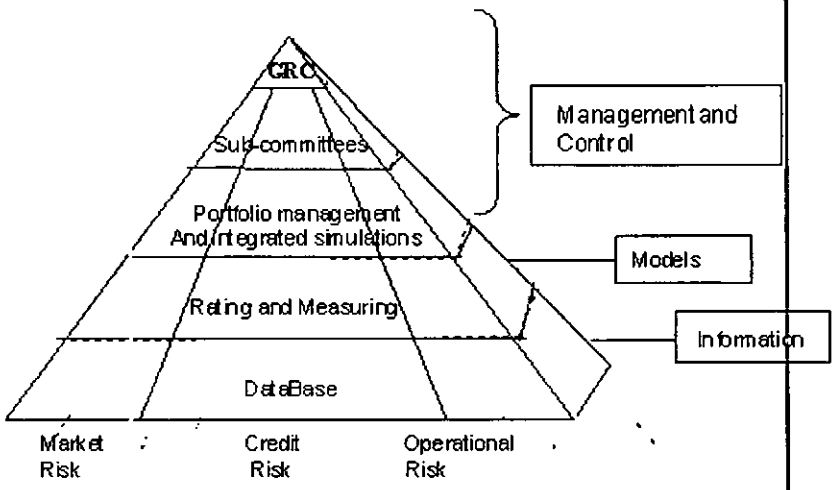


Figure 23. Governance Structure

All decisions relating to risk management are made in a collegiate manner and in accordance with the guidelines and rules of BB.

The risk governance of Banco do Brasil, covering the Multiple Bank and its Wholly-Owned Subsidiaries, is centralized in the Global Risk Committee - GRC, formed by the Steering Committee, with the main purpose of establishing the strategies for risk management, global limits of exposure to risks and levels of compliance and allocation of capital depending on the risks.

Aiming to confer agility to the management process, the bank created Subcommittees of Credit Risk (SCR), of Market and Liquidity Risk (SMLR) and of Operating Risk (SOR), which decide and/or instrumentalize GRC, have decision-making power by delegation.

The Risk Management Directorate - RMD, linked to the Vice-Presidency of Credit, Controller's Department and Global Risk, is accountable for the management of market, liquidity, operational and credit risks. This integration promotes synergy of processes and specialization, contributing to better capital allocation, and adhering to the Basel II.

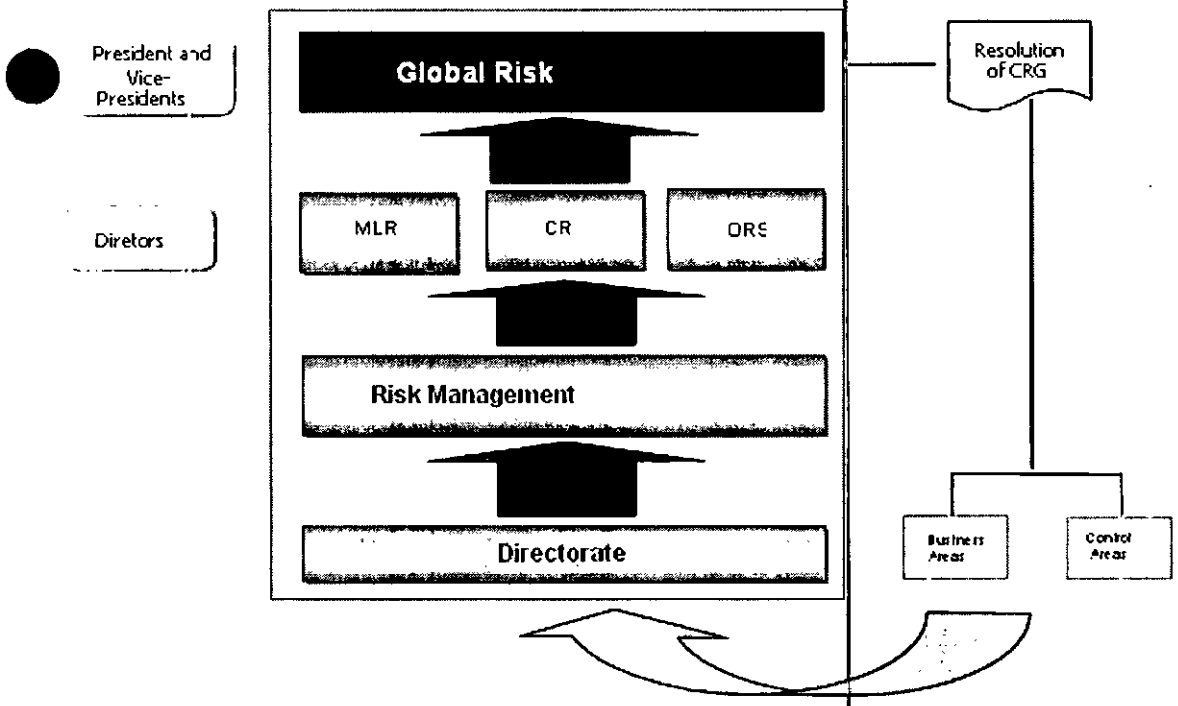


Figure 24. The Structure and the Process of Risk Management

Decisions are communicated to the intervening areas by means of resolutions that objectively express the standpoint adopted by Management, guaranteeing application at all levels of the Bank.

Risk management reports provide support to risk decisions in the sub-committees, Global Risk Committee, Senior Management, and Board of Directors. These reports are prepared every month and offer qualitative and quantitative managerial information on the Bank's exposure to risk.

The interna reports assist in disclosing information to the market, such as the Management Report and the Performance Analysis Report.

7.1.3 Risk Management Process

The risk management process involves a continuous flow of information, observing the following phases:

a. Preparation: fact finding and analysis phase. Steps for handling the risks are analyzed and proposed in this stage for discussion and resolution in the subcommittees, and if necessary, for subsequent discussion and resolution in CRG;

b. Decision: decisions are made in a collegiate fashion at the competent levels and are communicated to the intervening areas;

c. Execution: the intervening areas implement the decisions made;

d. Tracking/Management: control of the fulfillment of resolutions and their impacts on BB by the Risk Management Directorate, communicating the status of these actions to the competent forum (subcommittee or CRG). Control over these decisions and reporting to the sub-committees/GRC assist in improving the management process.

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7.1.4 The Basel Accord

The Basel Committee

In 1973 the world financial market was undergoing a moment of intense volatility due to the end of the International Monetary System, based on fixed foreign exchange rates Free-floating rates require steps likely to minimize the

system's risks.

Weakness reached its critical point in 1974, with disturbances in international markets, such the failure to settle exchange contracts caused by the insolvency of Bankhaus Herstatt in Germany.

By the end of that year the bodies responsible for banking supervision in the G-10 countries decided to create a Committee for Bank Regulation and Supervisory Practices, based in the Bank for International Settlements - BIS, in Basel, Switzerland. Hence the name of Basel Committee.

The Committee is composed of central bank representatives and by officials with formal responsibility over banking supervision in the G-10 member countries. This Committee discusses issues in connection with the banking industry, with a view to improving the quality of bank supervision and to strengthening the international banking system's security.

The Basel Committee has no formal authority for supranational supervision, but its purpose is to induce conduct by the G-10 member countries. When these submit to guidance, they will be contributing towards improved practices in the international financial market.

Basel I

In July 1988 following an intense discussion, the Basel Accord was signed, defining mechanisms for measuring credit risks and establishing minimum capital requirements to support risks. This Accord is currently known as Basel I.

The Accord's objectives were to reinforce the international banking system's solidity and stability and to minimize competitive differences among internationally active banks. These differences were a result of different rules and minimum capital requirements by national regulating bodies.

The 1988 Basel Accord defined three concepts:

Regulatory Capital - the amount of equity capital allocated to cover risks, considering parameters defined by the regulator;

· Risk Weighting Factors for Assets - the exposure of assets to Credit Risks (in and out of the balance sheet) are measured through different established weights, considering chiefly a borrower's profile; and

· Minimum Equity Capital Index to Cover Credit Risks (Basel Ratio or BIS Rate) - the quotient between regulatory capital and assets (in and out of the balance sheet) weighted according to risk. If the sum found is equal to or above 8%, the bank's capital level is adequate to cover the Credit Risk.

The 1996 Market Risk Amendment

The step forward obtained by Basel I in terms of a regulatory milestone and capital requirements to support Credit Risk is undeniable. However, a number of criticisms arose, making it necessary to improve that document within the scope of the Basel Committee. Among such adjustments can be found the need to allocate capital to cover Market Risks.

Hence, on January 1996 an addendum to Basel I was published, known as the Market Risk Amendment, and with the following relevant aspects:

· Increased controls over risks incurred by banks;

· Extension of the requisites defining minimum (or regulatory) capital, in order to reflect Market Risk;

· The possibility of using internal measurement models to quantify risks, provided they are approved by the local regulators.

Basel II

Since the creation of the Basel Committee in 1974, bank regulations have increasingly shown expressive advances. Hence, on June 2004 the Committee disclosed the New Capital Accord, commonly known as Basel II, with the following objectives;

· To promote financial stability;

· To strengthen institutions' capital structure;

· To encourage the adoption of better risk management practices; and

· To encourage greater market transparency and discipline.

Basel II proposes a more flexible outlook for capital requirements and a more comprehensive one with regard to strengthened bank supervision, and encouragement of greater transparency in the disclosure of market information, based on three basic assumptions:

· Cornerstone I - strengthening of the capital structure of institutions;

· Cornerstone II - encouragement of the adoption of best risk management practices, and;

· Cornerstone III - reduction of the asymmetry of information and favoring of market discipline.

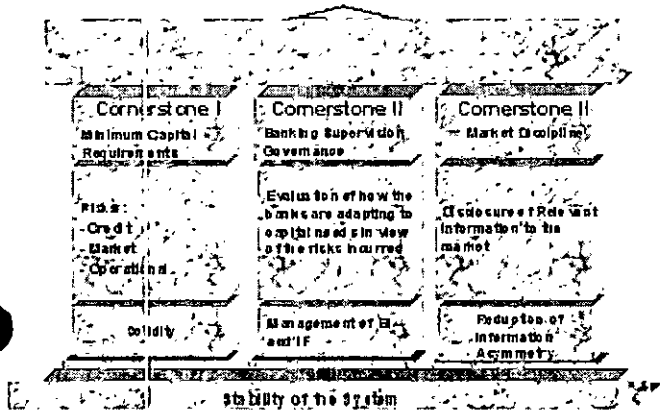

Figure 25. Cornerstones of Basel II

Cornerstone I - Capital requirement

Cornerstone I defines the treatment to be provided for purposes of determination of the capital requirement in view of the risks incurred in activities developed by financial institutions. In relation to the Agreement of 1988, Basel II introduces the requirement of capital for operating risk and optimizes the discussion concerning credit risk.

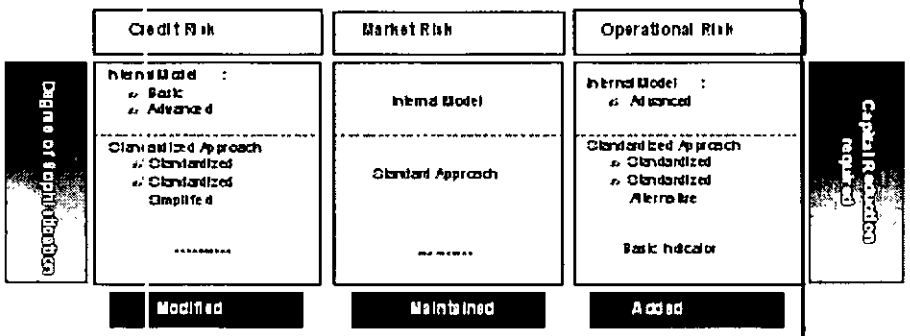

Figure 26. Allocation of capital

Basel II stimulates the adoption of proprietary models for measuring risks (credit, market and operating), with differentiated degrees of complexity, subject to approval by the regulator, and possibility of benefits of capital requirement reduction benefits on account of the adoption of internal approaches.

Credit Risk

The approaches to measuring Credit Risk, according to the New Accord, are classified in two types: standard and based

on internal ratings - (Internal Ratings Based - IRB). The latter is divided into basic IRB and advanced IRB.

The Standard Approach

The standard approach is defined as the review/improvement of the method proposed in the 1988 Accord, which established risk weighting factors for assets.

In this approach the risk weighting factors (RWF) are based on risk ratings derived from analyses performed by external credit rating institutions (External Credit Assessment Institution - ECAI), with a view to improving the quality of risk perception and avoiding excessive complexity in the method.

In this respect, a review was performed on the treatment to country, company, and bank exposure. However, the majority of financial institutions should apply the simplified standard approach, which consists in improving the current approach by adding items which would provide a greater degree of sensitivity to risks, with the consequent review of risk weighting factors.

In Brazil, the CENTRAL BANK'S Communiqué no. 12,746 dated December 9, 2004 informed that it The Internal Ratings Based - IRB Approach.

The IRB approach provides a conceptually similar treatment to the standard method when dealing with bank exposure, but with a greater degree of risk sensitivity. Calculation of capital requirements should consider the following risk components:

· PD (Probability of Default), also known as EDF - Expected Default Frequency, is the likelihood of a certain customer going into default; It should take into account a customer's nature and is associated with a customer's rating;

· LGD (Loss Given Default), also known as LOD (Loss Owing to Default), is a predictive measure that informs how much is actually not recovered when a customer goes into default; When calculating this measure, an estimate should be taken into account of how much is recovered of a debt in arrears, less the costs in the recovery procedure;

· EAD (Exposure at Default), also known as Exposure at the Moment of Default, considering that a customer tends to increase its indebtedness when approaching a situation in which it will be unable to meet its obligations, this component demonstrates the sum (actual + potential) of its indebtedness at the time of default;

· M (Effective Maturity) is the term to the transaction's maturity, and may be adjusted according to cash flow or a regulator's criteria.

The Basic IRB Approach

In this approach, financial institutions should estimate internally the probability of default (PD) associated with the borrower's class; the other risk components will be made available by the supervisory authority.

The Advanced IRB Approach In the advanced IRB approach, financial institutions should use internal estimates for all the risk components: PD, LGD, EAD, and M.

The Retail Exposure IRB Approach

In the retail exposure IRB approach, there is no "basic" or "advanced" rating, but one sole approach in which financial institutions use internal estimates for the risk components only: PD, LGD, and EAD.

The illustration below shows how Credit Risk Cornerstone I is structured:

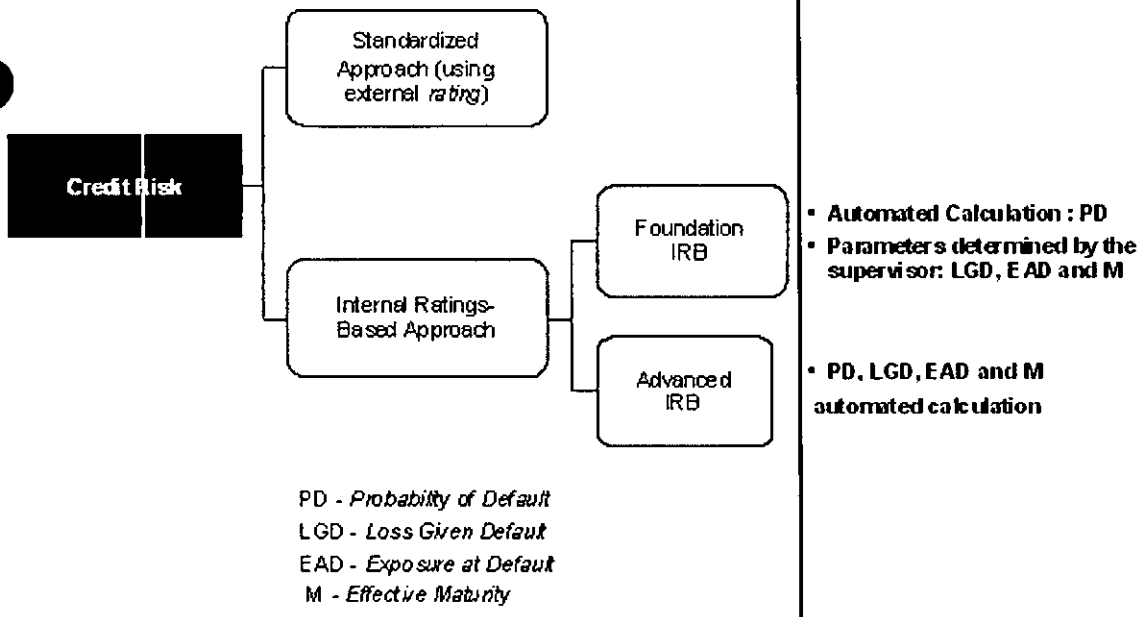

Figure 27. Cornerstone I – Credit Risk

Cornerstone I – Market Risk

On January 1996 the Basel Committee published its Market Risk Amendment regulating the capital requirements to cover Market Risks, which had not been considered when the Basel Accord was published in 1988.

Basel II introduced the contents of the Market Risk amendment, preserving the methodologies in force at the time. Market Risk calculation methodologies are divided into a Standard Model and an Advanced Model.

The Standard Model is sub-divided into four risk classes: Shares, foreign Exchange, Commodities, and Interest Rates, with specific simplified calculations for each class.

The Advanced Model is based on a statistical methodology known as Value at Risk (VaR).

To use this model, banks should meet a number of qualitative and quantitative prerequisites, which we list below:

Qualitative Aspects:

· Segregation of the Risk Management area from the business area;
· Direct reporting to senior management; · Backtesting;
· Senior management actively involved in Risk Management;
· A risk measuring model integrated to day-to-day measurement;
· Exposure limits and performance analysis adjusted to risks;
· Strict stress tests; · Documented policies and procedures; and
· Independent audits of the risk management systems and the business areas.

Quantitative Aspects:

· VaR calculated on a daily basis;
· Reliability Interval; 99%; · Timeline: 10 business days;
· Background of not less than one year; and
· Capital Requirements: Maximum value of the previous day's VaR and the average of the last 60 VaR readings, multiplied by a factor between 3 (minimum) and 4 (maximum), according to the VaR concurrence model.

Cornerstone I - Operating Risk

According to the complexity of the events that create risk owing to the variety of their causes, Basel II proposes the following approaches for measuring this:

· The Basic Indicator;
· Standard;
· Alternative Standard; and
· Advanced.

The first three approaches are known as synthetic, as capital requirements are estimated based on aggregate data, without identifying the loss events individually. The Advanced Approach (Internal Model) is of an analytical nature, as it provides greater knowledge of an institution's risk profile and improved adequacy to the quality of controls.

The Basic Indicator Approach - BIA

A fixed 15% rate (a) is applied to the average Gross Income for the last three years. Gross revenues are obtained by adding Income from financial intermediation and Banking service fees.

The Standard Approach - STA

This is similar to the Basic Indicator approach as to the use of gross income figures. Yet, it defines the beta parameter, from 12% to 18%, to calculate the capital requirements applicable to eight lines of business. The table below details the eight lines of business and the percentage defined for each factor.

Table 41. Cornerstone I – Operational Risk

Line of Business	Components	Activities	β Factor
Corporate Finance	Acquisitions, Mergers, Privatizations, and Restructuring	Counseling and placing bonds	18%
Trading	Result of bonds and securities, commodities, shares, and derivatives	Wholesale brokerage and market positioning	18%
Retail banking	Retail, private banking, and credit cards	Sale of miscellaneous banking products and services to individuals and small and medium businesses	12%
Commercial banking	Commercial banking	Project Finance and loans to medium and small businesses	15%
Payment and settlement	Third-party payments and settlements	Document processing	18%
Agency Services	Agency Services, safekeeping agents, and trusts	Safekeeping of securities	12%
Asset management	Discretionary and Non-discretionary funds	Investment fund management	12%
Retail Brokerage	Retail brokerage	Retail security brokerage	12%

The Alternative Standard Approach - ASA

The Alternative Standard approach is similar to the Standard approach, save for the "Commercial Bank" and "Retail Bank" lines of business, as the use of gross income in lines of business sensitive to interest rates is likely to distort results in unstable rate environments, in which spreads are relatively high. Hence, in the case of these two lines of business, capital requirements will be equal to the last three years' average volume of loans and advances, multiplied by a factor "m' equal to 0.035 and by the beta defined in the standard approach. In the remaining lines of business, the

same criter a as in the standard approach are used.

The Advanced Approach - AMA

Capital requirements are based on risk measurement models developed internally, for which banks will have to comply with quantitative and qualitative enabling criteria that will ensure the integrity and solidity of the measurement model employed. Use of the AMA is subject to a supervisor's approval (the approval process for using internal models, pursuant to the CENTRAL BANK'S Communiqué 16,137, should begin in 2011, for implementation in 2013).

Cornerstone II - Governance and the Supervision Process

The supervision process specifies risk management rules, and four essential principles were established for supervision review which evidence the need for banks to assess the adequacy of capital in relation to risks assumed, and for supervisors to review their strategies and adopt pertinent attitudes in the light of these assessments. These are:

The 1st Principle: banks should adopt a procedure to estimate their adequacy of capital in relation to their risk profile, and should have a strategy for preserving their adequate capital levels.

The 2nd Principle: Supervisors should assess strategies, adequacy estimates, and the ability of banks to monitor and assure their compliance with minimum capital requirements;

The 3rd Principle: supervisors expect and can require that banks operate above the minimum capital requirements;

The 4th Principle: supervisors may intervene in advance and require quick action by banks, if their level of capital is below the minimum level.

In accordance with Cornerstone II, Senior Management is responsible for the risk exposure strategy and for compatible capital levels. The key features of the existence of a strict assessment procedure in connection with the adequacy of capital should involve:

· Supervision by the bank's Senior Management and Board of Directors;
· A solid assessment of the capital requirements in order to support business risks;
· A comprehensive risk assessment;
· Monitoring and publishing reports;
· Internal control review.

Cornerstone II emphasizes the need for banks to have an adequate volume of capital in order to support all the risks involved in the business; Capital should not be seen only as the sole option employed by regulators to deal with risk issues, but also internal controls and risk management procedures which may result insufficient or inadequate. Other means may be employed to deal with risk management, such as the adoption of internal exposure limits, strengthening of the level of provisions and reserves, and improvement of internal controls in general.

Cornerstone III - Market Discipline

This represents the list of requirements for disclosing information, allowing market participants to assess essential information contained in the structure, in measuring capital, in risk exposures, in the risk management procedures, and also in an institution's capital adequacy.

Cornerstone II is based on four classes/divisions:

a) Scope of application - represents the relation between the Bank's recommendations and structure;
b) Capital - demonstrates the bank's ability to absorb occasional losses;
c) Risk exposure - shows the aids to assess risk intensity and how to assess these;
d) Capital adequacy - Makes possible a judgment of the sufficiency of capital in the light of the risks incurred.

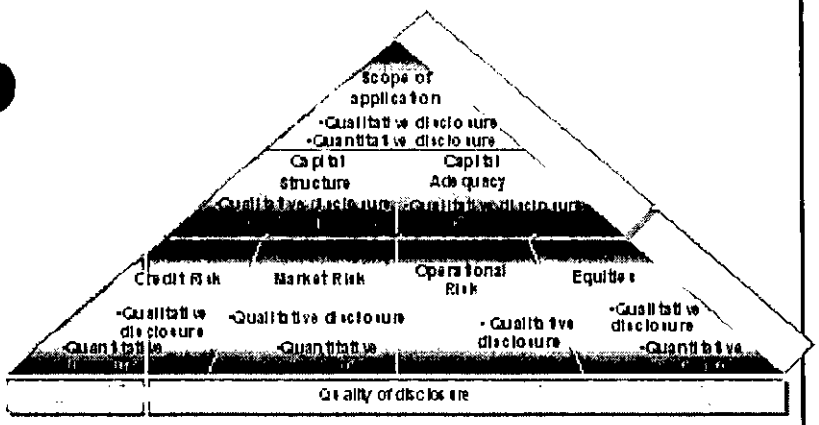

Figure 28. Cornerstone III – Market Discipline

This third Cornerstone aims at supplementing the minimum capital requirements (Cornerstone I) and the procedure for the review of supervision (Cornerstone II). This means that with the development of rules to encourage and require greater levels of information with regard to the risk profile and the level of bank capitalization, market participants will feel encouraged to inspect banks.

The use of certain transparency levels will be an essential condition for the accreditation and enabling of financial institutions in an approach to a specific capital assessment. The internal ratings systems' structure and the procedure to manage and recognize Credit Risk mitigation are examples of qualitative information disclosure.

In order to assure compliance with transparency, Basel II provides that supervisors should employ persuasion instruments, which range from discussions with bank managers and financial fines, according to disclosure deficiency in question.

Under this format, the role of regulators becomes relevant when accessing and assessing the attitude of banks in the light of their risk exposure, with emphasis on their supervisory function. By encouraging disclosure of information, Basel II seeks to emphasize the power to assess and act by market participants.

Basel II in Brazil

Agenda

Implementation of Basel II in Banco do Brasil is being undertaken by the Risk Management department (DIRIS), the area in charge of coordinating and preparing compliance with Basel II requirements.

Initially DIRIS performed an analysis of the New Capital Accord, with the intention of detecting gaps in order to meet the new requirements in a satisfactory manner.

Four hundred and seven actions relating to the Credit, Operating and Market risks were identified and listed. The analysis and discussion of the actions in the internal sphere was followed by the implementation phase.

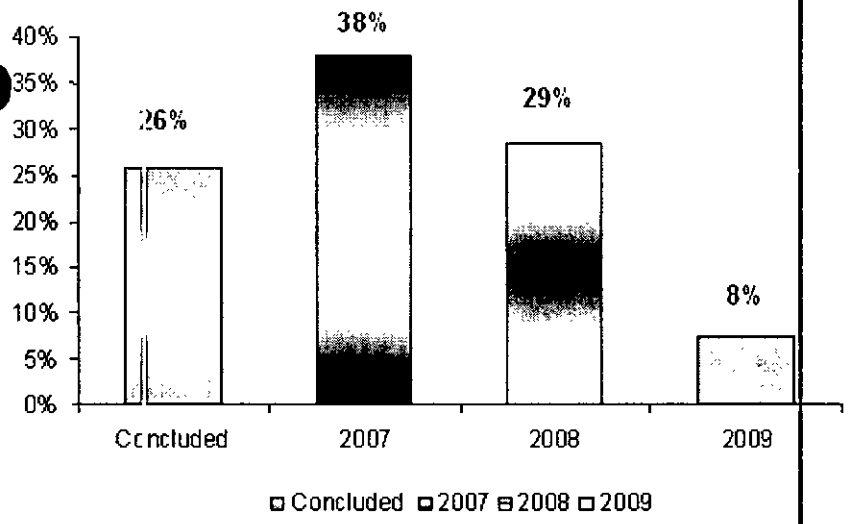

Figure 29. Cornerstone I – Actions to implement Basel II

Banco do Brasil, under the guidance of the Global Risk Committee, intends to adopt the advanced risk measurement approach. Currently BB has concentrated its efforts in implementing the standard approach, in compliance with the regulations published by the CENTRAL BANK for market, operating, and credit risks.

Regulations

The CENTRAL BANK, in line with procedures of developed countries' regulating bodies, published a number of prudential regulations, among which we point out the main ones:

· CMN Resolution NO. 2099 dated August 17, 1994 - specified capital requirements to cover credit risks and the creation of minimum limits for financial institutions' capital and shareholders' equity.

· CMN Resolution NO. 2682 dated December 21, 1999 - instituted a rating for credit transactions in nine risk levels (AA, A, B, C, D, E, F, G, and H), and the creation of a provision for doubtful credits.

· CMN Resolution NO. 2837dated May 30, 2001 -specified a Reference Equity for financial institutions and other institutions licensed to operate by the CENTRAL BANK.

· Central Bank RELEASE no. 12,746 dated December 9, 2004 - specified the schedule and procedures to be adopted for implementation of the New Capital Accord - Basel II - taking into account the risk levels in connection with the transactions performed by financial institutions.

· CMN Resolution NO. 3380 dated June 29, 2006 - specified implementation of an operating risk management structure, with emphasis on the definition of an institutional policy, processes, procedures, and support systems, in addition to the appointment of the senior manager in charge.

· CMN Resolution NO. 3464 dated June 26, 2007 - specified implementation of a Market Risk management structure, with emphasis on the definition of an institutional policy, processes, procedures, and support systems, in addition to the appointment of the senior manager in charge.

· CMN Resolution NO. 3444 dated February 28, 2007 - reviewed the definition of the Reference Equity concept, revoking Resolution 2837 dated May 30, 2001.

· CMN Resolution NO. 3490 dated August 29, 2007 - changed the criteria for calculating the Required Reference Equity, introducing portions of market risks not previously contained, with expressive changes for calculating credit risk capital and introducing operating risks.

· Release no. 16,137 dated September 27, 2007 - specified a new schedule adjusting Communiqué no. 12,746 dated December 9, 2004. According to this document, implementation of the requirements for the use of advanced capital measurement models should take place by late 2012, with emphasis on the allocation of operating risk capital and

changes in the allocation of credit risk capital (Cornerstone I).

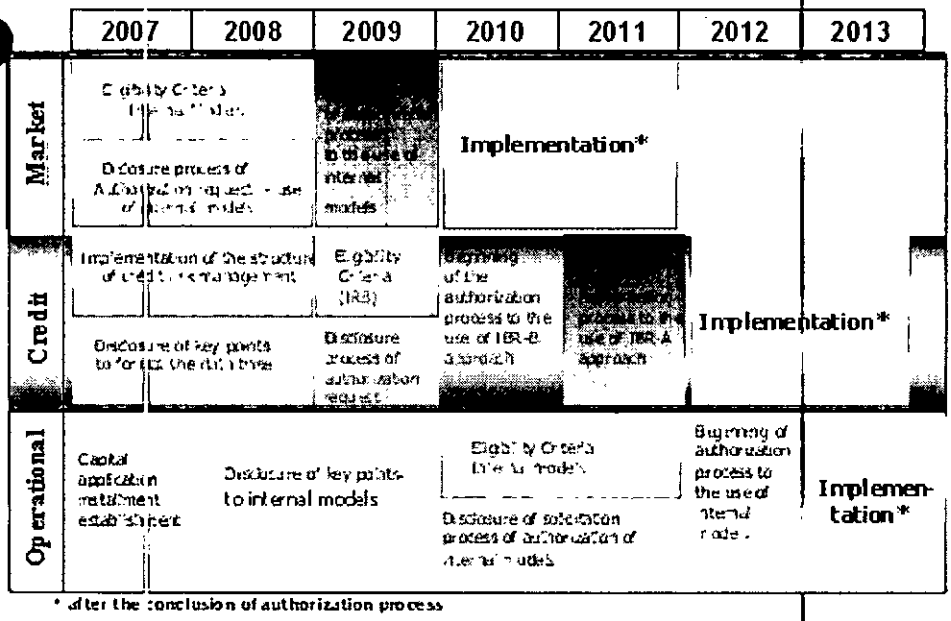

Figure 30. Basel II Implementation Schedule

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7.2.1 Market and Liquidity Risk

Introduction

BB uses statistical and simulation methodologies to measure the market and liquidity risks of its positions. The main ones are:

- Value at Risk (VaR);
- Sensitivity (parallel shift and curvature of risk factors);
- Stress test.

The Value at Risk (VaR) is a measure of maximum expected loss in monetary values, under normal market conditions, in a determined line period, with a chosen confidence interval. At BB, the VaR is measured by historical simulation methodology, with confidence interval of 95%, for a period of 1 (one) day.

The Background Simulation methodology employs interest rate changes, market indices, foreign exchange rates, shares, and commodities. This methodology undergoes a process of backtesting, which consists of comparing the distribution of the values calculated with the financial results actually occurred.

With a view to determining the sensitivity of the Bank's capital to the impacts of extreme market movements, stress scenario tests are carried out. These scenarios are constructed from shocks in the market, and are based on significant historical moments or forecast economic-financial scenarios.

Building the scenarios is the responsibility of the Scenarios Commission, under the coordination of the Bank's economics area.

Policies

The Policy on Market and Liquidity Risk and the Policy on the Use of Derivative Financial Instruments approved by the Board of Directors, are part of the strategic documentation regarding the institution's market and liquidity risk management.

These documents are intended to establish guidelines to be complied with in the company's business decisions involving market and liquidity risk, dealing with quantitative aspects as well as the metrics used and the interest rate risk reference parameter, and also qualitative aspects such as the hedging policy, scope of management, and segregation

of functions

Structure

Pursuant to Resolution 3464 dated June 26, 2007, every financial institution should put into practice a market risk management structure segregated from the business units and the internal audit activity unit, and compatible with the nature of the transactions, the complexity of the services, and the institution's degree of market risk exposure.

The Bank has a market risk management structure represented by the Risk Management Directorate (DIRIS), compatible with the Bank's nature of transactions, and totally segregated from the business units and the Internal Audit unit.

The following table outlines the key responsibilities by DIRIS for market risk management.

Risk Management Directorate
Policies and Guidelines;
Methodologies;
Measuring
Management;
Limits;
Capital requirement.

Figure 31. Responsibilities by Diris

Foreign Exchange Exposure

Banco do Brasil adopts the policy of foreign currency exposure so as not to generate capital requirement for its coverage. However, recent regulations published by the Central Bank may imply in the use of capital in connection with this exposure, without any existing exchange mismatch in the company's consolidated balance sheet.

Below, we present the management statement of foreign currency assets and liabilities, position at 12/31/2007:

	R$ thousand		R$ thousand
ASSETS	36,023,138	LIABILITIES	33,957,245
Current and Long-term Assets	35,903,725	Current and Long-term Liabilities	33,952,337
Avaiable Funds	307,989	Deposits	15,158,752
Short-term Interbank Investments	7,670,893	Demand Deposits	3,202,093
Securities	4,405,390	Saving Deposits	-
Interbank Accounts	-	Interbank Deposits	3,955,984
Intrabank Accounts	-	Time Deposits	8,000,686
Loans/Leasing	14,935,718	Money Market Borrowing	4,871,507
Other Assets	8,583,836	Funds from Acceptances and Securities Placed	1,297,158
Permanent	119,412	Interbank Accounts	-
Investiments	45,918	Intrabank Accounts	1,725,241
Property and Equipment	69,866	Borrowing/Onlending	2,833,947
Leasing Asset	-	Financial Derivatives	479,045
Deferred	3,838	Other Accounts Payable	7,586,788
		Unearned Income	4,907
		Shareholder's Equity	-
OTHER ASSETS AND LIABILITIES			
Off Balance	-	Off Balance	3,406,813
TOTAL ASSETS	36,023,138	TOTAL LIABILITIES	37,364,058
		NET VALUE	1,340,920

Figure 32. Foreign Exchange Exposure

The Banco do Brasil's FX exposure, calculated according to the Central Bank rule 3,367, from 12 of September 2007, was R$ 1,104 million on 12,31,2007.

The chart that follows shows the behavior of Banco do Brasil's foreign exchange exposure since January 2007, in

relation to the referential shareholders' equity:

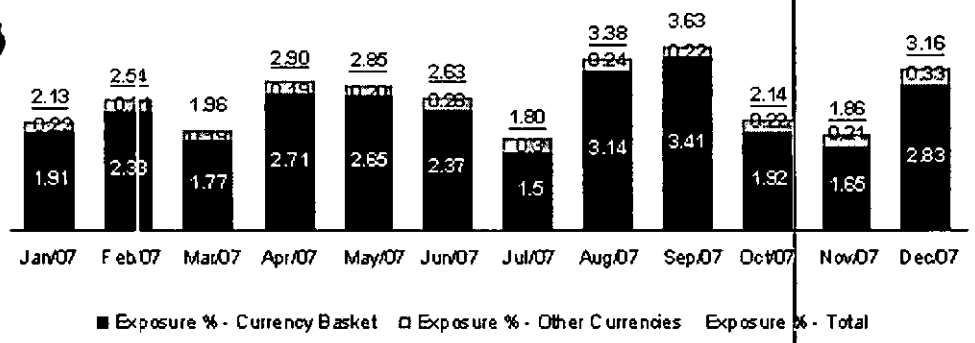

Figure 33. Changes in FX Exposure

Balance Sheet by Index

Banco do Brasil manages its expositions in a consolidated manner, analysing the impacts of several scenarios and stress tests. We present below the composition of assets and liabilities of Banco do Brasil in the country, detailed by index:

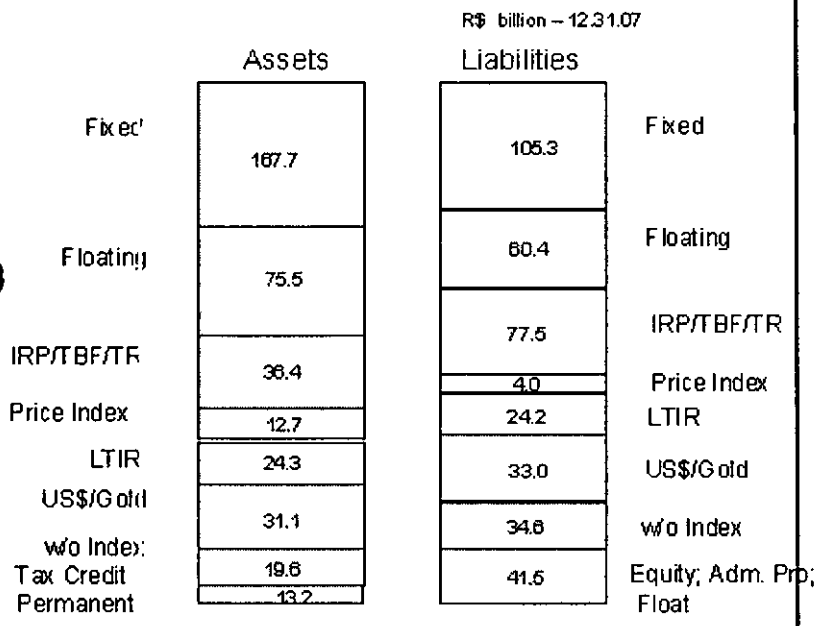

Figure 34. Balance Sheet by Index

The chart below shows Banco do Brasil's net mismatches, by index in Brazil.

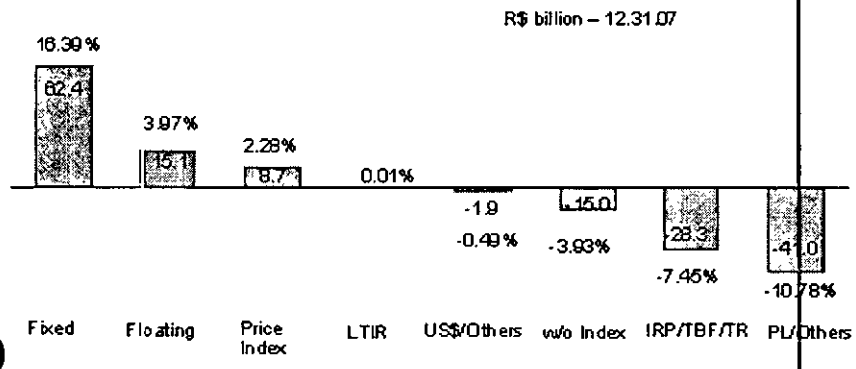

Figure 35. Mismatch Gaps by Index

Consolidated BB Portfolio

The consolidated portfolio of Banco do Brasil is formed by asset and liability positions, comprised of commercial and treasury operations, including derivative financial instruments, recorded in the consolidated balance sheet of the BB Group.

The illustration below shows a Box-Plot analysis of the BB Consolidated Value at Risk (VaR) since the first quarter of 2006.

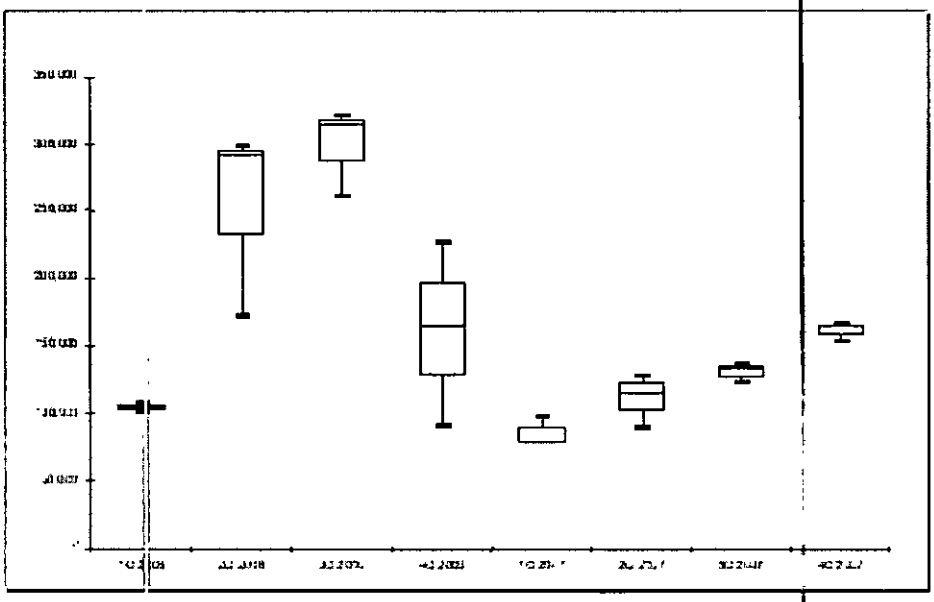

Figure 36. BB Consolidated VaR

The following tables describe the BB Consolidated minimum, average, and maximum VaR for the following periods:

Table 42. Value at Risk (VaR) of the BB Consolidated between January and December 2006

BB Consolidated	Minimum	Average	Maximum
VaR R$ thousand	90,982	214,243	322,112

Table 43. Value at Risk (VaR) of the BB Consolidated between January and December 2007

BB Consolidated	Minimum	Average	Maximum
VaR R$ thousand	79,636	109,582	138,395

BB Foreign Network

The consolidated portfolio of the Abroad Network is made up of the positions of assets and liabilities, comprising commercial, financial, derivative and securities transactions, recorded in the balance sheets of Banco do Brasil's units located abroad.

The illustration below shows a Box-Plot analysis of the Consolidated Abroad Network's VaR since the first quarter of 2006.

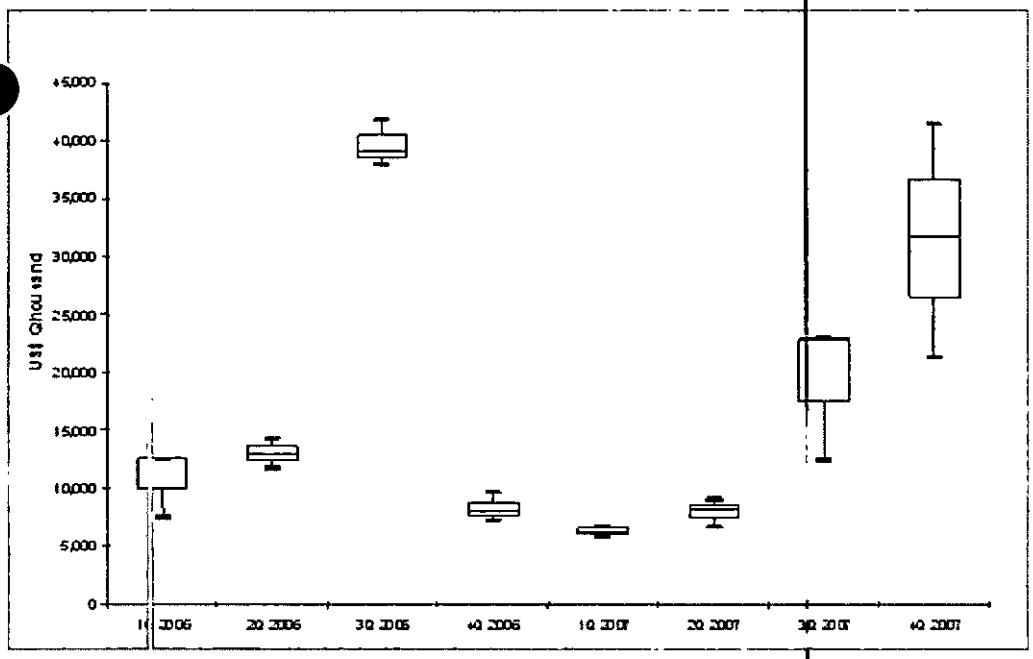

Figure 37. Consolidated Abroad Network's VaR

The following tables describe the Abroad Network's minimum, average, and maximum VaR for the following periods:

Table 44. Abroad Network's VaR between January and December 2006

Abroad Network	Minimum	Average	Maximum
VaR in US$ thousands	7,252	17,868	41,847

Table 45. Abroad Network's VaR between January and December 2007

Abroad Network	Minimum	Average	Maximum
VaR in US$ thousands	5,861	16,321	41,515

BB Fixed Interest Rate Portfolio

The risk management strategy for the set of Real-denominated operations and remunerated at pre-fixed interest rates establishes the VaR limit definition for corrected cost portfolio, which is composed by products accounted for by the corrected cost value. The products accounted for by the market value are managed by means of Domestic Treasury specific-portfolio limits.

The VaR methodology used in managing and accompanying the limits of these portfolios is the same as defined by the Brazilian Central Bank, through Circular 2,972 of 03.23.2000, that is, a 99% confidence level for the period of 10 days and the allocation of the marked-to-market values by standard vertices.

The illustration below shows a Box-Plot analysis of the BB Consolidated fixed interest rate portfolio's VaR since the first quarter of 2006.

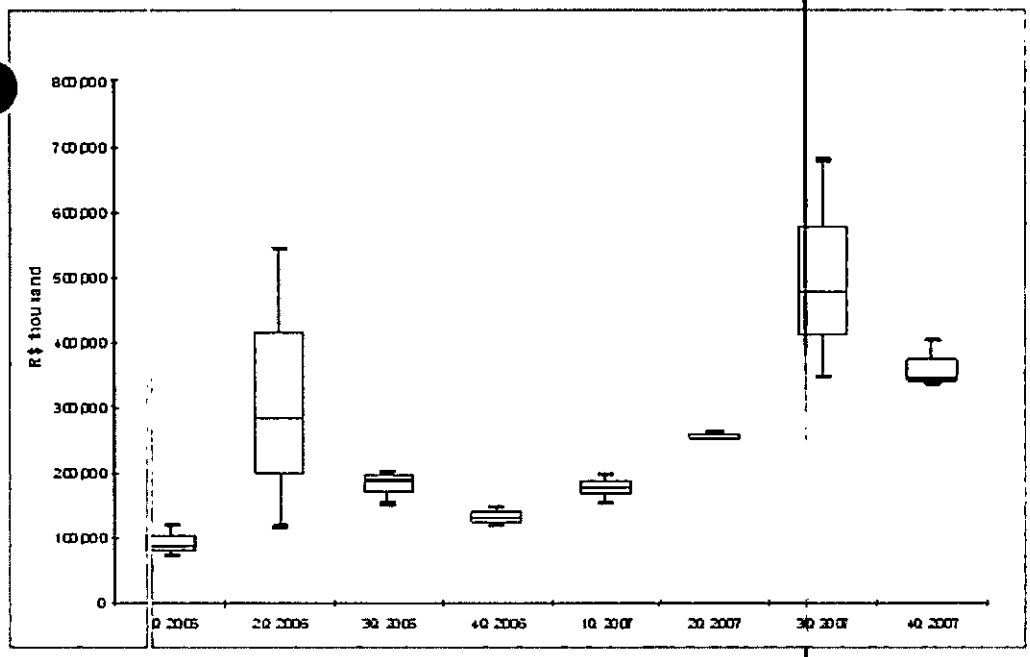

Figure 38. Fixed Interest Rate Portfolio's VaR

The following tables describe the Fixed Interest Rate Portfolio's minimum, average, and maximum VaR for the following periods:

Table 46. Fixed Interest Rate Portfolio's VaR between January and December 2006

Prefixed	Minimum	Average	Maximum
R$ thousand	72,633	181,027	546,476

Table 47. Fixed Interest Rate Portfolio's VaR between January and December 2007

Prefixed	Minimum	Average	Maximum
R$ thousand	155,572	324,421	680,701

BB International Trading

For the purposes of management, Banco do Brasil segregates the trading transactions from the others, establishing specific strategies and limits. The diversification effect shows the risk reduction of the portfolio arising from the correlations between the assets that it comprises.

The illustration below shows a Box-Plot analysis of the International Trading portfolio's VaR since the first quarter of 2006.

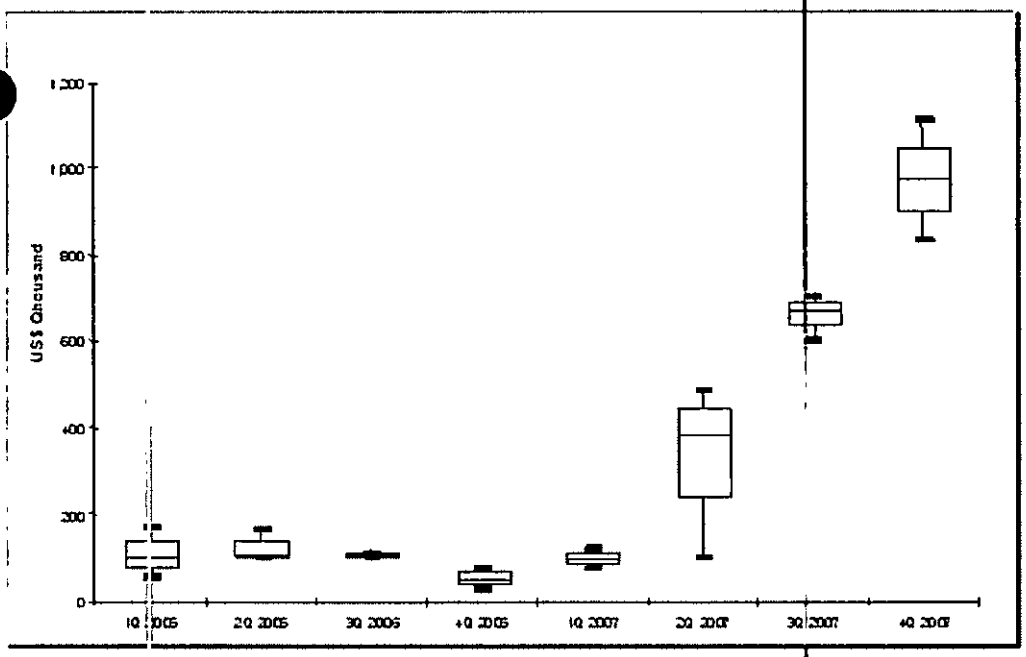

Figure 39. VaR for the International Trading portfolio

The following tables describe the International Trading portfolio's minimum, average, and maximum VaR for the periods shown:

Table 48. VaR for the International Trading portfolio between January and December 2006

Trading	Minimum	Average	Maximum
International in US$ thousands	34	102	173

Table 49. VaR for the International Trading portfolio between January and December 2007

Trading	Minimum	Average	Maximum
International in US$ thousand	83	518	1,114

BB Domestic Trading

The illustration below shows a Box-Plot analysis of the Domestic Trading portfolio's VaR since the first quarter of 2006.

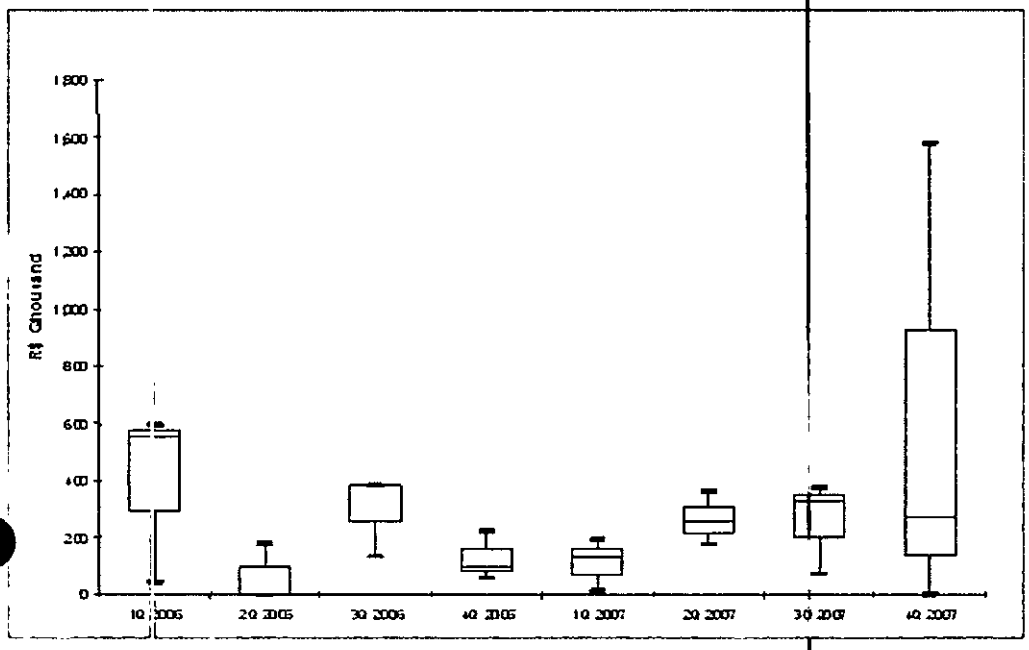

Figure 40. VaR for the Domestic Trading portfolio

The following tables describe the Domestic Trading portfolio's minimum, average, and maximum VaR for the following periods:

Table 50. VaR for the Domestic Trading portfolio between January and December 2006

Trading	Minimum	Average	Maximum
Domestic R$ thousand	0	192	598

Table 51. VaR for the Domestic Trading portfolio between January and December 2007

Trading	Minimum	Average	Maximum
Domestic R$ thousand	0	218	1,584

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7.2.2 Liquidity Risk

Banco do Brasil maintains levels of liquidity that are adequate for the institution's commitments assumed in Brazil and abroad, resulting from its broad and diversified depositor base and the quality of its assets, the capillarity of its network of overseas branches and of access to the international capital market. Stringent control over liquidity risk is in accordance with the Market and Liquidity Risk Policy established for the Conglomerate, fulfilling the requirements of national banking supervision and of the other countries where the Bank operates.

Management instruments adopted in the Conglomerate are:

- Short, Medium and Long Term Liquidity Forecasts.
- Risk limits.
- Liquidity Contingency Plan.

Short, Medium and Long-term Liquidity Forecasts permit the evaluation of the effect of mismatching between funding and investments, with the objective of identifying situations that could compromise the institution's liquidity. Take into consideration the budget planning of the institution, as well as market conditions.

The Liquidity Reserve, monitored daily, is the limit of risk utilized in short term liquidity management of the domestic and international areas. It is the minimum level of assets of high liquidity to be maintained by the Bank, compatible with the exposure to risk resulting from the characteristic of its operations and from the market conditions. This Reserve is utilized as a parameter for the identification of a possible liquidity crisis and potential engagement of the Liquidity Contingency Plan.

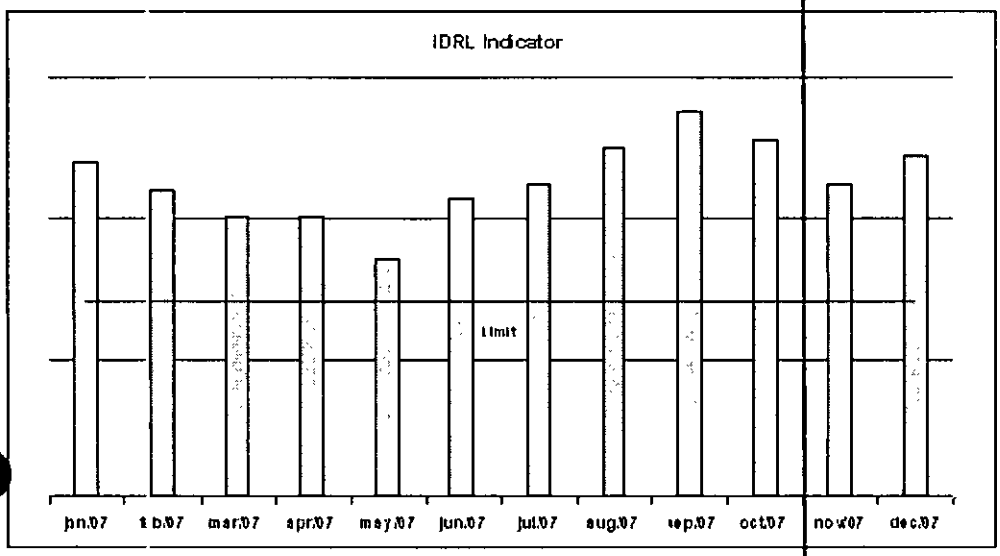


Figure 42. DRL Indicator

In addition, the Indicator of Availability of Free Funds (DRL) was established for management of the liquidity structure from the domestic area. This indicator, utilized in the planning and in the execution of the institution's budget, aims to guarantee a balance between funding and application of resources from the commercial portfolio and to ensure the financing of liquidity with structural resources. The DRL limit, established annually and monitored monthly, guides budget preparation according to funding and commercial investment goals and the liquidity management established by the Board of Directors.

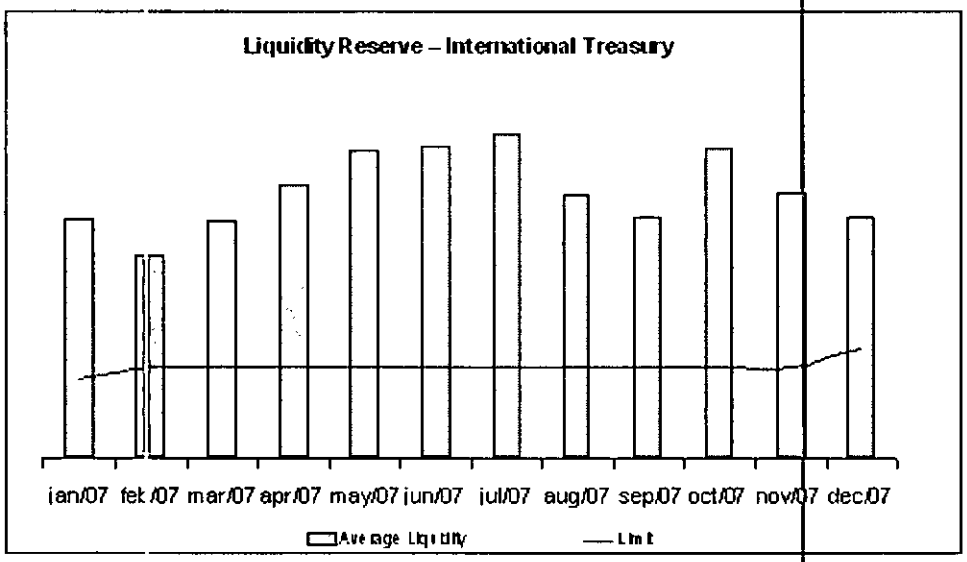


Figure 43. Liquidity Reserve - International Treasury

The actions and steps to be taken in a liquidity crisis are defined in the Liquidity Contingency Plan. This Plan will be activated when the sum shown or the Liquidity projection points to levels below the Liquidity Reserve's pre-defined limit.

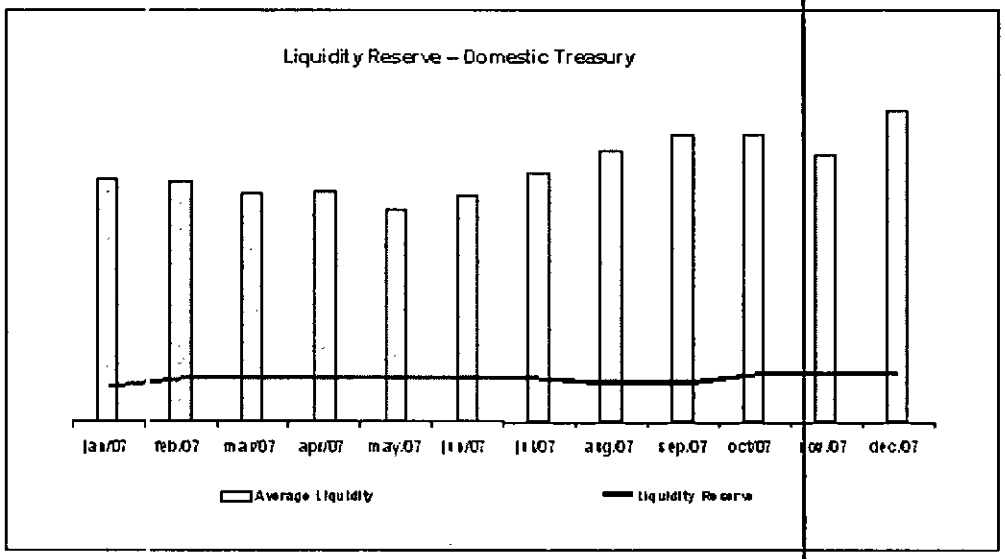


Figure 41. Liquidity Reserve - Domestic Treasury

7.2.3 Credit Risk

Introduction

Credit risk management is essentially important to financial institutions, as it is directly related to the industry's key objective: financial intermediation. As the years went by, it became essential not only to assess each customer's credit risk, but also to assess and monitor the credit portfolio's quality in the course of its progress.

Hence, BB understands that an effective credit risk management provides a number of benefits, among which can be listed:

a) efficient allocation of capital;
b) reduction of funding costs;
c) the portfolio's improved risk / return relation;
d) improved decision-making process;
e) greater solidity, stability, and competitiveness; and,
f) value added for shareholders.

Management Structure

At BB the credit risk management process involves directly the senior managers listed below:

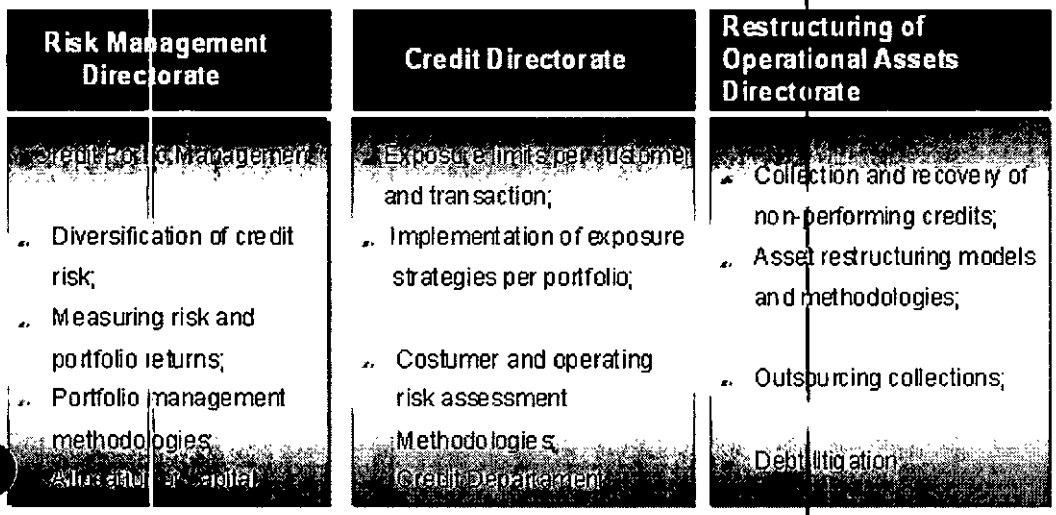


Figure 44. Management Structure

Credit Policies and Credit Risk

The Credit Policies and Credit Risk are aimed to guarantee uniformity in decisions, to optimize credit risk management, to ensure the integrity of credit assets and adequate levels of risk, and to raise the standards of quality and the net income of the Bank. These policies are applied to all the businesses that involve credit risk.

The policies adopted by the Bank address the risk-adjusted return, the maximum limits of concentration, the maximum percentages of commitment of the Referential Shareholders' Equity - RSE, the process of credit risk analysis and deferral of operations and auditing of these practices.

Credit process

The credit process at Banco do Brasil is made up of the following stages:

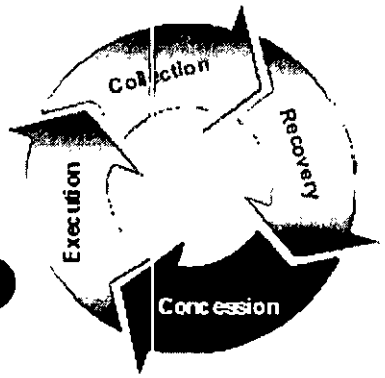


Figure 45. Credit Process

Concession meaning the doorway to the credit relationship with the Bank. Covers the analysis of the client and of the operation. In the first, the Bank utilizes massified and personalized methods, defining the probability of default and the limit of exposure. As regards the analysis of the operation, the Bank seeks to make the supply of credit products adapted to the profile and to the payment capacity of the client compatible.

Execution: comprehends the phase of supervision of the use of the funds released, the management of guarantees, and other actions. The main objective in this phase is the prevention of asset default.

Collection: this is characterized by the use of mechanisms that guarantee the return of funds loaned, taking into account some variables such as the relationship of the client with the Bank, the minimization of costs and the use of automated debt collection and receipt mechanisms.

Recovery: this is the phase in which the Bank seeks to reduce credit loss, minimize recovery costs and increase the rate of recovery. The process of extrajudicial collection, outsourcing (commissioning of companies to render services of collection and recovery of defaulted loans) and judicial collection are contemplated in this stage.

This process involves the directorates of Credit and of Restructuring of Operational Assets, whereas the latter is responsible for the handling of problematic loans.

Credit Risk Management

Concession models

In recent years, the Credit Risk is being managed by increasingly sophisticated techniques and more stringent processes in the concession of a loan.

In relation to the risk analysis of the client, BB utilizes the models of credit scoring and credit rating.

In the credit scoring model, the institution defines the concepts of default, period of observation in which punctuality in the payment of loans is evaluated with a basis on the reference file information; and the performance period, in which it is evaluated whether the client is a good or bad payer.

The credit rating model is utilized to classify companies in credit risk categories, associating quantitative and qualitative criteria and the evaluation of the credit analyst. In addition to these models, he Bank started to assess the risks of its clients with a basis on the Default Likelihood, rating them in nine risk brackets (from AAA to E).

As regards the risk analysis of the operation, the Bank utilizes a model for rating the risk of operations, in conformity with CMN Resolution 2,682/99, which addresses the classification and formation of provision for loans, through the use of the nine levels of risk.

The monitoring and the verification of the performance of modeling is carried out periodically by the area of Internal Controls, by means of backtesting process.

Measuring and management instruments

With the intention of fulfilling the demands of Basel II and aligned with best risk management practices, the Bank developed its own methodology for the determination of risk components: Expected Default Frequency (FEI), Loss Given Default (LGD), exposure to credit risk, which are inputs for the measurement of the Economic Capital (EC) and of the Expected Loss (EL).

The internal model for measuring the VaR of credit has its theoretical grounds based on the actuarial approach, which is widely divulged nowadays in the banking industry.

The VaR of the loan portfolio is associated with a distribution of added loss for a given level of confidence. The mean value of this distribution is the Expected Loss, which represents how much the Bank expects to lose on average in a given period of time, the protection of which is performed by means of provision. Now the Economic Capital, which is associated with Unexpected Loss, is determined by the difference between VaR and EL. For this portion the Bank protects itself by allocating capital for risk coverage.

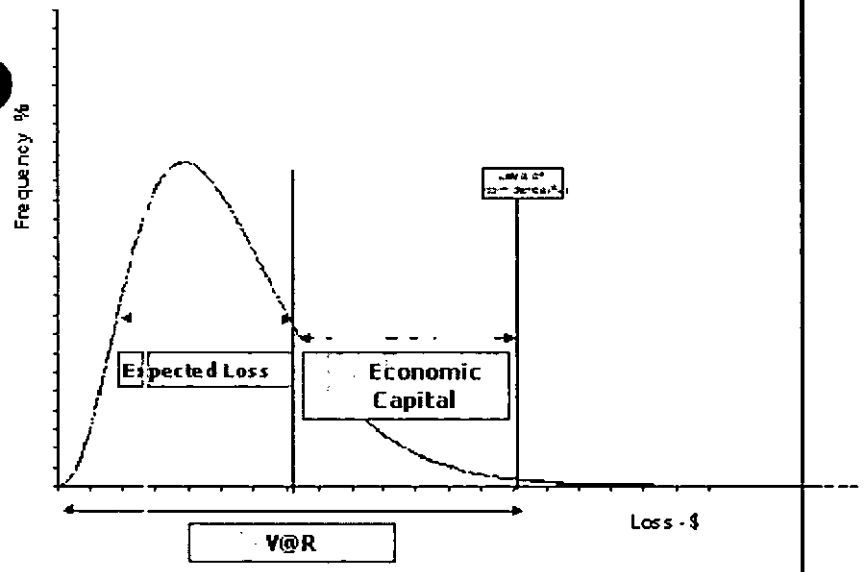


Figure 46. Measuring and management instruments

The distribution of aggregate loss is generated utilizing the following risk components as data input: EDF, LGD and exposure subject to credit risk. In relation to these risk components, the Bank has been working on the optimization of its modeling.

The measurement of the VaR of Credit provides subsidies for the appraisal of risk and return of the Bank's loan portfolio, and for the process of establishment of limits for the loan portfolio.

Its evaluation has helped in the decision-making process of the Bank, bringing historical information and permitting an analysis of the risk behavior trend. Furthermore, its use has proved extremely valuable in the dissemination of the credit risk management culture at the Bank.

As regards the evaluation of the return, the values of EL and EC serve as inputs for the calculation of the Risk-Adjusted Return on Capital (RAROC). The use of RAROC is intended to subsidize important decision-making processes at the Bank. Its tracking in the historical perspective for the portfolios analyzed has allowed the assessment of risk and return to be present in the decisions of the Institution.

The Bank developed a credit risk concentration control method, analyzing the interrelation among the various economic sectors that comprise the business loan portfolio. This model evaluates the concentration with a basis on the credit risk of the borrowers -Herfindhal Index.

Besides the use of techniques for identification and quantification of concentration, BB monitors and controls the concentration of credit risk in terms of risk/exposure as an important tool to subsidize decisions regarding the definition of risk exposure limits.

The distribution of the Economic Capital of the loan portfolio in percentages is shown in the table below. It is observed that the corporate portfolio is accountable for the largest portion of risk in terms of EC.

Besides the use of techniques for identification and quantification of concentration, BB monitors and controls the concentration of credit risk in terms of risk/exposure as an important tool to subsidize decisions regarding the definition of risk exposure limits.

The distribution of the Economic Capital of the loan portfolio in percentages is shown in the table below. It is observed that the individual client portfolio is accountable for the largest portion of risk in terms of EC.

Table 52. Distribution of Economic Capital in the Loan Portfolio

	Dec/07	Share %	Sep/07	Share %	Dec/07	Share %
INDIVIDUALS	2,158	60.2	2,550	63.0	2,598	64.6
COMPANIES	1,427	39.8	1,499	37.0	1,424	35.4
Agribusiness of Animal Origin	82	2.3	74	1.8	84	2.1
Agribusiness of Vegetable Origin	188	5.2	188	4.6	190	4.7
Automotive	74	2.1	70	1.7	68	1.7
Beverages	10	0.3	10	0.2	10	0.2
Wholesale Trade	28	0.8	27	0.7	28	0.7
Retail Trade	57	1.6	62	1.5	67	1.7
Building	67	1.9	64	1.6	69	1.7
Leather and Shoes	32	0.9	24	0.6	24	0.6
Eletrical and Eletronic Goods	51	1.4	49	1.2	48	1.2
Eletricity	36	1.0	65	1.6	59	1.5
Agricultural Consumables	63	1.8	46	1.1	53	1.3
Timber and Furniture	47	1.3	39	1.0	42	1.0
Metalworking and Steel	103	2.9	92	2.3	55	1.4
Pulp and Paper	36	1.0	34	0.8	35	0.9
Oil	44	1.2	49	1.2	53	1.3
Chemicals	37	1.0	40	1.0	45	1.1
Services	138	3.9	150	3.7	164	4.1
Telecommunications	11	0.3	19	0.5	10	0.2
Textiles and Garments	62	1.7	65	1.6	69	1.7
Transport	25	0.7	31	0.8	47	1.2
Other Activities	233	6.5	302	7.5	205	5.1
Total	3,585	100.0	4,049	100.0	4,022	100.0

BB has management tools of credit risk appraisal, with an emphasis on:

· VaR and FAROC - utilized in the evaluation of the Corporate segment, in the view of sectors of the economy, as a subsidy to the decision of definition of macrosectoral limits.

· Quality Index of the Portfolio - qualitative and quantitative indicator of the portfolio. The default concept follows the precepts defined by CMN Resolution 2,682/99.

· Correspond to the division of the balance overdue for more than 15 and 90 days, respectively, by the balance of the portfolio.

· Budget of credit risk - corresponds to the projection of PCLD to form the annual budget of BB.

· Credit risk management reports - systematic monitoring and projections for the loan portfolio from different views.

Concentration

BB's business loan portfolio in Brazil showed a concentration of 30.8% in the transactions with the 100 largest borrowers at December 2007, compared to 37.1% in December 2006.

Table 53. Concentration of the Loan Portfolio on the 100 Largest Borrowers

Period	1st Costumer	2nd ao 20th	21st ao 100th	100th Largers
Mar/06	1.0	11.1	17.4	29.5
Jun/06	1.1	11.8	18.6	31.5
Sep/06	1.1	12.2	17.8	31.1
Dec/06	3.9	14.6	18.6	37.1
Mar/07	5.0	13.2	17.5	35.6
Jun/07	2.4	13.3	17.0	32.7
Sep/07	2.3	13.0	16.8	32.1
Dec/07	2.5	12.2	16.1	30.8

The table below shows the distribution of the business loan portfolio in Brazil by macro-sector of the economy.

Table 54. Concentration of the Loan Portfolio by Macro-sector

R$ million

							Chg. %	
Macrossetor	Dec/06	Share %	Sep/07	Share %	Dec/07	Share %	on Dec/06	on Sep/07
Metalworking and Steel	8,816	11.7	10,225	11.4	10,412	10.5	18.1	1.8
Foodstuffs of Vegetable Origin	7,974	10.6	9,234	10.3	9,607	9.7	20.5	4.0
Services	6,802	9.0	9,493	10.6	9,515	9.6	39.9	0.2
Oil	5,036	6.7	6,532	7.3	7,838	7.9	55.7	20.0
Eletricity	3,781	5.0	5,852	6.3	6,230	6.3	64.8	10.2
Automotive	5,449	7.2	5,712	6.4	6,054	6.1	11.1	6.0
Foodstuffs of Animal Origin	3,431	4.6	3,966	4.4	4,346	4.4	26.6	9.6
Eletrical and Eletronic Goods	3,611	4.8	3,838	4.0	4,282	4.3	18.6	17.7
Textiles and Garments	3,234	4.3	3,741	4.2	4,287	4.3	32.6	14.6
Transport	2,023	2.7	3,834	4.3	4,246	4.3	109.9	10.8
Building	2,818	3.7	3,756	4.2	4,127	4.2	46.5	9.9
Pulp and Paper	3,530	4.7	3,958	4.4	4,039	4.1	14.4	2.1
Retail Trade	2,487	3.3	3,151	3.5	3,429	3.5	37.9	8.8
Chemicals	2,595	3.4	3,069	3.4	3,242	3.3	24.9	5.7
Agricultural Consumables	2,389	3.2	2,999	3.3	3,200	3.2	34.0	6.7
Timber and Furniture	1,890	2.5	2,055	2.3	2,309	2.3	22.2	12.4
Telecommunications	1,836	2.4	1,895	1.9	2,182	2.2	18.8	29.5
Wholesale Trade / Sundry Industries	1,822	2.2	1,750	1.9	1,806	1.8	11.4	3.2
Beverages	1,209	1.6	1,497	1.7	1,773	1.8	46.6	18.4
Leather and Shoes	1,301	1.7	1,381	1.5	1,499	1.5	15.3	8.6
Other Activities	3,551	4.7	2,499	2.8	4,341	4.4	22.2	73.7
Total	75,394	100.0	89,825	100.0	98,766	100.0	31.0	10.0

7.2.4 Operational Risk

Introduction

Basel II included the portion of capital requirements for operating risks. This has required great efforts by financial institutions to adapt their structures to the New Accord, which among other procedures involves investments in infra-structure and information, in order to develop the internal model which manages and measures this risk.

A number of rules have been published by the CENTRAL BANK in order to regulate Basel II in Brazil. In June 29, 2006 it published CMN Resolution no. 3380, which provides for implementation of the Operating Risk Management structure, and later Communiqué 16,137 on September 27, 2007, specifying a schedule for implementing Basel II, and it is expected that the approval process for the use of internal models should begin in 2011, for implementation in 2013.

It should be emphasized that BB put into practice a number of actions intended to ensure compliance with its operating risk management structure with the provisions of CMN Resolution 3380, and since publication of Basel II it has put into practice actions to create an actual internal management model which would also meet the regulator's specifications.

Policies

The Operating Risk Policies approved and reviewed each year by the Board of Directors contains guidelines to the Bank's areas intended to ensure the effectiveness of the operating risk management model.

These policies, in accordance with the provisions of Basel II and the prerequisites of CMN Resolution 3380, permeate activities regarding operating risk management in order to detect, assess, measure, mitigate, control, and monitor operating risks inherent to the Bank's products, services, processes and systems.

Management Structure

In compliance with article 4, CMN Resolution 3380 dated June 29, 2007, it was decided that Banco do Brasil's operating risk management structure would be composed of the Risk Management, Internal Controls and Security Management departments, and that the Board of Directors would be responsible for any information disclosed. The Risk Management Director, by appointment of the Board of Directors, is responsible, before the Central Bank of Brazil, for operational risk management at the Bank.

The following table outlines the key responsibilities of the areas found in the operating risk management structure.

The table below contains the main responsibilities of these areas:

Risk Management Directorate	Internal Control	Security Management Unit
Operational risk rules Establishment and Control of OR Establishment and Control of ICR (key riskindicators) Policies, models and Methodologies of Capital allocation for OR Measurement Capital Requirement	Compliance/Control Support to the product/ Service managing areas *Backtesting* Compliance Policies	Corporate Security governance Policies, methodologies, rules and plans relating to security, fraud, money Laudering, and Business continuity

Figure 47. Management Structure

Internal Audit is responsible for the verification of operational risk management and of the operation of its structure.

To guarantee effectiveness in the management of operating risk at BB, and to guarantee the performance of duties by the areas in charge, five management phases for management of the Operational Risk at the Bank were defined, whose main activities are described below:

Identification: Determine the origin of the risks and weaknesses in processes of the Bank and in relevant services executed by third parties.

Evaluation and measurement: Proposition of Key Risk Indicators (KRI), quantification of the expected and unexpected loss and calculation of the capital to be allocated to operational risk.

Mitigation: Development of mechanisms and plans of action for mitigation of operational risks identified and preparation of business continuity plans.

Control: Monitoring of mitigation actions; proposition, implementation and tracking of control actions; determination of the level of compliance of processes; and performance of backtesting.

Monitoring: Monitoring of operational loss events, of the behavior of Key Risk Indicators (KRI), of the limits of exposure, and of the existence of internal controls and of business continuity plans.

The activities inherent to each stage have pre-defined responsibilities, individually or jointly, and involve the managers of products and services and the Risk Management, Internal Controls and Security Management departments.

In this respect, the operating risk management structure is enabled to detect, assess, measure, mitigate, control, and monitor risks associated with the Financial Conglomerate, in addition to detect and monitor risks inherent to the other companies within the Economic and Financial Consolidation and the outsourced services required by Banco do Brasil's normal operations.

Conceptual Structure

In Banco do Brasil, operating risk is defined in accordance with Basel II and CMN Resolution 3380, i.e.: as the likelihood of losses arising from faults, deficiencies, or the inadequacy of internal processes, personnel and systems, or external events.

This concept includes legal risks and evidences the cause of an operating risk event, classed as risk factors. The Personnel, Processes, Systems, and External Events risk factors are divided into sub-factors and form a base for detecting the operating risks to which the Bank is exposed.

The illustration below summarizes the model for operating risk factors and sub-factors as defined by Banco do Brasil.

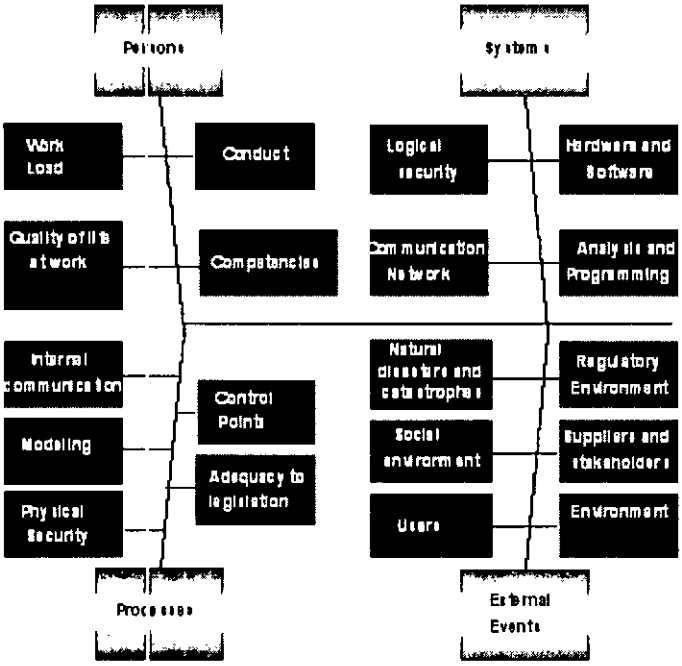


Figure 48. Operating Risk Conceptual Structure

In order to manage operating risk, it is essential to distinguish between causes and different forms whereby they appear, known as loss events. Banco do Brasil groups loss events into three levels with the following purposes:

· to group and organize events of a similar nature in a logical structure;
· to allow the detection, analysis, and monitoring of events by means of computerized systems;
· to allow integration with regulatory bodies and make them comparable to other banks.

At the first level, Banco do Brasil grouped the loss events in the following classes:

i) Labor Issues;
ii) External Fraud and Theft;
iii) Faults in Businesses;
iv) Internal Frauds;
v) Damage to the Physical Property;
vi) Faults in Processes;
vii) Faults in Systems;
viii) Discontinuance of Activities

Management Instruments

In order to manage operating risks, Banco do Brasil employs, among other instruments, Key Risk Indicators (KRI's), Operating Risk Exposure Limits, and the Loss Monitoring Report and KRI's, submitted every month to the Global Risk Committee and the Operating Risk Sub-Committee.

Key Risk Indicators (KRI's)

KRI's provide numerical data on the frequency or seriousness of relevant causes, associated with risk factors and sub-factors in connection with loss events. They have a close relation with exposure to risk, i.e.: rising indicators signal increased risks.

Defining a KRI requires putting into place of the following stages:
· mapping critical processes;
· typifying and describing the likely related loss events;
· detecting weaknesses leading to loss events;
· detecting risk factors associated with weaknesses;
· proposing Key Risk Indicators (KRI's).

With the use of KRI's, it is possible to detect deviations in the behavior expected from operating processes likely to expose the institution to greater risks, which as a result may create greater losses.

Banco do Brasil has detected the need to implement KRI's in all of its areas, with the purpose of monitoring the process environments with a greater likelihood for operating risks, associated with real or potential operating losses. The KRIs are tracked by the managers of products/services and monitored monthly by the Subcommittee of Operational Risk, depending on the criticality and specificity of the indicator.

Operating Loss Exposure Limits

In order to ensure an effective management of operating risks, Banco do Brasil employs Operating Loss Exposure Limits, which are intended to establish the limits acceptable to the Bank for operating losses, which are remitted for examination every month by the Operating Risk Sub-Committee and Global Risk Committee (GRC), in order to put in place mitigating actions and to reduce exposure levels.

In this respect, the GRC created the Operating Loss Global Limit in order to allow operating loss management based on statistically pre-established tolerance levels, and to allow the detection of weaknesses associated with processes likely to cause significant losses.

The following illustration depicts the progress of BB's operating losses, according to loss event classes and in percentages.

Loss Event Class	1Q07	2Q07	3Q07	4Q07
External Fraud and Theft	18.14%	19.85%	16.94%	16.27%
Internal Fraud	0.11%	0.06%	0.14%	0.04%
Labor Issues	49.87%	41.01%	39.85%	55.13%
Faults in Businesses	13.53%	19.52%	29.11%	12.55%
Damage to the Physical Property	5.71%	5.83%	3.38%	3.84%
Faults in Systems	0.29%	0.05%	0.01%	0.18%
Faults in Processes	12.34%	13.68%	10.58%	12.00%

Figure 49. Monitoring of operational loss

Specific limits were also defined for operating loss exposure in self-service channels based on their respective financial volumes, with the purpose of encouraging mitigating actions. The following channels have limits which are regularly defined and reviewed: TAA, POS, Internet for Individuals, Withdrawals Abroad, CABB, Cellular, Lottery Ticket Sales Outlets, 24hr Bank, TAA (CEF) and Financial Manager . The graph below presents the sum of the monitoring of limits stimulated for these channels.

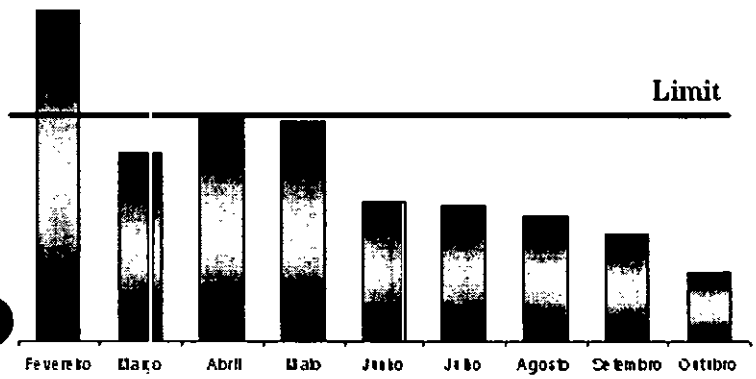


Figure 50. Loss management by customer service channel

7.3.1 Shareholders' Equity

Banco do Brasil closed December with R$ 24,262 million in shareholders' equity, an amount 16.9% higher than in the same period of the previous year and 5.2% higher in relation to September 2007. The growth of shareholders' equity in the last 12 months was due to the incorporation of the Results.

An analysis of the graph below shows the inverse relation between Brazilian country risk and the impact of marking to market on shareholders' equity, indicating that the discount on the securities has been reducing because of the greater confidence of the investors in the Brazilian market.

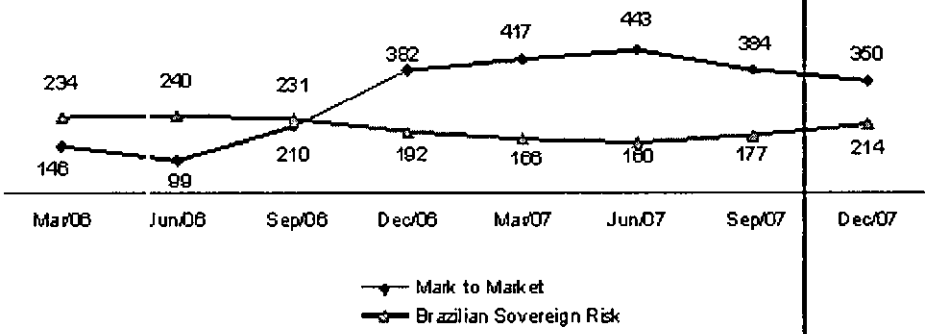


Figure 51. Brazilian Sovereign Risk (points) vs. Marking to Market (R$ million)

Table 55. Shareholders' Equity

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Shareholders' Equity	19,209	19,178	20,197	20,758	21,838	22,305	23,065	24,262
Capital	10,797	11,913	11,913	11,913	11,913	12,711	12,711	13,212
Reserves	6,048	7,166	7,166	8,483	8,220	9,152	8,939	10,701
MtM - Securities and Derivatives	146	99	210	382	417	443	394	350
(Treasury shares)	(126)	(126)	-	-	-	-	-	-
Income accounts	2,343	-	907	-	1,288	-	1,031	-

Banco do Brasil closed the last year with referential shareholders' equity 13.5% higher than that seen in December 2006, and 7.5% higher than September 2007, reaching R$ 34,900 million.

K Coefficient went up from 17.3% to 15.6% in the last 12 months. This ratio is higher than the 11% required by the Central Bank and allows BB leverage of up to R$ 93,590 million in loan assets.

The Bank conducts a periodic simulation of K coefficient with a basis on projected scenarios.

Table 56. BIS Ratio

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
APR – Risk Weight Assets	145,339	152,674	162,045	170,886	178,659	190,885	195,401	213,245
Required Shareholders 'Equity	16,404	18,150	18,554	19,559	20,384	21,868	22,698	24,605
APR Requirement	15,987	16,794	17,825	18,797	19,652	20,997	21,494	23,457
Swap Requirement	219	214	280	332	315	326	357	365
FX Exposure Requirement	-	743	-	-	-	-	-	-
Interest Rate Exposure Requirement	198	399	449	430	417	535	847	783
Referential Shareholders 'Equity	27,263	28,604	29,919	30,756	31,852	31,534	32,469	34,900
Tier I	19,169	19,138	20,155	20,729	21,560	21,007	21,732	23,951
Capital	10,797	11,609	11,913	11,913	11,913	12,711	12,711	12,711
Capital Increase	-	304	-	-	-	-	-	501
Retained Earnings (Accumulated Losses)	1	-	1	-	-	-	1	-
Capital Reserves	5	356	356	356	356	-	0	0
Revenue Reserves	6,020	6,787	6,787	8,101	7,858	9,146	8,933	10,695
Mark-to-Market – Securities and Derivatives	146	99	210	382	417	443	384	350
Treasury Shares	(126)	-	-	-	-	-	-	-
Income Accounts	2,343	-	907	-	1,088	-	1,031	-
60% Tax Credits Realized After 5 years	(16)	(17)	(19)	(23)	(33)	(1,199)	(1,199)	(18)
Deferred Assets					(15)	(70)	(113)	(200)
Mark-to-market Settlement					(4)	(23)	(14)	(88)
Tier II	8,093	9,466	9,765	10,027	10,272	10,527	10,737	10,949
Subordinated Debt	8,070	8,367	8,660	8,957	9,241	9,540	9,813	9,986
Hybrid Instruments of Capital and Debt	-	1,076	1,081	1,063	1,020	958	915	881
Deduction in Tier II Capital							(11)	(11)
Revaluation Reserves	23	23	23	7	6	6	6	6
Mark-to-market Settlement					4	23	14	88
Shareholders 'Equity Surpluon Deficit	10,858	10,454	11,366	11,187	11,468	9,676	9,771	10,295
Leverage Surpluon Deficit	98,713	95,036	103,325	101,698	104,250	87,965	88,828	93,590
K Coefficient%	18.3	17.3	17.7	17.3	17.2	15.9	15.7	15.6

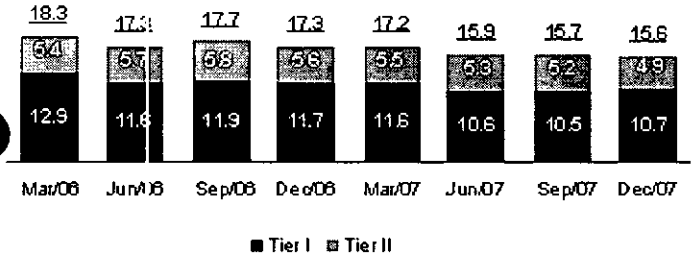


Figure 52. BIS Ratio - %

CMN Resolution 3059/02 determined, as from 01.01.2004, an additional allocation of capital for the stock of tax credits that exceed a 5 year consumption period from the date of the balance sheet. According to the instruction, 40% of the remaining balance will be deducted from Tier I capital in 2005, 60% in 2006, and so on, until it arrives at 100% in 2008.

Table 57. Changes in Composition of BIS Ratio

R$ million

	Referential Shareholders' Equity	Required Shareholders' Equity	Effect in Basel Ratio	Effect in Leaverage
Net Income deducted of Interest on Own Capital	1,031		-	0.5	9,370
Increase of Subordinated Debt	173		-	0.1	1,576
Other Changes in Referential Shareholders' Equity	79		-	0.0	717
Tax Cred. Excl. Tier I of Referential Shareholders' Eq. - Res.3059	1,181		-	0.5	10,736
Perpetual Securities	(34)		-	(0.0)	(306)
Increase of Refer. Shareholders' Eq. Requir. on Int. Rate Exp.			(64)	0.0	583
Increase of Refer. Shareholders' Equity Requir. on Swap			8	(0.0)	(70)
Increase of Refer. on			-	-	-
Increase of Refer. Shareholders' Eq. Requir.on Risk Weight Assets			1,963	(1.3)	(17,844)
Annual Changes	2,430		1,906	(0.1)	4,762
Balance at Sep 07	32,469		22,698	15.74	88,828
Balance at Dec 07	34,900		24,605	15.60	93,590
Net Change	2,430		1,906	(0.1)	4,762

In the table above, it is possible to see the determinant factors for the decrease of 14 base points in k coefficient ratio in the quarter, which grew surplus leverage by R$ 4,762 million.

The main effects on RE in last quarter were from the income of the period, and the increase in the Bank's subordinated debt. The effect of such items was approximately R$ 21,682 million on the leverage margin.

Fixed Asset Ratio

In the last 12 months, the fixed asset index was reduced by appropriation of profits and increase of the subordinated debt. With the current fixed asset level, BB was able to increase its fixed assets by R$ 12,853 million, without leading to be out of the maximum 50% limit of the referential equity.

Table 58. Fixed Asset Ratio

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Shareholder's Equity	19,209	19,178	20,197	20,758	21,638	22,305	23,085	24,262
Subordinated Debt Qualifying as Capital	8,070	8,367	8,860	8,957	9,241	9,540	9,813	9,986
Perpetual Securities		1,076	1,081	1,063	1,020	958	915	881
Others	(16)	(19)	(22)	(25)	(48)	(1,272)	(1,325)	(230)
Referential Shareholders' Equity (A)	27,263	28,604	29,919	30,753	31,852	31,531	32,467	34,899
Permanent Assets	5,524	5,646	5,542	5,794	5,835	5,903	5,912	6,304
Stock Exchange and Cetip Clearing	(2)	(2)	(2)	(2)	(6)	(2)	(2)	(0)
Leasing Assets	(869)	(1,003)	(1,110)	(1,198)	(1,272)	(1,320)	(1,385)	(1,455)
Losses with Leasing to be Amortized	(26)	(28)	(29)	(30)	(33)	(41)	(45)	(52)
Diferred Assets (Resolution CMN 3,444)	-	-	-	-	-	(70)	(113)	(200)
Total Fixed Assets (B)	4,626	4,613	4,400	4,564	4,527	4,468	4,367	4,597
Fixed Asset Ratio (B/A) - %	17.0	16.1	14.7	14.8	14.2	14.2	13.4	13.2
Margin (Surplus)	9,005	9,688	10,568	10,813	11,399	11,298	11,867	12,853

7.3.3 Basel II

Regulatory Capital Banco do Brasil utilizes the concept of economic capital in its internal processes of risk management. The table below exhibits the capital requirement in accordance with the current criteria (Regulatory Capital) and the consumption of capital based on internal models:

Table 59. Regulatory Capital

R$ million – 12.31.2007

Required Shareholders Equity	Regulatory			Internal Processes		
	4Q06	3Q07	4Q07	4Q06	3Q07	4Q07
Risk Weight Assets Requirement	19,130	21,851	23,821	3,585	4,049	4,022
Loan Portfolio (*)	12,452	14,370	15,758	3,585	4,049	4,022
Others (**)	6,678	7,481	8,064		-	
Market Risk Requirement (Trading Book)	439	847	783	1,920	1,818	1,236
Operational Risk Requirement				1,069	1,177	1,085
Total	19,569	22,698	24,605	6,574	7,044	6,343

(*) Loan operations and warrants operations.

(**) Tax Credit Income Tax, CDI-Financial Institutions not related, Exchange Portfolio and Other Assets.

8.1 Net Interest Income

Table 60. Net Interest Income

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Financial Intermediation Income	9,487	10,267	10,110	6.6	(1.5)	36,685	39,978	9.0
Loans	5,816	6,517	6,610	13.7	1.4	21,612	25,261	16.9
Leasing	48	49	48	0.7	(1.8)	173	193	11.3
Securities	3,274	3,355	3,088	(5.7)	(8.0)	13,483	12,632	(6.3)
Financial Derivatives	(118)	(149)	(10)	(91.2)	(93.1)	(636)	175	(127.5)
Foreign Exchange Portfolio	(5)	155	26	(651.0)	(83.5)	541	396	(26.8)
Compulsory Investments	389	405	411	5.7	1.3	1,612	1,616	0.3
FX Gain (Loss) on Foreign Investments	(27)	(100)	(94)	247.4	(6.1)	(245)	(572)	133.8
Other Op. Inc. of a Fin. Intermed. Nature	110	34	31	(71.4)	(7.8)	146	276	89.1
Financial Intermediation Expenses	(4,631)	(5,111)	(4,632)	0.0	(9.4)	(18,577)	(19,168)	3.2
Money Market Funds	(4,237)	(4,813)	(4,281)	1.0	(7.2)	(16,726)	(17,523)	4.8
Borrowing, Assignments and Onlending	(395)	(498)	(351)	(11.0)	(29.4)	(1,851)	(1,645)	(11.1)
Net Interest Income	4,855	5,156	5,478	12.8	6.2	18,107	20,810	14.9

The Net Interest Margin (NIM) represents the result from financial intermediation business before provisions for credit risks. In 4Q07, this margin was R$ 5,478 million, growing 12.8% in relation to the same period of 2006. Considering the amount accumulated in 2007, the margin attained R$ 20,810 million, 14.9% higher than 2006. This scenario occurred basically due to the increase in loan operations.

On the other hand, there was a downslide in the financial intermediation spread on account of the increase in loans with lower interest rates (payroll loans and financing of vehicles) and of the lower volume with equalization revenues. The spread over remunerated assets dropped from 8.13% in 2006 to 7.60 % in 2007.

The next table demonstrates the formation of the Net Interest Margin from the changes in the spread and from the growth in the volume of investments in the annual and quarterly flows.

Table 61. Analysis of Volume (Remunerated Assets) and Annual Spread – 2006 and 2007

R$ million

	2006		2007	Abs. Chg.
Volume: Assets – Remunerated Assets *	222,578		273,671	51,093
Net Interest Income	18,107		20,810	2,702
Spread - % **	8.1363		7.6039	(0.5313)
Gain/(loss) with volume			22,264	4,157
Gain/(loss) with spread			16,925	(1,183)
Gain/(loss) with volume and spread				(271)
* Average Balances				
** Net Interest Income / (Assets – Permanent Assets)				

Table 62. Analysis of Volume (Remunerated Assets) and Quarterly Spread – 3Q07 and 4Q07

R$ million

	3Q07		4Q07	Abs. Chg.
Volume: Assets – Remunerated Assets *	281,418		289,656	8,238
Net Interest Income	5,156		5,478	322
Spread - % **	1.8322		1.8911	0.0589
Gain/(loss) with volume			5,307	151
Gain/(loss) with spread			5,322	166
Gain/(loss) with volume and spread				5
* Average Balances				
** Net Interest Income / (Assets – Permanent Assets)				

8.1.1 Analysis of Uses

The annualized investment rate of Financial Intermediation Income over Remunerated Assets decreased from 16.5% to 14.6% in the annual comparison. This downslide was due to the reduction of Selic, which pegs the main part of the Securities Portfolio and also results in the decrease in the final rates charged for loan operations.

Table 63. Investment Rate

Average Balances in R$ million

	4Q06	3Q07	4Q07	2006	2007
Remunerated Assets	237,760	281,418	289,656	222,578	273,671
Fin. Interm. Income (Reallocated Income Statement)	9,487	10,267	10,110	36,685	39,978
Fin. Interm. Income / (Remunerated Assets)	4.0	3.6	3.5	16.5	14.6
Fin. Interm. Income / (Remunerated Assets)- Ann.	16.9	15.4	14.7	16.5	14.6

The average balance of Available Funds in Foreign Currency grew significantly in relation to 2006, from R$ 283 million to R$961 million in 2007. The investment rate in this item in the period showed great volatility, because of the behavior of the dollar

Table 64. Investment Rate on Available Funds in Foreign Currency

Average Balances in R$ million

	4Q06	3Q07	4Q07	2006	2007
Available Funds in Foreign Currency	470	909	400	283	961
Income from Available Funds in Foreign Currency	19	98	(2)	119	103
Annualized Rate - %	16.9	50.5	(1.7)	42.1	10.7

Securities income in 2007 totaled R$ 12,653 million, an amount 6.2% lower than that recorded in the same period of previous year. The variation was basically due to the Selic rate decrease in the period. This trend also reflected in the investment rate, which dropped to 230 base points.

Table 65. Investment Rate on Securities and Interbank Investments

Average Balances in R$ million

	4Q06	3Q07	4Q07	2006	2007
Securities + Interbank Investments	104,239	125,801	125,130	105,151	119,959
Securities Income excluding Hedges	3,271	3,355	3,088	13,483	12,663
Annualized Rate - %	13.2	11.1	10.2	12.8	10.5

The following table shows the origin of the revenues of the securities portfolio. In 2007, the accrual of revenues from the portfolio showed decrease of 6.3% in relation to 2006, basically because of the decrease in the Selic rate. The result of the mark-to-market of securities - MTM presented a negative impact of 182 million in 2007, most of which originated from 4Q07. Short-term interbank investments accounted for R$ 4,774 million in 2007, due to a growth in the Open Market Investments in relation to 2006.

Table 66. Securities Income

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Securities Income	3,274	3,355	3,088	(5.7)	(8.0)	13,483	12,632	(6.3)
Fixed Income Securities	3,105	3,352	3,086	(0.6)	(7.9)	13,286	12,603	(5.1)
Revaluation – Curve	2,216	1,921	1,946	(12.2)	1.3	9,530	7,936	(16.7)
Income/Loss from Negotiation	17	9	(3)	(118.8)	(134.3)	52	75	42.7
Mark to Market	15	(41)	(139)	-	242.7	30	(182)	-
Interbank Accounts	856	1,462	1,282	49.7	(12.3)	3,873	4,774	30.0
Others	169	3	2	(98.8)	(36.4)	197	29	(85.5)

The figure below shows the main indices in BB's securities portfolio.

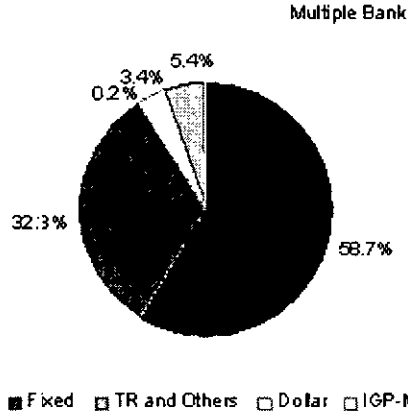


Figure 53. Securities Portfolio by Index Loan and Lease Operation

Revenues for 2007 rose to R$ 24,043 million, a 17.0% increase in relation to 2006. The reduction of Selic has led to the reduction of the final interest rates, which can be noted due to the annualized reduction of these transactions. In addition, in 2007 there was an increase in the portfolio of credit line operations with lower interest rates (payroll loans and financing of vehicles). Annualized investment rate went down from 20.0% in 2006 to 17.8% in 2007.

Table 67. Investment Rate on Loans and Leasing

Average Balances in R$ million

	4Q06	3Q07	4Q07	2006	2007
Loans + Leasing	117,874	136,885	145,144	102,868	135,318
Loans + Leasing Income	5,439	6,265	6,245	20,558	24,043
Annualized Rate - %	19.8	19.6	18.4	20.0	17.8

*It does not consider recovery of write-offs.

The behavior of the dollar explains the changes in the items below. The relationship of these accounts with exchange variation occurs essentially through the relevant investments of BB maintained abroad and other transactions involving foreign exchange.

Table 68. FX Gain (Loss) and Other FX Operations

Average Balances in R$ million

	4Q06	3Q07	4Q07	2006	2007
FX Gain (Loss) on Foreign Investments	(27)	(100)	(94)	(245)	(572)
Other FX Operations	(23)	57	27	422	283
Dollar	(1.7)	(6.1)	(3.7)	(8.7)	(17.2)

8.1.2 Analysis of Funding

The annualized funding rate of Financial Intermediation Expenses on Remunerated Liabilities went down from 9.9% in 2006 to 8.2% in 2007. In the quarterly comparison, the annualized rate decreased by 200 base points (4Q06 - 4Q07) and 110 base points in relation to the previous quarter. This trend is explained mainly from a decline in the cost of Bank's key sources of funds, primarily time deposits and open market funding.

Table 69. Funding Cost

Average Balances in R$ million

	4Q06	3Q07	4Q07	2006	2007
Remunerated Assets	198,150	239,596	246,043	188,465	232,729
Financial Intermediation Expenses	(4,831)	(5,111)	(4,832)	(18,577)	(19,168)
Finan. Interm. Expenses, / (Remunerated Assets)	2.3	2.1	1.9	9.9	8.2
Finan. Interm. Expenses, / (Remunerated Assets)- Ann.	9.7	8.8	7.7	9.9	8.2

Table 70. Cost of Foreign Borrowing

Average Balances in R$ million

	4Q06	3Q07	4Q07	2006	2007
Foreign Borrowing	3,817	3,389	2,697	4,057	3,337
Expenses with Borrowing, Onlending, and Foreign Banks	(44)	(104)	29	(217)	(164)
Annualized Rate - %	4.7	12.8	(4.3)	5.4	4.9

In 2007, a reduction can be seen in the expenses on Money Market Borrowing in relation to 2006. Therefore, the annualized rate went from 8.6% to 7.2% in the period, on account of the behavior of the interest rate and its impact on Time Deposits and Open Market Funding, two important sources of funding for BB.

The sudden reduction in the borrowing rate of savings deposits can be explained by the discontinuation of CPMF in 4Q07, as clarified below:

Bacen Circular 3,346, of 3/28/2007 addresses the transfer of savings deposit resources with additional yield, addressed by Law 9,311, of 1996. Said Circular authorized up to 12/31/2007 the additional remuneration of 0.38% (compensatory of CPMF) on the amount of each withdrawal made, credited on the date of the withdrawal, providing the amount withdrawn had continued to be deposited for a period of ninety days or more.

With the discontinuation of CPMF there was a reversal of this amount provisioned by BB, in 4Q07, (as compensation to its savings account clients to which this rule applies) in the amount of R$ 129.7 million, which reduced the borrowing expenses in savings deposits, and consequently, altered the equivalent funding rate.

Table 71. Market Funding Cost

Average Balances in R$ million

	4Q06	3Q07	4Q07	2006	2007
Money Market Borrowing	202,797	244,407	256,843	190,188	238,893
Expenses with Money Market Borrowing	(4,150)	(4,540)	(4,229)	(16,424)	(17,293)
Annualized Rate - %	8.4	7.6	6.8	8.6	7.2
Saving Deposits	35,668	42,878	44,974	33,727	41,578
Expenses with Saving Deposits	(704)	(783)	(662)	(2,699)	(2,973)
Annualized Rate - %	8.1	7.5	6.0	8.0	7.2
Interbank Deposits	5,211	4,988	5,339	5,580	5,072
Expenses with Interbank Deposits	(372)	(217)	(160)	(882)	(791)
Annualized Rate - %	31.8	18.6	12.5	15.8	15.6
Time Deposits	76,619	82,754	85,373	70,421	82,111
Expenses with Time Deposits	(1,649)	(1,568)	(1,584)	(6,739)	(6,319)
Annualized Rate - %	8.9	7.9	7.6	9.6	7.7
Money Market Borrowing	49,654	75,693	76,679	48,414	71,466
Expenses with Money Market Borrowing	(1,425)	(1,952)	(1,823)	(6,104)	(7,210)
Annualized Rate - %	12.0	10.7	9.9	12.6	10.1
Demand Deposits	35,645	38,094	44,479	32,046	38,677

8.1.3 Analysis of Spread

Over the last 12 months, the annualized global spread of financial intermediation decreased on account of the declining interest rate scenario and the environment of performance of the Bank, with heated competition.

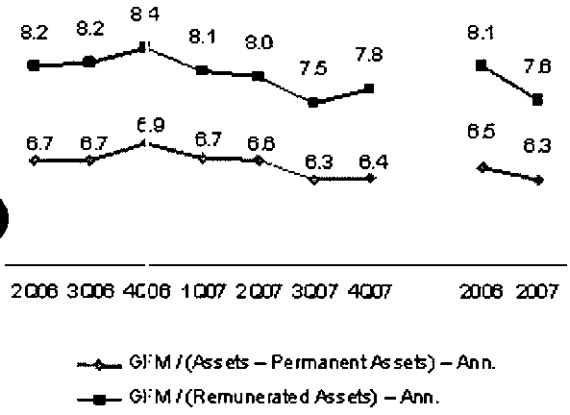


Figure 54. Analysis of Spread

Table 72. Investment Rates and Funding Costs

R$ million

	4Q06	3Q07	4Q07	2006	2007
Finan. Interm. Income / (Assets – Permanent Assets)	3.3	3.1	2.9	13.3	12.2
Finan. Interm. Income / (Assets – Permanent Assets) – Ann.	13.9	12.9	12.0	13.3	12.2
Finan. Interm. Expenses / (Assets – Permanent Assets)	1.6	1.5	1.3	6.7	5.8
Finan. Interm. Expenses / (Assets – Permanent Assets) – Ann.	6.6	6.3	5.4	6.7	5.8
GFM / (Assets – Permanent Assets)	1.7	1.5	1.6	6.5	6.3
GFM / (Assets – Permanent Assets) – Annualized	6.9	6.3	6.4	6.5	6.3
Finan. Interm. Income / (Remunerated Assets)	4.0	3.8	3.5	16.5	14.6
Finan. Interm. Income / (Remunerated Assets) – Annualized	16.9	15.4	14.7	16.5	14.6
Finan. Interm. Expenses / (Remunerated Assets)	1.9	1.8	1.6	8.3	7.0
Finan. Interm. Expenses / (Remunerated Assets) – Annualized	8.0	7.5	6.6	8.3	7.0
GFM / (Remunerated Assets)	2.0	1.8	1.9	8.1	7.6
GFM / (Remunerated Assets) – Annualized	8.4	7.5	7.8	8.1	7.6

8.1.4 Analytical Spread

Table 73. Analytical Spread – Investment Rates

Average Balances in R$ million

	4Q06	3Q07	4Q07	2006	2007
Remunerated Assets	237,760	281,418	289,856	222,578	273,671
Available Funds in Foreign Currency	470	909	400	283	961
Income from Available Funds in Foreign Currency	19	98	(2)	119	103
Annualized Rate - %	16.9	50.5	(1.7)	42.1	10.7
Securities + Interbank Investments	104,239	125,801	125,130	105,151	119,959
Securities Income excluding Hedges	3,271	3,355	3,088	13,483	12,653
Annualized Rate - %	13.2	11.1	10.2	12.8	10.5
Loans + Leasing	117,874	136,835	145,144	102,868	135,318
Loans + Leasing Income	5,439	6,265	6,246	20,568	24,043
Annualized Rate - %	19.8	19.6	18.4	20.0	17.8
Remunerated Compulsory Deposit	15,177	17,823	18,983	14,276	17,433
Income from Compulsory Deposits	389	405	411	1,612	1,616
Annualized Rate - %	10.6	9.4	8.9	11.3	9.3
Tax Credits	9,091	13,790	13,847	8,715	12,056
Other Assets	40,749	37,837	49,208	39,899	42,361
Permanent Assets	5,703	5,890	6,134	5,569	5,915
TOTAL ASSETS	293,303	338,935	358,845	276,761	334,003

*It does not consider recovery of write-offs.

Table 74. Analytical Spread – Funding Costs

Average Balances in R$ million

	4Q06	3Q07	4Q07	2006	2007
Interest Bearing Liabilities	198,150	239,596	246,043	188,465	232,729
Savings Deposits	35,668	42,878	44,974	33,727	41,578
Expenses with Savings Deposits	(704)	(783)	(862)	(2,699)	(2,973)
Annualized Rate - %	8.1	7.5	8.0	8.0	7.2
Interbank Deposits	5,211	4,988	5,339	5,580	5,072
Expenses with Interbank Deposits	(372)	(217)	(160)	(882)	(791)
Annualized Rate - %	31.8	18.6	12.5	15.8	15.6
Time Deposits	76,619	82,754	85,373	70,421	82,111
Expenses with Time Deposits	(1,849)	(1,588)	(1,584)	(6,739)	(6,319)
Annualized Rate - %	8.9	7.9	7.6	9.6	7.7
Money Market Borrowing	49,654	75,693	76,679	48,414	71,456
Expenses with Money Market Borrowing	(1,425)	(1,952)	(1,823)	(6,104)	(7,210)
Annualized Rate - %	12.0	10.7	9.9	12.6	10.1
Foreign Borrowing	3,817	3,389	2,697	4,057	3,337
Expenses with Foreign Borrowing, Onlending and Banks	(44)	(104)	29	(217)	(164)
Annualized Rate - %	4.7	12.8	(4.3)	5.4	4.9
Onlending	13,942	16,289	17,231	13,189	15,554
Expenses with Onlending	(232)	(280)	(283)	(1,098)	(1,043)
Annualized Rate - %	6.8	7.1	6.7	8.3	6.7
Financial and Development Funds + Subordinated Debt	10,707	11,665	11,997	10,279	11,566
Expenses with Financial and Development Funds	(118)	(114)	(98)	(535)	(446)
Annualized Rate - %	4.47	3.96	3.31	5.21	3.86
Foreign Securities	2,533	1,939	1,754	2,798	2,066
Expenses with Foreign Securities	31	(34)	(9)	(212)	(122)
Annualized Rate - %	(4.9)	7.2	2.0	7.6	5.9
Other Liabilities	74,256	76,393	88,748	88,296	101,274
Demand Deposits	35,645	38,094	44,479	32,048	38,677
Other Liabilities	38,611	38,299	44,269	36,860	39,901
Shareholders' Equity + Income Accounts	20,897	22,946	24,053	19,400	22,696
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	293,303	338,935	358,845	276,761	334,003

8.1.5 Management Analysis of the Spread

We carried out a management assessment of the financial intermediation spread, by reconciling the management information on the loan portfolio, deposits and money market borrowing with the accounting information.

The spread was assessed by comparing the net interest margin of each funding product and loan with their respective volume. The net interest margin is determined by taking into consideration the opportunity cost of each product. In the case of loan product, for example, the net interest margin is made up of the financial revenues from the product after deduction of the opportunity costs. In the case of an investment or funding product, the margin is determined by comparing the financial expenses with the respective opportunity revenue.

The opportunity costs and revenues of each product are determined in accordance with their characteristics. As a general rule the average Selic rate (TMS) is adopted as a reference point for the opportunity cost for the greater part of the products of financial intermediation. There are, however, exceptions such, for example, funding from savings, where the opportunity revenue is hybrid, that is, it is remunerated by the TMS on the free portion, by the rural CDI in the case of the portion invested in rural financing, and by TR+6% a year, in the case of the portion intended for the compulsory deposit. Accordingly, the gross spread of each product is determined by evaluating its effective contribution to the formation of net income, observing the timing of the contracting of the operation.

The table below shows the composition of the average quarterly spread and the accumulated in the year, while it should be observed that the spread on transactions with Individuals – where the risk vs. return ratio is better – has been showing a systematic reduction in the final interest rates of operations such as payroll loans and vehicle financing.

Table 75. Nominal Spread by Transaction

%

	4Q06	3Q07	4Q07	2006	2007
Nominal Spread	1.69	1.55	1.54	6.59	6.29
Loans	2.74	2.61	2.48	10.88	10.31
Individuals	7.15	6.30	6.08	28.72	25.40
Businesses	1.93	1.75	1.69	8.14	6.91
Agribusiness	1.49	1.61	1.42	5.48	6.34
Other Transactions	0.42	0.90	0.91	0.54	3.09
Funding	0.57	0.55	0.56	2.88	2.17
Other	2.71	1.88	2.14	7.58	8.68

Table 76. Compositions of the Transactions

%

	4Q06	3Q07	4Q07	2006	2007
Composition (mix)					
Loans	39.89	40.50	40.21	38.18	40.54
Individuals	19.30	20.24	20.48	19.22	19.89
Businesses	40.49	42.11	42.59	39.84	42.18
Agribusiness	37.87	35.70	35.08	38.40	35.96
Other Transactions	2.34	1.95	1.85	2.54	1.97
Funding	48.29	47.10	46.79	47.94	46.85
Other	11.82	12.40	13.00	13.88	12.61

Table 77. Weighted Spread per Transaction

%

	4Q06	3Q07	4Q07	2006	2007
Weighted Spread	1.69	1.55	1.54	6.59	6.29
Loans	1.09	1.06	1.00	4.15	4.18
Individuals	0.55	0.52	0.50	2.11	2.05
Businesses	0.31	0.30	0.29	1.24	1.18
Agribusiness	0.23	0.23	0.20	0.80	0.92
Other Transactions	0.00	0.01	0.01	0.01	0.02
Funding	0.28	0.26	0.26	1.38	1.02
Other	0.32	0.23	0.28	1.05	1.10

8.1.6 Spread by Loan Portfolio

The figure below shows the evolution in the spread on loans by portfolio. The graph shows that the spread in the Individual Client portfolio continues the most appealing in relation to the others. With the growth of operations of reduced risk and lower rates, such as payroll loans and vehicles, and the downslide of interest rates in the last 12 months, the portfolio has been operating at lower levels than that recorded in the same prior-year period.

It is worth emphasizing that there was a change in the criterion of determination of the management spread of portfolios at the beginning of 2007, particularly as regards the opportunity cost. According to the new rule, the average Selic rate - TMS of the period in which the operation is contracted, and no longer that of the calculation period, will be considered the opportunity cost. Accordingly, it is expected that the volatility brought about by the mismatching that occurs upon the comparison of the rate of application with the rate of funding will be minimized. This new criterion had a more significant influence on the Individual Customer portfolio.

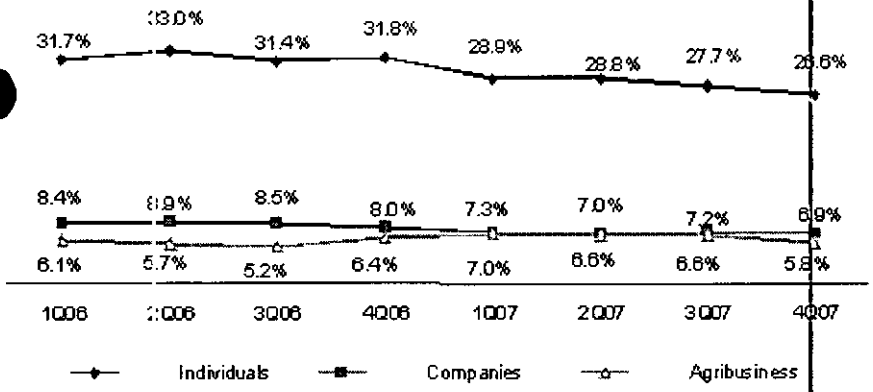


Figure 55. Spread by Loan Portfolio

8.1.7 Average balances of balance sheet accounts and information on interest

The purpose of the information is to make the analysis easier and should be read together with the financial statements. The data related to average volume and balance was calculated based on the average final balances of the months comprising the respective analyzed periods. The data related to the quarterly average rate was likewise calculated based on the earnings and expenses for the period, divided by the average balance or volume determined as mentioned in the item above.

The tables below contain the average balances of revenue generating assets and of expense generating liabilities, other assets and liabilities, the respective amounts referring to the interest income and expenses and the average real rate of return/interest for each period.

Table 78. Average Balance Sheet and Interest Rate Data – Annual Earning Assets (quarterly)

R$ million

	3Q07			4Q07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Earning Assets						
Available Funds in Foreign Currency	909	98	50.5	400	(2)	(1.7)
Securities + Interbank Investments on Hedge	125,801	3,355	11.1	125,130	3,088	10.2
Loans + Leasing	136,885	6,265	19.6	145,144	6,245	18.4
Remunerated Compulsory Deposits	17,823	405	9.4	18,983	411	8.9
Total	281,418	10,123	15.2	289,656	9,742	14.1
Non Earning Assets						
Tax Credits	13,790			13,947		
Other Assets	37,837			49,208		
Permanent Assets	5,890			6,134		
Total	57,517			69,189		
TOTAL ASSETS	338,935			358,845		

Table 79. Average Balance Sheet and Interest Rate Data – Annual Earning Assets (annual)

R$ million

	2006			2007		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Earning Assets						
Available Funds in Foreign Currency	283	120	42.3	961	103	10.7
Securities + Interbank Investments on Hedge	105,151	13,484	12.8	119,959	12,632	10.5
Loans + Leasing	102,868	20,559	20.0	135,318	24,006	17.7
Remunerated Compulsory Deposits	14,276	1,612	11.3	17,433	1,616	9.3
Total	222,578	35,775	16.1	273,671	38,358	14.0
Non Earning Assets						
Tax Credits	8,715			12,056		
Other Assets	39,899			42,361		
Permanent Assets	5,569			5,915		
Total	54,183			60,333		
TOTAL ASSETS	276,761			334,003		

As seen in the above table, the decreased weighted average rate of performing assets was brought about primarily by the reduced Selic rates over the last 12 months. In addition, the retreating rates charged for loan operations resulted from a combination of factors: a scenario of declining rates, brisk competition, and cheaper consumer credit options (paycheck-based loans and vehicles), were also responsible for a growing share in this trend.

Table 80. Average Balance Sheet and Interest Rate Data – Interest Bearing Liabilities (quarterly)

R$ million

	3Q07			4Q07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Interest Bearing Liabilities						
Saving Deposits	42,878	(923)	8.9	44,974	(662)	6.0
Interbank Deposits	4,988	(217)	18.6	5,339	(160)	12.5
Time Deposits	82,754	(1,588)	7.9	85,373	(1,584)	7.6
Money Market Borrowing	75,693	(1,952)	10.7	76,679	(1,823)	9.9
Foreign Borrowing	3,389	(104)	12.8	2,697	29	(4.3)
Onlending	16,289	(280)	7.1	17,231	(283)	6.7
Financial and Development Funds + Subordinated Debt	11,665	(114)	4.0	11,997	(98)	3.3
Foreign Securities Borrowing	1,939	(34)	7.2	1,754	(9)	2.0
Total	239,596	(5,211)	9.0	246,043	(4,589)	7.7
Other Liabilities						
Demand Deposits	38,094			44,479		
Other Liabilities	38,299			44,269		
Shareholder's Equity	22,946			24,053		
Total	99,339			112,801		
TOTAL LIABILITIES	338,935			358,845		

Table 81. Average Balance Sheet and Interest Rate Data – Interest Bearing Liabilities (nine-month)

R$ million

	2006			2007		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Interest Bearing Liabilities						
Saving Deposits	33,727	(2,830)	8.4	41,578	(3,237)	7.8
Interbank Deposits	5,580	(889)	15.9	6,072	(766)	15.1
Time Deposits	70,421	(6,739)	9.6	82,111	(6,313)	7.7
Money Market Borrowing	48,414	(6,103)	12.6	71,466	(7,201)	10.1
Foreign Borrowing	4,057	(216)	5.3	3,337	(157)	4.7
Onlending	13,189	(1,098)	8.3	15,554	(1,043)	6.7
Financial and Development Funds + Subordinated Debt	10,279	(535)	5.2	11,556	(446)	3.9
Foreign Securities Borrowing	2,798	(207)	7.4	2,066	(121)	5.9
Total	188,465	(18,617)	9.9	232,729	(19,283)	8.3
Other Liabilities						
Demand Deposits	32,046			38,677		
Other Liabilities	36,850			39,901		
Shareholder's Equity	19,400			22,696		
Total	88,296			101,274		
TOTAL LIABILITIES	276,761			334,003		

A drop of 160 base points is shown in the Bank's average funding costs, which went down from 9.9% in 2006 to 8.3% in 2007. This trend originated from a decline in the Bank's key sources of funds, primarily time deposits and open market funding.

The table below shows the appropriation of changes in interest income and expenses due to the change in the average volume of remunerated assets and interest-bearing liabilities and the change in the average interest rate on such assets and liabilities, in the semester and in the quarters under analysis. The changes in volume and interest rate were calculated based on changes in average balances in the period and the changes in the average interest rates on assets generating income and liabilities generating expenses.

The change in the interest rate was calculated by the change in the interest rate in the period multiplied by the average of assets generating income and the average of liabilities generating expenses in the first period. The change in volume was recorded as the difference between the volume of interest in the most recent period and the one in the prior period.

Table 82. Changes in Interest Income and Expenses- Volume and Rate Analysis (quarterly)

R$ million

	4th Quarter 2007/2006			4th Quarter 2007/3rd Quarter 2007		
	Average Volume (1)	Average Rate (2)	Net Change (3)	Average Volume (1)	Average Rate (2)	Net Change (3)
Earning Assets	1,745	(1,121)	625	277	(659)	(382)
Available Funds in Foreign Currency	0	(21)	(20)	2	(102)	(100)
Securities + Interbank Investments on Hedge	516	(699)	(183)	(17)	(250)	(267)
Loans + Leasing	1,173	(367)	806	355	(376)	(20)
Remunerated Compulsory Deposits	82	(60)	22	25	(20)	5
Interest Bearing Liabilities	(893)	818	(75)	(120)	742	622
Saving Deposits	(137)	179	42	(31)	292	261
Interbank Deposits	(4)	216	212	(11)	67	57
Time Deposits	(162)	227	65	(49)	52	3
Money Market Borrowing	(642)	244	(398)	(23)	152	129
Foreign Borrowing	(12)	86	74	(8)	141	133
Onlending	(54)	4	(50)	(15)	13	(2)
Financial and Development Funds + Subordinated Debt	(11)	30	20	(3)	18	16
Foreign Securities Borrowing	4	(44)	(40)	1	24	25

(1) Net Change - Average Rate
(2) ((Interest Current Period / Balance Current Period) x (Balance Previous Period)- (Interest Previous Period)
(3) Current Interest - Interest for Previous Period

Table 83. Changes in Interest Income and Expenses- Volume and Rate Analysis (semester)

R$ million

	2006/2007		
	Average Volume (4)	Average Rate (5)	Net Change (6)
Earning Assets	7,161	(4,578)	2,583
Available Funds in Foreign Currency	73	(89)	(17)
Securities + Interbank Investments on Hedge	1,559	(2,412)	(852)
Loans + Leasing	5,757	(2,310)	3,447
Remunerated Compulsory Deposits	293	(288)	5
Interest Bearing Liabilities	(3,668)	3,001	(667)
Saving Deposits	(611)	204	(408)
Interbank Deposits	77	46	123
Time Deposits	(899)	1,324	425
Money Market Borrowing	(2,322)	1,225	(1,097)
Foreign Borrowing	34	25	59
Onlending	(158)	214	56
Financial and Development Funds + Subordinated Debt	(49)	139	90
Foreign Securities Borrowing	43	43	86

(4) Net Change - Average Rate
(5) ((Interest Current Period / Balance Current Period) x (Balance Previous Period)- (Interest Previous Period)
(6) Current Interest - Interest for Previous Period

The table below segregates the set up of this result, from a period to another, by distinguishing the shares in changes in volume, rate and others.

Table 84. Analysis of the Financial Information Results (4Q07 / 4Q06)

R$ million

	4Q06	Volume Variation	Rate Variation	Other Variation	Net Variation	4Q07
Revenue from Financial Intermediation	9,404	1,745	(1,121)	144	769	10,172
Revenue from Interest-Earning Assets	9,117	1,745	(1,121)		625	9,742
Other Revenues	287			144		431
Expenses from Financial Intermediation	(6,085)	(893)	818	75	(1)	(6,160)
Expenses from Interest-Earning Liabilities	(4,514)	(893)	818		(76)	(4,589)
Required Provision	(1,454)					(1,528)
Other Expenses	(118)			75	75	(43)
Financial Intermediation Results	3,319	852	(303)	219	768	4,012

Table 85. Analysis of the Financial Information Results (2007 / 2006)

R$ million

	2006	Volume Variation	Rate Variation	Other Variation	Net Variation	2007
Revenue from Financial Intermediation	36,787	7,161	(4,578)	904	3,487	40,274
Revenue from Interest-Earning Assets	35,775	7,161	(4,578)		2,583	38,358
Other Revenues	1,012			904		1,916
Expenses from Financial Intermediation	(25,978)	(3,868)	3,001	62	(604)	(25,119)
Expenses from Interest-Earning Liabilities	(18,618)	(3,868)	3,001		(667)	(19,283)
Required Provision	(7,140)					(5,877)
Other Expenses	(221)			62	62	(159)
Financial Intermediation Results	10,808	3,494	(1,577)	967	2,883	15,155

The table below shows the average balance of remunerated assets and liabilities and the income, net of interest, as well as the comparison between the margin, net of interest and the net profit margin for the periods ended December 2006 and 2007, in the quarterly and annual view. In the analyzed period, it is possible to observe the impact of the interest rate reduction on BB's assets and liabilities.

Table 86. Margin, Net of interest and Profit Margin

R$ million

	4Q06	4Q07	2006	2007
Average Earning Assets Balance	237,760	289,868	222,578	273,871
Average Interest Bearing Liabilities Balance	198,150	248,043	188,465	232,729
Net Interest Revenue (1)	4,603	5,153	17,157	19,074
Interest Income	9,117	9,742	35,775	38,358
Interest Expenses	(4,514)	(4,589)	(18,618)	(19,283)
Interest Rate over Average Earning Assets Balance (2) - %	16.2	14.1	16.1	14.0
Interest Rate over Average Bearing Liabilities Balance (3) - %	9.4	7.7	9.9	8.3
Spread (4) - %	6.8	6.5	6.2	5.7
Net Interest Margin (5) - %	8.0	7.3	7.7	7.0

(1) Defined as interest income less interest expenses.
(2) Total interest income divided by the average balance of assets generating income.
(3) Total interest expenses divided by the average balance of liabilities generating expenses.
(4) Difference between the average rate of assets generating assets and the average rate of liabilities generating expenses.
(5) Income net of interest divided by the average balance of assets generating income.

8.2 Net Financial Margin

Table 87. Net Financial Margin

R$ million

	Quarterly Flow			Chg. %		Annual Flow		Chg. %
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Net Interest Income	4,855	5,156	5,478	12.8	6.2	18,107	20,810	14.9
Allowance for Loan Losses	(1,257)	(1,216)	(1,497)	19.1	23.1	(5,743)	(5,380)	(6.3)
Net Financial Margin	3,599	3,940	3,981	10.6	1.0	12,364	15,430	24.8

The Net Financial Margin is obtained by deducting expenses with allowances for loan losses from the net interest margin. In 2007, these expenses were 6.3% lower than in 2006. This reduction due to, basically, with the improvement observed in the loan portfolio risk in the year of 2007.

In the quarterly flow, allowances for loan losses recorded an increase of 19.1% in relation to the same period of last year and 23.1% in relation to the previous quarter. This growth is aligned with the increase of the loan portfolio and with the concentration, in the last quarter, of the new contracting activities in the agribusiness portfolio.

The ratio between expenses of provisions and the average total portfolio - both accumulated in 12 months - went from 5.0% in 4Q06 to 3.7% in 3Q07 and 4Q07. In 4Q07, the ratio between the quarterly provision expenses and the average of the loan portfolio in the period remained stable in relation to the same period of previous year, in 1.0%.

Table 88. Expenses with Allowance for Loan Losses over Portfolio

R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
(A) Allowance for Loan Losses - Quarterly	(1,345)	(1,757)	(1,385)	(1,257)	(1,431)	(1,236)	(1,216)	(1,497)
(B) Allowance for Loan Losses - 12 Months	(4,810)	(5,565)	(5,984)	(5,743)	(5,833)	(5,309)	(5,139)	(5,380)
(C) Loan Portfolio	105,527	113,103	118,349	133,157	140,387	145,233	150,184	160,739
(D) Average Portfolio – 3 Months	103,836	110,940	116,463	128,674	137,491	144,585	148,408	157,216
(E) Average Portfolio – 12 Months	97,872	101,844	106,480	113,891	121,990	130,359	138,136	145,861
Expenses over Portfolio (A/D) - %	1.3	1.6	1.2	1.0	1.0	0.9	0.8	1.0
Expenses over Portfolio (B/E) - %	4.9	5.5	5.6	5.0	4.8	4.1	3.7	3.7

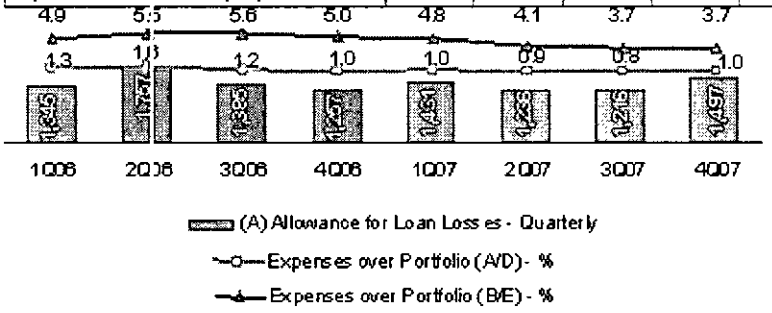


Figure 56. Expenses with Allowance for Loan Losses over Portfolio

The graph below details the allowance for loan losses, segregating the minimum provisions required by CMN Resolution 2,682 from the total booked. An increase can be observed in the volume of provisions required, which climbed from R$ 8,084 million in September 2007 to R$ 8,727 million in December 2007, an increase of 8.0% just beyond the growth of the loan portfolio, which grew 7.0% in the period. Surplus provisions, in the sum of R$ 1,586 million, are aimed fundamentally at bearing future volatilities associated with the loan portfolio.

In the trial of revision of the agribusiness loan portfolio credit risk, were carried out studies for evaluation of the present situation of the rural customers and operations subject of the renegotiations done in the 2nd half of 2006 (2005 past due rural debt and past due/falling due in 2006), aiming at identify situations that would demand adjustments in the risk levels.

Initial studies carried out in January 2008 indicate the need for reinforcement of provision in the amount of R$ 450 million to cope with the adjustments of the risk levels of renegotiated operations (items "a" and "b" above), in order to comply with CMN Resolution 3,499. The processing of these adjustments in the classified portfolio of the Bank should occur in the first quarter of 2008 and the necessary reinforcement of provision will be performed utilizing part of the sum of surplus provisions.

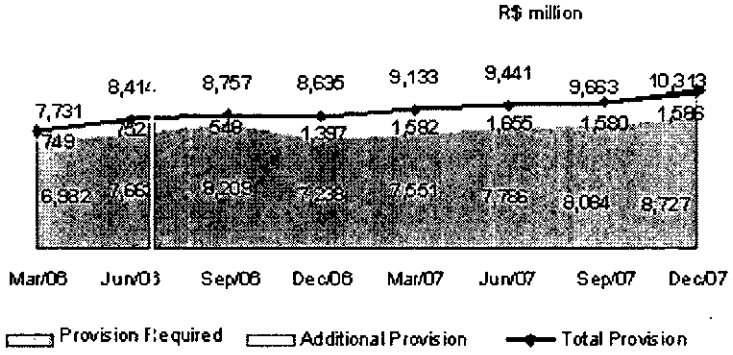


Figure 57. Breakdown of Allowances

Unlike the scenario observed throughout 2006, marked by the widespread process of worsening of risk and renegotiation of transactions of the agribusiness portfolio, in 2007 BB maintained the risk level aligned with 2006 figures. Hence, those transactions classified as AA-C risks rose from 91.0% in December 2006 to 90.9% in December 2007.

Table 89. Loan Portfolio by Level of Risk

R$ million

	Dec/06			Sep/07			Dec/07			BI*
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	
AA	32,969	-	24.8	39,418	-	26.2	42,734	-	26.6	24.7
A	32,011	160	24.0	30,890	154	20.6	31,408	157	19.5	40.7
B	40,690	407	30.6	48,817	488	32.5	53,462	535	33.3	17.7
C	15,470	464	11.6	17,122	514	11.4	18,460	554	11.5	8.9
D	4,201	420	3.2	5,344	534	3.6	5,439	544	3.4	2.4
E	1,985	595	1.5	2,137	641	1.4	2,214	664	1.4	1.3
F	693	347	0.5	756	378	0.5	816	408	0.5	0.8
G	981	687	0.7	1,086	760	0.7	1,137	796	0.7	0.6
H	4,153	4,153	3.1	4,614	4,614	3.1	5,070	5,070	3.2	2.9
Total	133,157	7,238	100.0	150,184	8,084	100.0	160,739	8,727	100.0	100.0
AA-C	121,139	1,031.0	91.0	136,247	1,156	90.7	146,064	1,245	90.9	91.9
D-H	12,013	6,206.6	9.0	13,937	6,927	9.3	14,675	7,482	9.1	8.1

* Preliminary data as of September/2007.

The ratio of Portfolio Net of Allowances (CLP) over the Total Portfolio (CT) expresses the overall evaluation of the weighted portfolio, in accordance with CMN Resolution 2,682. The following chart shows that Banco do Brasil has maintained a quality in its Loan Portfolio that, was higher than the Brazilian Banking Industry (SFN).

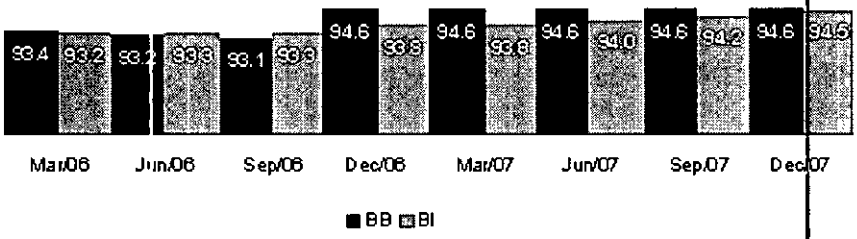


Figure 58. CLP/CT BB vs. Banking Industry

The table below shows a slight increase in past-due loans in the Loan Portfolio when compared to December 2006. In relation to the third quarter of 2007 a slight improvement can be observed in the delinquency, resulting from the extension process of rural debts, authorized by Bacen Resolutions 3,460, 3,479, 3,495, 3,500 and 3,523.

The aforesaid Bacen Resolutions authorized the maintenance under normal conditions of some types of agricultural loans - installments of agribusiness investment maturing in 2007 and installments maturing in 2007 of operations of extended costing of the harvests of 2003/2004, 2004/2005 and 2005/2006. For the vast majority of cases, the schedule of amortization of loans was altered to the dates established in the Resolutions, in order to not have an inappropriate impact on the delinquency ratios and corresponding levels of accrual of the loan portfolio.

In relation to the agricultural loans with resources from BNDES and Finame Rural contemplated by the resolutions, it was not possible to adopt the procedures of alteration of the schedules utilized for the other operations involved, due to operating characteristics of these products (calculation of charges, accounting and potential equalizations). These operations were maintained in a "waiting period", in order to avoid the inclusion of clients in restrictive files and the deterioration of risk, with the consequent increase of the level of accrual in the portfolio. However, owing to the non-alteration of the schedules of maturity, this set of operations continues to negatively sensitize the delinquency ratios in 3Q07 and 4Q07.

The volume overdue for 15 days of the domestic/internal portfolio amounted to R$ 7,221.9 million, an increase of 32.1% in the year. In Dec/2007 the delinquency ratio of 15 days (Delinquency>= 15 days/ Loan Portfolio) attained 4.5%, 0.4 percentage points above Dec/2006, also as a consequence of investment operations of the rural area in a waiting period up to February 15, 2008, as authorized by Bacen Resolution 3,523 of 12.20.2007. In the individual client segment, the volume of delinquency of 15 days is strongly affected by the rural portfolio. Up to February 2008, with the rectification of rural investments in the waiting period, the delinquency ratios of 15 days of the Rural and Individual Client portfolios could return to the historical levels of 3.0 % and 6.0% respectively.

The delinquency of 15 days of the corporate portfolio attained 2.6%, a ratio 0.7 percentage points lower than that observed in Dec/2006.

Table 90. Delinquency Ratio -%

R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Loan Portfolio	105,527	113,103	118,349	133,157	140,387	145,233	150,184	160,739
Past Due Loans	6,434	5,884	6,319	5,500	6,008	6,915	7,525	7,248
Past Due Loans/Loan Portfolio - %	6.1	5.2	5.3	4.1	4.3	4.8	5.0	4.5
Past Due Loans + 15 days	6,383	5,681	6,120	5,466	5,962	5,930	7,125	7,222
Past Due Loans + 15 days/Loan Portfolio - %	6.0	5.0	5.2	4.1	4.2	4.1	4.7	4.5
Past Due Loans + 60 days	4,537	4,127	4,455	3,863	3,930	4,111	5,157	5,259
Past Due Loans + 60 days/Loan Portfolio - %	4.3	3.6	3.8	2.9	2.8	2.8	3.4	3.3
Past Due Loans + 90 days	4,011	3,630	3,838	3,382	3,391	3,508	3,986	4,268
Past Due Loans + 90 days/Loan Portfolio - %	3.8	3.2	3.2	2.5	2.4	2.4	2.7	2.7
Write-off	788	1,076	1,043	1,378	926	918	988	841
Recovery of Write-offs	(297)	(233)	(272)	(425)	(346)	(386)	(302)	(414)
Net Loss	492	843	771	952	580	532	686	427
Net Loss/Loan Portfolio - % annualized	1.9	3.0	2.6	2.9	1.7	1.5	1.8	1.1
Allowance	7,731	8,414	8,757	8,635	9,133	9,441	9,663	10,313
Allowance/Loan Portfolio - %	7.3	7.4	7.4	6.5	6.5	6.5	6.4	6.4
Allowance/Past Due Loans + 15 days - %	121.1	148.1	143.1	158.0	153.2	159.2	135.8	142.8
Allowance/Past Due Loans + 60 days - %	170.4	203.9	196.6	223.5	232.4	229.7	187.4	196.1
Allowance/Past Due Loans + 90 days - %	192.7	231.8	228.1	255.3	269.3	269.1	242.4	241.7

The graph below shows the ratio between the provision required to the provision for transactions overdue for more than 90 days of the Bank and of SFN (National Financial System). In comparison with SFN, it can be observed that the Bank has a level of provision that is more than sufficient to cover transactions overdue for more than 90 days.

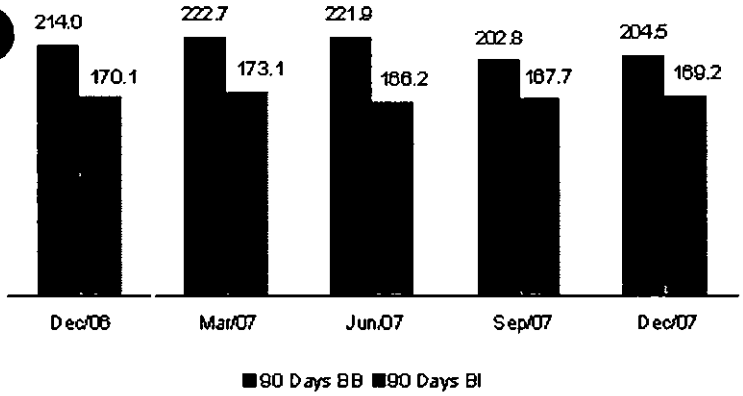


Figure 59. Required Provision / Past Due Loans more than 90 days – BB x BI

Although the Bank maintains a level of provision to cover overdue transactions above the market average, the average risk of the portfolio (Provision required / Portfolio) remained below SFN, pursuant to the following table:

Table 91. Average Portfolio Risk

	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Average Risk BB	5,44	5,38	5,38	5,38	5,43
Average Risk BI	6,25	6,21	6,02	5,76	5,49

The figure below shows an increase in the delinquency ratios of the Loan Portfolio when compared with December 2006, due to the renegotiation process of rural operations in progress at the end of 2007. In the quarterly analysis, there was a reduction of 50 base points in the ratio between past due transactions over the total loan portfolio. In connection with transactions over 60 days past-due compared to the loan portfolio this improvement was roughly 10 base points more significant.

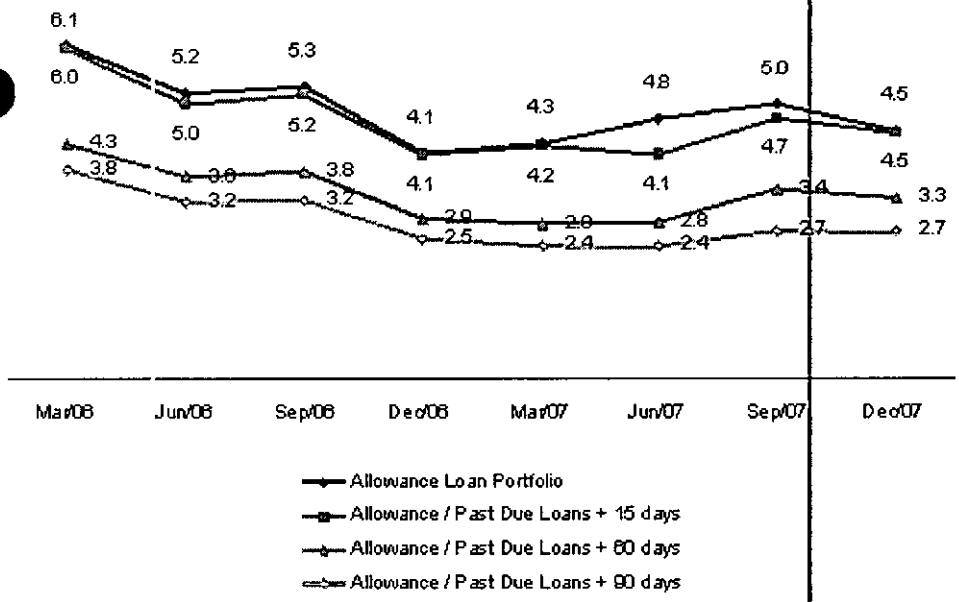


Figure 60. Delinquency Ratio - %

8.2.1 Retail Loan Portfolio

The Retail Loan Portfolio grew 32.1% in relation to the same prior-year period and 9.9% in relation to September 2007. Exhibited improvement of risk in relation to December 2006, due to the growth of payroll loan operations, which have a lower level of risk. Payroll loans, which represented 20.5% of the retail portfolio in Dec/06, started to have a 22.3% share of the portfolio in Dec/07.

Besides that, Banco do Brasil took a series of coordinate measures to reduce the delinquency in its loan operations. The process of collecting and recovering of loans was improved, to optimize the return of borrowed capitals and maintain the customer base. Amongst the measures taken are: automatic renegotiation of the credit through the automatic teller machines and internet; the employees training to recovering of loans; and the changes in collecting focus, from "product" to "customer", with strategies definition directed to each customer profile and its historical relationship with BB.

Table 92. Retail Loan Portfolio by Level Risk

R$ million

	Dec/06			Sep/07			Dec/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	2,958	-	7.3	3,358	-	6.9	4,798	-	9.0
A	6,625	33	16.4	7,839	39	16.1	8,406	42	15.7
B	18,502	185	45.8	22,604	226	46.5	24,811	248	46.5
C	8,582	257	21.2	10,295	309	21.2	10,602	318	19.9
D	1,110	111	2.7	1,499	149	3.1	1,522	152	2.9
E	520	156	1.3	603	181	1.2	618	185	1.2
F	307	153	0.8	348	174	0.7	376	188	0.7
G	274	192	0.7	337	236	0.7	345	241	0.6
H	1,557	1,557	3.9	1,702	1,702	3.5	1,930	1,930	3.6
Total	40,435	2,645	100.0	48,576	3,016	100.0	53,407	3,305	100.0
AA-C	36,666	476	90.7	44,097	574	90.8	48,616	608	91.0
D-H	3,768	2,170	9.3	4,479	2,442	9.2	4,791	2,697	9.0

The quality of the portfolio remained close to that recorded in the previous quarter. The movement of PCLD (Provision for Doubtful Loans) of the retail portfolio is detailed in the table below:

Table 93. Changes in the Allowance - Retail

R$ million

	4Q06	1Q07	2Q07	3Q07	4Q07
Retail Loan Portfolio	40,435	43,378	45,309	48,576	53,407
Initial Allowance	2,684	2,645	2,682	2,839	3,016
1 - Risk Migration	383	457	503	600	611
a) Risk Deterioration	843	797	883	977	1,083
b) Risk Improvement	(460)	(340)	(381)	(377)	(471)
2 – New Transactions	274	270	284	309	325
3 – Write-offs	(588)	(591)	(532)	(630)	(599)
Total (1 + 2 + 3):	69	136	254	279	337
Other Impacts*	(107)	(100)	(97)	(103)	(48)
Final Allowance	2,645	2,682	2,839	3,016	3,305
Allowance Required by CMN Resolution 2682	2,645	2,682	2,839	3,016	3,305
Allowance Flow - R$ million	549	627	690	806	888
Allowance / Portfolio - %	6.5	6.2	6.2	6.2	6.2
Allowance Flow / Portfolio - %	1.4	1.4	1.5	1.7	1.7

*Amortization, settlement, installments and charges

8.2.2 Commercial Loan Portfolio

The corporate portfolio reflected significant enough growth, of 36.2%, over the last twelve months. This performance was due mainly to the increase in transactions with large corporate groups. The corporate portfolio is strongly influenced by the contracting and settlement of transactions involving expressive amounts with large clients. Even with this increase, the Corporate Portfolio has been showing successive improvements in the risk profile. By year-end 2007 the AA - C risk levels totaled 97.7% of the portfolio, above the 96.7% witnessed in December 2006. There was also a change in the D-H level loans, which moved from 3.3% in 4Q06 to 2.3% in 4Q07.

Table 94. Commercial Loan Portfolio by Level Risk R$ million

R$ million

	Dec/06			Sep/07			Dec/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	8,707	-	40.1	12,345	-	47.4	15,646	-	52.8
A	6,835	33	30.5	6,087	30	23.4	5,994	30	20.2
B	5,037	50	23.2	6,326	63	24.3	6,806	68	23.0
C	634	19	2.9	549	16	2.1	478	14	1.6
D	411	41	1.9	463	46	1.7	424	42	1.4
E	85	25	0.4	81	24	0.3	70	21	0.2
F	58	29	0.3	47	24	0.2	58	29	0.2
G	20	14	0.1	31	22	0.1	15	11	0.1
H	149	149	0.7	115	115	0.4	123	123	0.4
Total	21,735	361	100.0	26,034	341	100.0	29,613	338	100.0
AA-C	21,013	103	96.7	25,306	110	97.2	28,924	112	97.7
D-H	723	259	3.3	728	231	2.8	690	226	2.3

Table 95. Changes in the Allowance – Commercial

R$ million

	4Q06	1Q07	2Q07	3Q07	4Q07
Commercial Loan Portfolio	21,735	24,087	24,878	26,094	29,613
Initial Allowance	340	361	348	306	341
1 - Risk Migration	(22)	(57)	5	47	30
a) Risk Deterioration	112	56	73	115	146
b) Risk Improvement	(134)	(113)	(68)	(68)	(115)
2 – New Transactions	85	99	44	52	46
3 – Write-offs	(31)	(42)	(76)	(47)	(23)
Total (1 + 2 + 3)	32	(0)	(27)	52	53
Other Impacts*	(11)	(13)	(18)	(18)	(56)
Final Allowance	361	348	306	341	338
Allowance Required by CMN Resolution 2682	361	348	306	341	338
Allowance Flow - R$ million	52	29	34	81	21
Allowance / Portfolio - %	1.7	1.4	1.2	1.3	1.1
Allowance Flow / Portfolio - %	0.2	0.1	0.1	0.3	0.1

*Amortization, settlements, installments and charges

8.2.3 Agribusiness Loan Portfolio

The agribusiness portfolio grew 15.1% (Dec/06-Dec/07). In December 2007 the loans ranked at risk levels AA-C accounted for 86.2% of the portfolio, lower than 88.2% in December 2006 and in line with the results observed in September 2007.

The ratio between provisions required (Resolution 2,682) and the inventory of transactions went from 6.1% in December 2006 to 6.8% in September 2007 and 7.1% in December 2007.

Table 96. Agribusiness Loan Portfolio by Level Risk

R$ million

	Dec/06			Sep/07			Dec/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	7,830	-	17.4	8,974	-	18.5	8,841	-	17.0
A	13,008	65	28.9	12,474	62	25.7	12,202	61	23.5
B	14,109	141	31.3	15,166	152	31.3	17,347	173	33.4
C	4,811	144	10.7	5,158	155	10.6	6,327	190	12.2
D	2,113	211	4.7	2,917	292	6.0	3,027	303	5.8
E	1,029	309	2.3	1,180	354	2.4	1,252	375	2.4
F	176	88	0.4	239	119	0.5	253	127	0.5
G	594	416	1.3	620	434	1.3	694	486	1.3
H	1,393	1,393	3.1	1,718	1,718	3.5	1,942	1,945	3.7
Total	45,063	2,768	100.0	48,446	3,286	100.0	51,883	3,659	100.0
AA-C	39,758	350	88.2	41,772	389	86.2	44,716	424	86.2
D-H	5,305	2,417	11.8	6,674	2,918	13.8	7,168	3,235	13.8

A slight deterioration can be observed in the level of risk of the agribusiness portfolio in comparison with the previous quarter. The increase of delinquency ratios in the last quarters, if compared with the same period of previous year, is due to the concentration of maturities of agricultural loans in this period, a situation that could be reverted in the next few months with the consolidation of the extension process of rural debts.

The following table details the changes in bad debt provisions for the Portfolio Agribusiness.

Table 97. Changes in the Allowance – Agribusiness

R$ million

	4Q06	1Q07	2Q07	3Q07	4Q07
Agribusiness Loan Portfolio	46,064	46,774	48,769	48,446	51,883
Initial Allowance	3,597	2,768	3,104	3,244	3,286
1 - Risk Migration	(1,235)	(345)	(164)	(194)	(62)
a) Risk Deterioration	641	485	425	395	669
b) Risk Improvement	(1,876)	(810)	(589)	(589)	(731)
2 – New Transactions	1,058	790	498	464	551
3 – Write-offs	(547)	(132)	(147)	(147)	(92)
Total (1 + 2 + 3):	(724)	313	186	123	397
Other Impacts*	(105)	24	(47)	(80)	(24)
Final Allowance	2,768	3,104	3,244	3,286	3,659
Allowance Required by CMN Resolution 2682	2,768	3,104	3,244	3,286	3,659
Allowance Flow - R$ million	(283)	469	286	190	465
Allowance / Portfolio - %	6.1	6.6	6.7	6.8	7.1
Allowance Flow / Portfolio - %	(0.6)	1.0	0.6	0.4	0.9

*Amortization, settlement, installments and charges

8.2.4 Foreign Trade Loan Portfolio

The foreign trade loan portfolio recorded an increase of 8.3% (Dec/06 - Dec/07). Loans rated at levels of risk AA to C went up from 98.3% in December 2006 to 98.1% in December 2007 and those rated as D-H came down 1.7% to 1.9% in the same period.

Table 98. Foreign Trade Loan Portfolio by Level Risk

R$ million

	Dec/06			Sep/07			Dec/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	5,991	-	54.5	6,515	-	54.0	6,092	-	51.2
A	1,742	9	15.8	1,880	9	15.6	2,442	12	20.5
B	2,135	21	19.4	2,790	28	23.1	2,547	25	21.4
C	941	28	8.6	662	20	5.5	603	18	5.1
D	119	12	1.1	107	11	0.9	106	11	0.9
E	8	2	0.1	7	2	0.1	7	2	0.1
F	11	5	0.1	9	5	0.1	2	1	0.0
G	7	5	0.1	5	4	0.0	9	6	0.1
H	46	46	0.4	99	99	0.8	103	103	0.9
Total	11,000	129	100.0	12,073	177	100.0	11,911	178	100.0
AA-C	10,810	58	98.3	11,946	57	98.1	11,694	56	98.1
D-H	190	71	1.7	227	120	1.9	227	123	1.9

The table below shows the effects of the global risk of the Foreign Trade Loan Portfolio on provisions, the provision vs. portfolio ratio of which increased from 1.2% in 4Q06 to 1.5% at the end of the year 2007.

Table 99. Changes in the Allowance - Foreign Trade

R$ million

	4Q06	1Q07	2Q07	3Q07	4Q07
Foreign Trade Loan Portfolio	11,000	11,190	11,004	12,073	11,911
Initial Allowance	161	129	120	112	177
1 - Risk Migration	(66)	(31)	(24)	38	(22)
a) Risk Deterioration	40	20	27	84	32
b) Risk Improvement	(105)	(51)	(51)	(46)	(54)
2 – New Transactions	64	37	43	49	49
3 – Write-offs	(22)	(10)	(23)	(15)	(14)
Total (1 + 2 + 3):	(24)	(4)	(4)	71	12
Other Impacts*	(8)	(5)	(5)	(6)	(11)
Final Allowance	129	120	112	177	178
Allowance Required by CMN Resolution 2682	129	120	112	177	178
Allowance Flow - R$ million	(10)	2	14	80	16
Allowance / Portfolio - %	1.2	1.1	1.0	1.5	1.5
Allowance Flow / Portfolio - %	(0.1)	0.0	0.1	0.7	0.1

*Amortization, settlement, installments and charges

8.2.5 Foreign Loan Portfolio and Others

The table below shows the risk profile of BB's foreign loan portfolio. In December 2006 the loans ranked at risk levels AA-C accounted for 98.9% of the portfolio. In December 2007, this share increased to 99.0% of the portfolio.

Table 100. Foreign Loan Portfolio by Level Risk

R$ million

	Dec/06			Sep/07			Dec/07		
	Balance	Allowance	Comp.%	Balance	Allowance	Comp.%	Balance	Allowance	Comp.%
AA	7,238	-	59.4	8,036	-	64.0	7,154	-	62.9
A	3,956	20	32.5	2,541	13	20.2	2,286	11	20.1
B	685	7	5.6	1,725	17	13.7	1,691	17	14.9
C	162	5	1.3	130	4	1.0	126	4	1.1
D	12	1	0.1	17	2	0.1	11	1	0.1
E	1	0	0.0	1	0	0.0	1	0	0.0
F	-	-	-	-	-	-	-	-	-
G	-	-	-	-	-	-	-	-	-
H	126	126	1.0	107	107	0.9	103	103	0.9
Total	12,181	159	100.0	12,568	143	100.0	11,373	137	100.0
AA-C	12,042	32	98.9	12,432	34	99.0	11,258	32	99.0
D-H	139	127	1.1	126	109	1.0	115	105	1.0

The table below exhibits the rating by risk of the other loans not classified in the Retail, Commercial, Agribusiness, Foreign Trade and Abroad portfolios. The majority of transactions, is originated from the loan recovery portfolio.

Table 101. Other Transactions Portfolio

R$ million

	Dec/06			Sep/07			Dec/07		
	Balance	Allowance	Comp.%	Balance	Allowance	Comp.%	Balance	Allowance	Comp.%
AA	326	-	11.9	212		8.5	217	-	8.5
A	46	0	1.7	66	0	2.7	78	0	3.1
B	213	2	7.8	221	2	8.9	276	3	10.8
C	304	9	11.1	313	9	12.5	312	9	12.2
D	431	43	15.7	358	36	14.3	346	35	13.5
E	331	99	12.1	265	79	10.6	267	80	10.4
F	139	70	5.1	112	56	4.5	126	63	4.9
G	83	58	3.0	90	63	3.6	73	51	2.9
H	867	867	31.6	861	861	34.5	858	858	33.6
Total	2,741	1,149	100.0	2,497	1,106	100.0	2,552	1,100	100.0
AA-C	889	11	32.4	812	12	32.5	883	13	34.6
D-H	1,852	1,137	67.6	1,686	1,094	67.5	1,670	1,087	65.4

8.3 Contribution Margin

Table 102. Contribution Margin

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Net Financial Margin	3,599	3,940	3,981	10.6	1.0	12,364	15,430	24.8
Service Revenues	2,287	2,498	2,590	13.3	3.7	8,888	9,902	11.4
Taxes on Revenues	(438)	(476)	(495)	13.0	4.0	(1,883)	(1,911)	13.6
Contribution Margin	5,448	5,963	6,076	11.5	1.9	19,568	23,421	19.7

Starting from the net financial margin, which expresses the Bank's financial performance, adding the service revenues and deducting the tax expenses (Pasep, Cofins and ISSQN), we obtain the Contribution Margin.

The Contribution Margin totaled R$ 23,421 million in 2007, a 19.7% increase compared to 2006. The balance of service revenue - RPS attained R$ 9,902 million in 2007, growth of 11.4% in the period.

The table below shows the opening of Service Revenues in the new format made available in the Notes to the Financial Statements. Quarterly information from the years 2006 and 2007 in the new format is available on the Investor Relations site - Historical series.

Service Revenues attained R$ 2,590 million in 4Q07, growth of 13.3% in comparison to 4Q06 and 3.7% in the quarter, leveraged, particularly by the growth of the base of cards and by the new contracting of pension and insurance products, typical for this time of the year.

Table 103. Services Revenues

R$ million

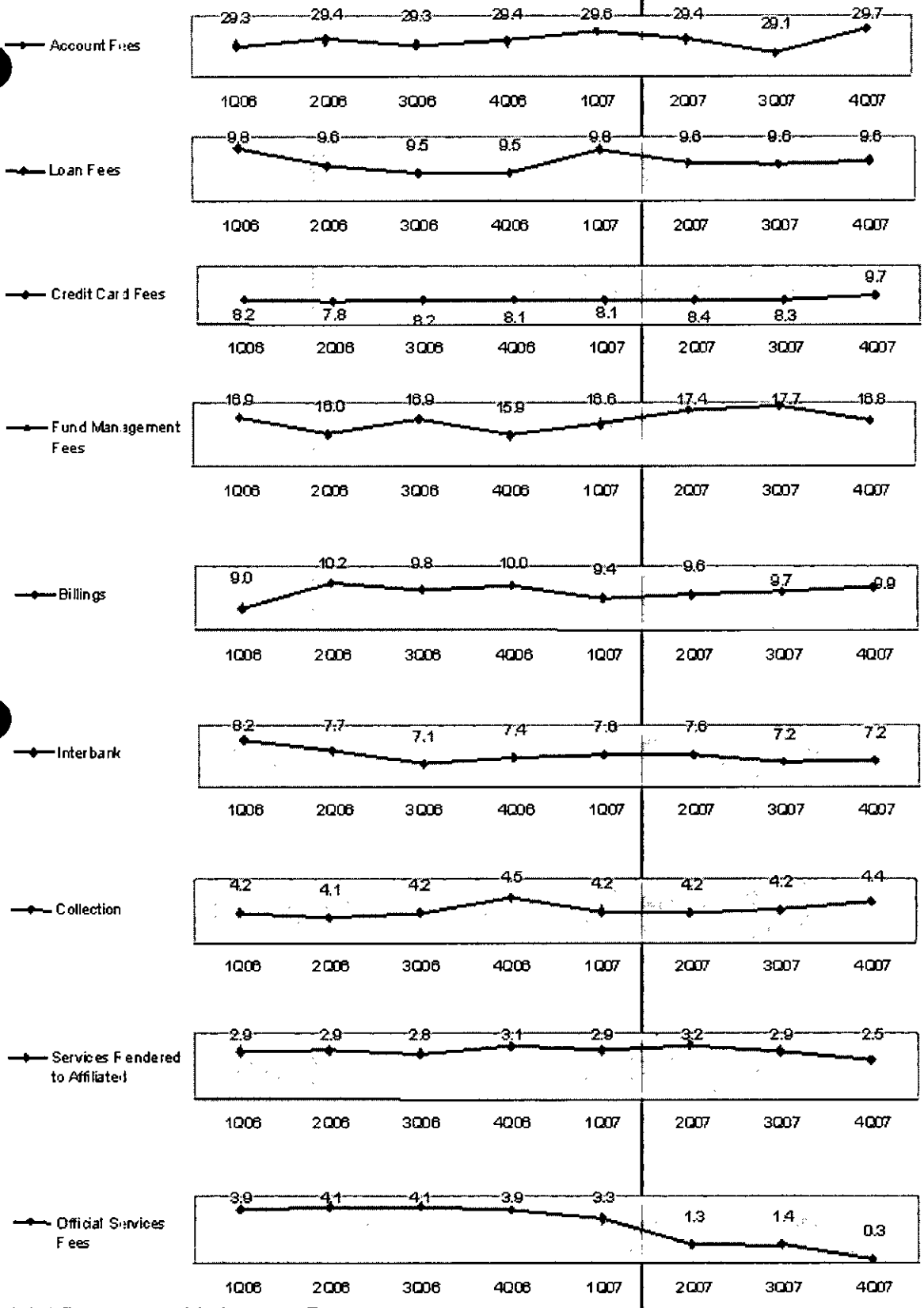
	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Services Revenues	2,287	2,498	2,590	13.3	3.7	8,888	9,902	11.4
Account Fees	672	727	769	14.4	5.7	2,607	2,915	11.9
Loan Fees	216	240	250	15.6	4.2	851	957	12.5
Credit Card Fees	184	208	250	35.5	20.0	718	855	19.0
Investiment Fund Management Fees	364	443	435	19.6	(1.8)	1,469	1,696	16.3
Billings	229	243	257	12.2	5.8	867	863	10.4
Interbank	169	180	187	10.7	3.8	676	731	8.1
Collection	104	108	114	10.5	8.2	377	422	11.9
Services Rendered to Affiliated	72	72	63	(11.5)	(11.3)	260	284	9.2
Official Services Fees	89	35	8	(90.6)	(75.6)	354	154	(56.4)
Others	189	246	257	35.9	4.7	720	1,024	29.3

The largest revenues in this group are the Account Fees and those from Asset Management, which account for 46.5% of the total of service provision revenues in the quarter.

Of the total revenues with Checking Account Fees, the tariff related to the package of BB services, which represents 64.5% of these revenues, grew R$ 57.8 million (from Dec/06 to Dec/07). This item alone corresponds to 19.1% of total RPS (Service Revenue) of the Bank in the period.

The growth of Fund Management fees resulted from the increase of the volume of the managed portfolio. As regards revenues from tariffs related to loans, it is worth emphasizing that the increase in this account resulted from the growth of loans in the period. The increase of the card base, and of sales, contributed toward the growth of card tariff revenues, which went up from R$ 718 million to R$ 855 million in the last 12 months, a growth of 19.6%.

The decrease observed in the Official Services item in relation to 2006 results from the accounting reclassification performed by the Bank in the Deposits and Withdrawals of Financial Institutions account, which was recorded in Other Operating Income as of 2Q07.



8.3.1 Revenues with Account Fees

In 4Q07, revenues from account fees totaled R$ 769 million, an expansion of 14.4% in relation to 4Q06. The share of these revenues in the total of service revenues reached 29.7% in the period. The graph below shows that the revenues from customer relationship fees have shown greater growth than the customer base, revealing that the Bank has managed to tighten its business links with its customers.

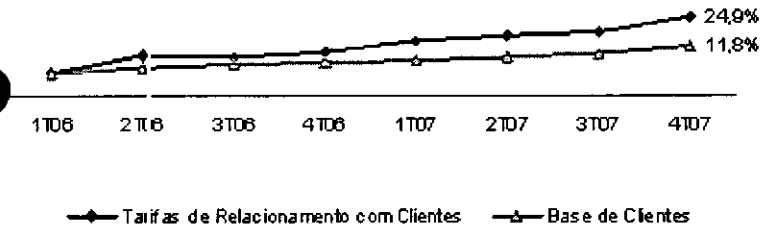


Figure 62. Revenues with Accounts and Costumer Base

BB's had 26.0 million current account holders in December 2007, a number that is 6.7% higher than in the same period of the previous year.

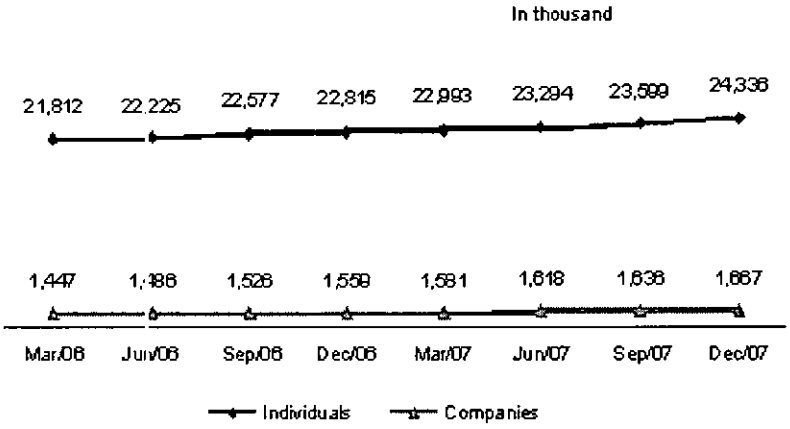


Figure 63. Costumer Base

8.3.2 Asset Management

In 2007, the Bank reached R$ 1,696 million in Asset Management Fees, a 16.3% growth in relation to 2006. Comparing 4Q07 with the previous quarter, there was an 1.8% decline. The share of these revenues in the total of service revenues reached 16.3% in the quarter. It's valid to emphasize that the 4Q07 had two work days less than the previous quarter, what explains part of this reduction. Also in the 4Q07, the Government did many drafts in its funds, causing a 9.5% decrease in its volume, in relation to the previous quarter (in accordance to table 104), what generated negative impact in the revenues. This Government movement is seasonable and it is expected the inverse trend in the 1st quarter of 2008.

BB Administração de Ativos – Distribuidora de Títulos e Valores Mobiliários (BB DTVM), a wholly-owned subsidiary of Banco do Brasil, showed growth of 20.5% in the volume of assets under management in the last 12 months, which totaled R$ 220.1 billion. This volume confirms BB's leadership as the largest asset manager in the Country, with a 18.3% market share, according to Anbid's ranking. The market share of BBDTVM has decreased due to greater competition and the penetration of new agents in this market.

The growth in the asset management volume is mainly due to the economic-financial re-evaluation of the Institutional Investors assets, of which the management fee it is not calculated considering the restated assets but the historical value of it. It means, there is no direct relation between the market value assets growth and the fee income generated from them, what explains the 1.8% decrease in the management fees (in accordance to table 103), even with the expressive growth in the volume of the asset management observed in the last quarter of 2007.

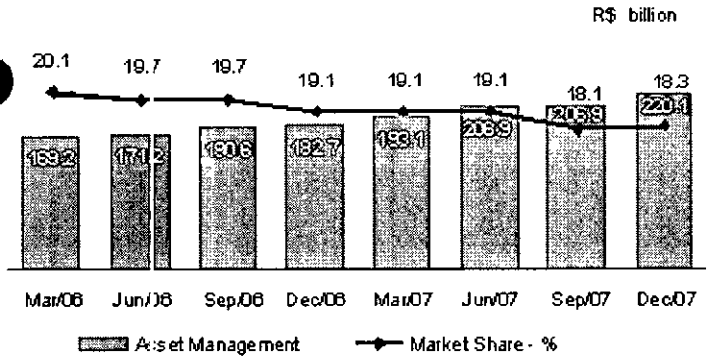


Figure 64. Asset Management

BB DTVM has funds for different kinds of customers. In accordance with the following table, Investment funds and managed portfolios aimed at institutional investors have the largest share in the total registered in December 2007, with 44.4%, followed by individuals and government, which hold 27.9% and 14.8% respectively. It is valid to emphasize the growth of Funds of Institutional Investors, stimulated by the re-evaluation of these investors assets (in accordance to mentioned previously). This type of fund rose from R$ 76,925 million to R$ 97,726 million (Dec/06 - Dec/07), a variation of 27.0% in the period.

Table 104. Investment Funds and Managed Portfolios by Costumer

R$ million

							Chg.%	
	Dec/06	Share %	Sep/07	Share %	Dec/07	Share %	on Dec/06	on Sep/07
Institutional Investors	76,925	42.1	81,502	39.4	97,726	44.4	27.0	19.9
Individuals	55,119	30.2	60,825	29.4	61,336	27.9	11.3	0.8
Government	26,928	14.7	36,071	17.4	32,641	14.8	21.2	(9.5)
Businesses	17,837	9.8	19,695	9.5	19,427	8.8	8.9	(1.1)
Foreign Investors	5,873	3.2	8,832	4.3	9,005	4.1	53.3	2.0
Total	182,683	100.0	206,865	100.0	220,136	100.0	20.5	6.4

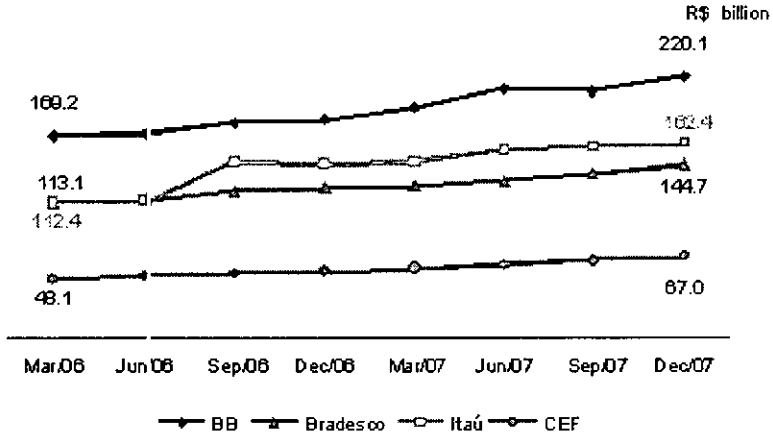


Figure 65. Investment Funds and Managed Portfolios

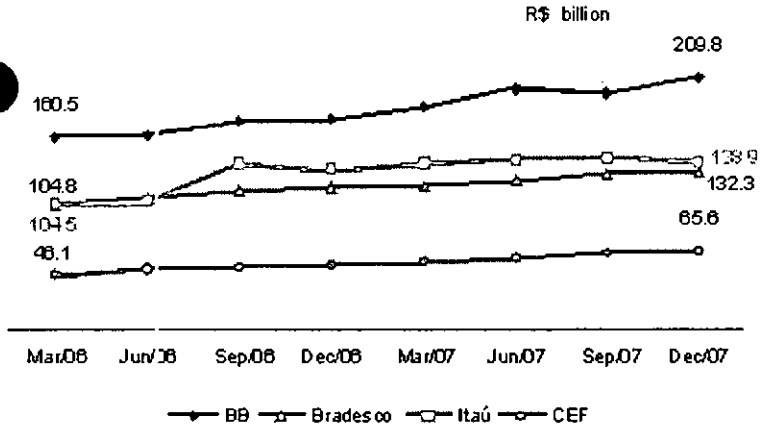


Figure 66. Investment Funds

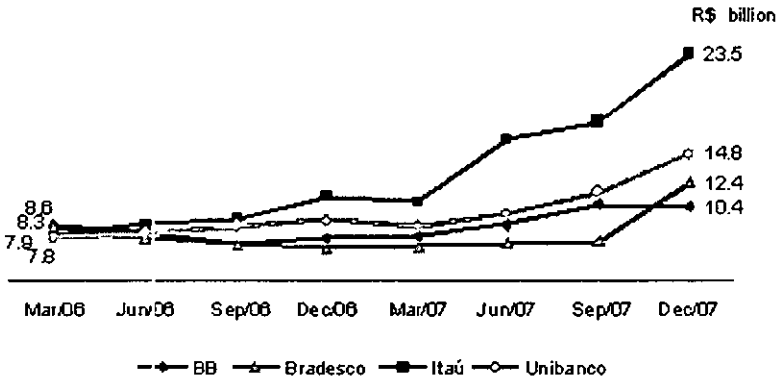


Figure 67. Managed Portfolios and Investment Funds

8.3.3 Cards

With the adoption of commercial and marketing actions focused on expanding the users base, improving the activation and retention rates, and the average consumption by using Ourocard, BB was able to increase its market share in terms of revenues, from a market share of 15.2% in 2006 to 15.8% in 2007 – according to information disclosed by the Brazilian Association of Credit Cards and Services Companies (Abecs).

Banco do Brasil maintained its leadership in the market of debt cards and in the billing of cards with the Visa flagship. The Bank has a platform of multi-purpose cards - credit, debit, private label and banking - that can be made available on a single card and that, added to chip technology, offer a broad set of functionalities and security to the bearers of BB Cards.

In 2007, BB launched an unprecedented card in the market: called Ourocard Agronegócio, a card which enables the payment of agribusiness assets and products based on the rural financing credit limit. BB has also started, in an innovative manner, tests with clients for remote purchases with credit and debit cards, by using only a mobile phone. We also emphasize the formation of 13 new partnerships in various segments during the year.

Revenue with Cards in the total Service Revenue (RPS) amounted to R$ 250 million in 4Q07. The share by these earnings in total Service Provision Revenues rose to 9.7% during the quarter, 135 base points higher than the percentage recorded in 3Q07.

Said revenues were up 19.0% over 2006. An emphasis on revenues originating from the collection of annual fees and commission of the issuing bank, besides the revenues originating from financing, which represent a share of 40% of the total card revenues. Revenue from the earnings of subsidiary and associated companies exhibited growth of 93.7% in relation to the previous quarter and 8.2% in 12 months, representing 13% of the total.

Table 105. Services Revenues from Cards

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Service Revenues - Cards	184	208	250	35.5	20.0	718	856	19.0
Financing Income	208	233	254	22.4	8.9	796	916	15.0
Equity Income - Visanet	56	50	97	74.2	93.7	190	298	55.3
Other Income and Other Services	38	54	55	45.3	1.8	206	213	3.4
Total Revenues	486	546	657	35.1	20.2	1,911	2,279	19.3

BB closed the year with a base of 69.1 million credit cards, a growth of 23.3% in relation to 2006. The credit card base attained 20.2 million units, growth of 43% in the year, and that of debt cards, 48.9 million, up 15.7% over the same prior-year period.

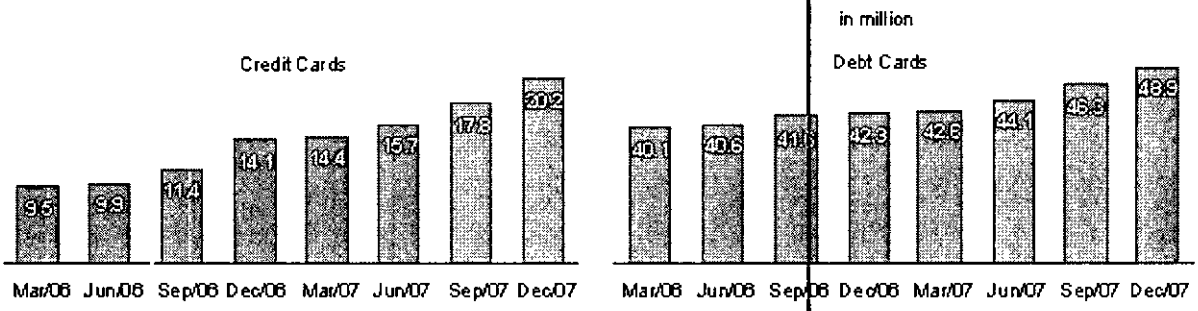


Figure 68. Credit and Debit Cards

In relation to the total turnover of cards, the Bank recorded the sum of R$ 14.3 billion in 4Q07, 31.9% higher than the amount recorded in 4Q06. Revenues from credit cards totaled R$ 7.6 billion in 4Q07, with an increase of 31.2% as compared to the same period in 2006.

BB kept the leadership in the debit card market, with revenues of R$ 6.7 billion in the last quarter of 2007, an increase of 32.6% as compared to the same period of 2006.

In relation to the Visa Vale cards, BB ended the year with 1.4 million units, up 23.2% over the prior year. The turnover attained R$ 2.0 billion, 27.5% higher than that of the prior year.

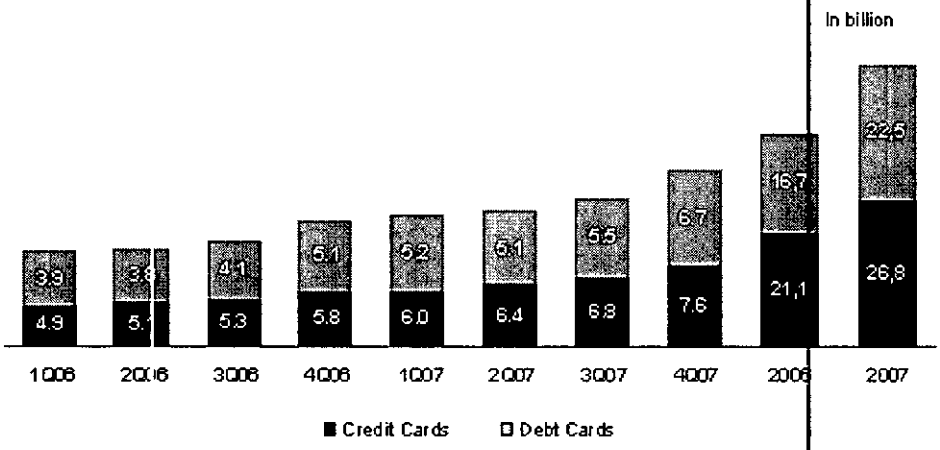


Figure 69. Cards Sales

8.3.4 Billings

Revenues from billings reached R$ 257 million in 4Q07, an increase of 12.2% in relation to the same period of the previous year. The share of these revenues in total Service Revenues rose to 8.7% during the quarter.

The total volume earned grew 20.1% during the 12-month period and rose to R$ 110,546 million by the end of the quarter, of which approximately 70% originating from the Bank's wholesale, (corporate, and commercial) segment.

In connection with the number of active agreements, BB had in effect 455 thousand agreements at the end of the quarter, as against 435 thousand in 4T06, a 4.6% increase in the period.

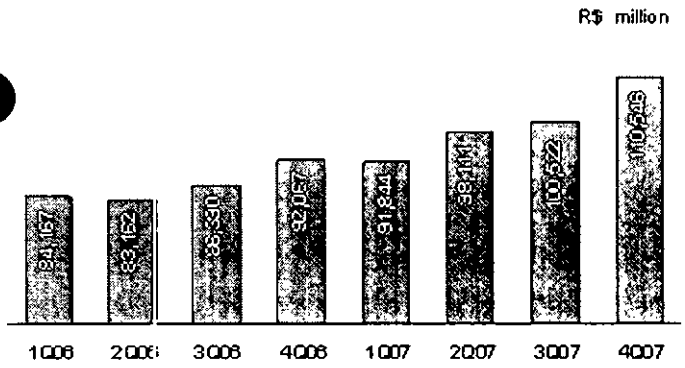


Figure 70. BB Billings Volume

8.4 Commercial Income

Table 106. Commercial Income

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Contribution Margin	5,448	5,963	6,076	11.5	1.9	19,568	23,421	19.7
Administrative Expenses	(3,398)	(3,368)	(3,708)	9.2	10.1	(13,020)	(13,449)	3.3
Personnel Expenses	(1,848)	(1,759)	(1,936)	4.9	10.0	(7,270)	(7,077)	(2.7)
Other Administrative Expenses	(1,516)	(1,572)	(1,729)	14.1	10.0	(5,608)	(6,219)	10.9
Other Tax Expenses	(33)	(37)	(42)	26.9	15.0	(142)	(153)	7.3
Commercial Income	2,052	2,595	2,368	15.4	(8.7)	6,548	9,972	52.3

Commercial income represents the Bank's business earnings after the deduction of the expenses necessary for carrying on the business. In the year 2007, the Bank recorded R$ 9,972 million in Commercial Income, against R$ 6,548 million in the year 2006, an increase of 52.3%. The increase in net income results from the greater growth of MFB, from the reduction of provision for doubtful loans - PCLD expenses and the increase of RPS, which contributed to the growth of the Contribution Margin. Administrative Expenses in 2007 attained a total R$ 13,449 million, up 3.3 % over 2006, below the inflation measured by the IPCA index in the year.

Personnel Expenses reached R$ 1,936 million in 4Q07, a 4.9% growth in the year. In relation to 3Q07, this growth was 10%, due mainly to the hiring of 1,800 new employees (with an approximate impact of R$ 15 million); due to the effect of the salary campaign for 2007/08 in the amount of R$ 73 million; and the change in the legislation regarding calculation of the Occupational Accident Insurance (INSS) - Environmental Risk of Work (RAT), with an impact of approximately R$ 53 million in 4Q07.

The growth of 10% in Other Administrative Expenses is mainly due to the increase of the cost of surveillance services; the increase in supplies of funds; and the contracting of outsourced and temporary services. Hence the total amount of Administrative Expenses attained R$ 3,708 million in 4Q07, growth of 9.2% in 12 months and 10.1% in the quarter.

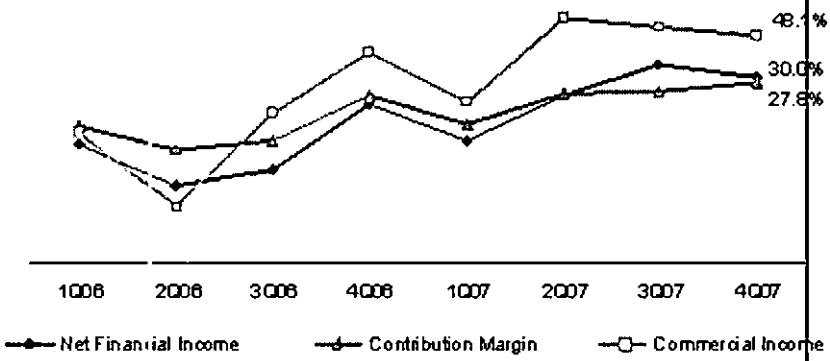


Figure 71. Changes in Commercial Income

8.4.1 Personnel Expenses

Personnel expenses went up from R$ 7,270 million in 2006 to R$ 7,077 million in 2007, a reduction of 2.7%. Two facts

not recurring to the net income of the year were reallocated as Extraordinary Items in the Statement of Income of the Bank: the Advanced Resignation Plan (PAA) and the restructuring of Cassi (BB Employee Assistance Fund).

The Early Resignation Plan (PAA) for employees over 50 years of age and with 15 years of contribution to Previ, which had approximately R$ 98 million in 4T07, value before taxes. These expenses attained R$ 915 million in the year.

The sum of expenses referring to the Bank's obligations due to the agreement signed for the restructuring of Cassi was R$ 90 million in the quarter and R$ 493 million in the year, before taxes. Upon the opening of personnel expenses, the aforesaid amount before taxes was recorded in "Benefits".

Table 107. Personnel Expenses

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Personnel Expenses	(1,846)	(1,759)	(1,936)	4.9	10.0	(7,270)	(7,077)	(2.7)
Salaries	(975)	(827)	(1,047)	7.4	26.5	(3,559)	(2,930)	(17.7)
Benefits	(220)	(228)	(255)	16.1	12.0	(866)	(921)	6.5
Social Charges	(444)	(310)	(422)	(5.1)	35.9	(1,824)	(1,357)	(16.4)
Training	(26)	(18)	(28)	7.8	58.5	(61)	(73)	19.4
Remuneration for Counselors and Directors	(3)	(3)	(4)	16.3	14.5	(13)	(14)	4.6
Administrative Personnel Provisions	(178)	(373)	(180)	1.5	(51.6)	(1,148)	(1,782)	55.2

The number of employees does not include those who are in situations of leaves and absences and those lent to other companies, in such as way as to demonstrate the Bank's real workforce, that is to say, the employees that are contributing towards generating results.

Banco do Brasil closed the 4Q07 with 90,974 collaborators, a workforce 1.8% lower than that recorded in December 2006 and 1.3% higher than recorded in September 2007. The headcount reduction, if compared with the same prior-year period, was motivated by the Advance Resignation Plan (PAA), which created conditions for the socially responsible resignation of employees who had completed the required requisites for obtaining their advanced pension supplement from PREVI (50 year old or qualified to apply for the INSS benefits, and with 15 years of contributions to PREVI).

The dismissal of around 6.9 thousand employees due to the incentives of PAA should generate positive impacts on net income as of 2008.



Figure 72. Changes in Workforce

In relation to the distribution of the staff by age, a decrease can be observed among employees over 45 years of age, with an increase of employees between 25 and 36 years of age.

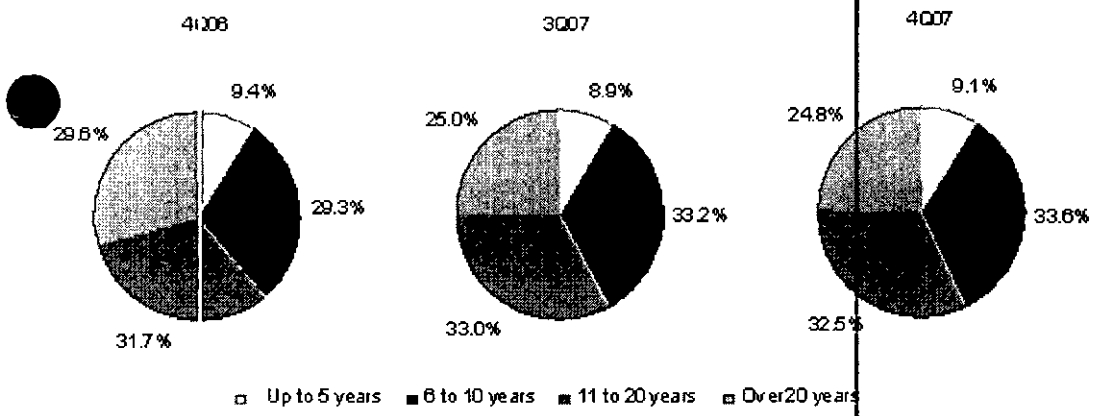


Figure 73. Tenure

In connection with the staff member composition according to years worked in the Bank, it is worth mentioning that 41% have been with the institution for up to 5 years. It can be seen that the participation of employees with over 25 years of service at the Bank dropped 4 percentage points in the 12-month period.

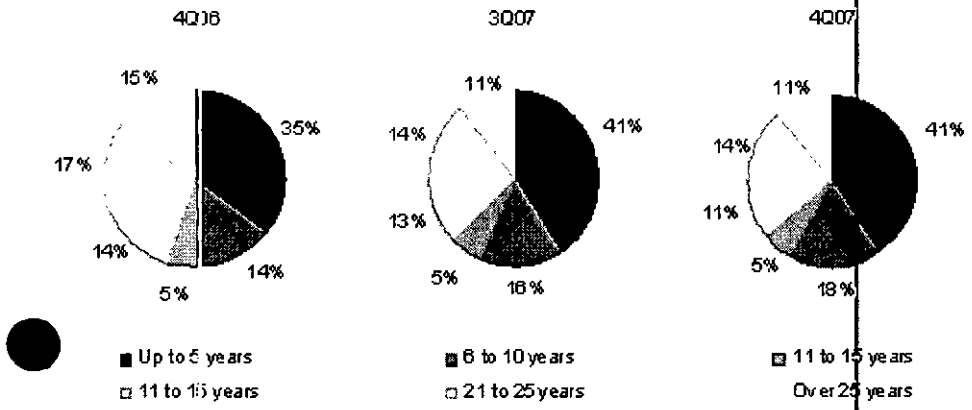


Figure 74. Aged Bracked

The graph below shows the evolution of the degree of education of the Bank employees. As can be seen, the quantity of employees with a graduation, specialization, master's or doctorate course increased in relation to previous quarters, attaining 64.0% of the staff.

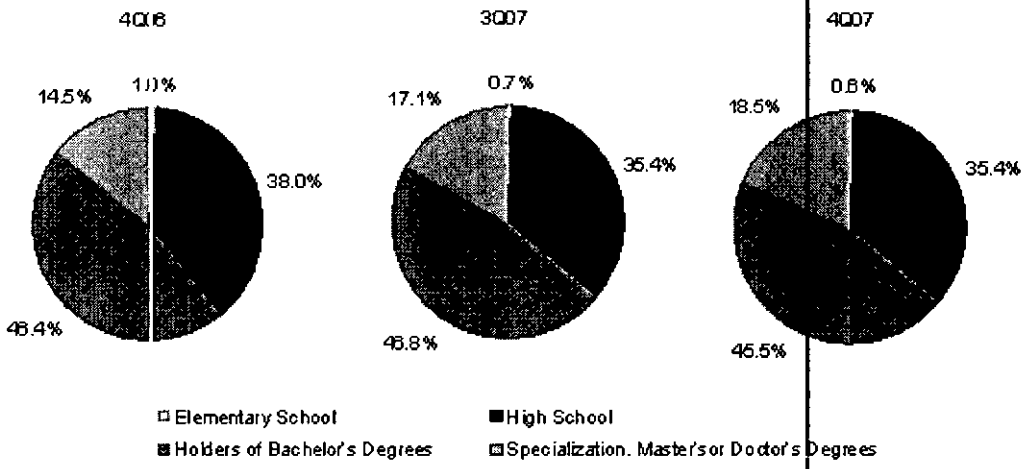
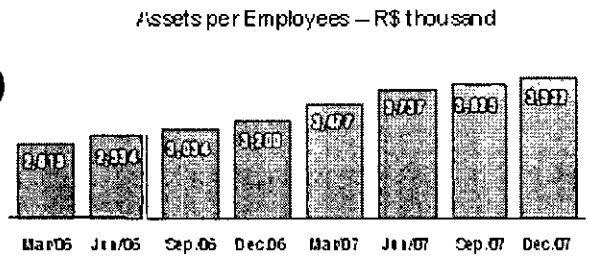
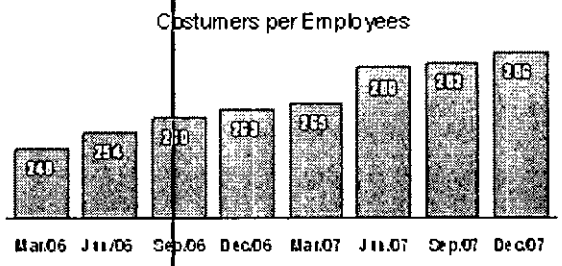
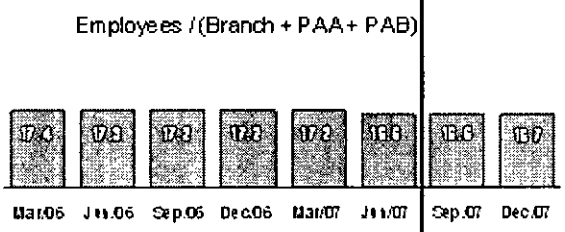


Figure 75. Level of Education

Some BB productivity ratios are shown below.







8.4.2 Other Administrative Expenses

Other Administrative Expenses totaled R$ 1,729 million in 4Q07, growing 14.1% in relation to the same period of the previous year, and 10% in relation to the previous quarter. This growth results mainly from the increase in the cost of surveillance services; the increase in supplies of funds; and the contracting of outsourced and temporary services, i.e., services directly associated with the growth of the business.

BB incorporated 1.6 million new checking accounts in its base, ending 2007 with 26 million checking account clients, a quantity 6.7% higher than in the same prior-year period. The increase in the quantity of customers, besides the increase in the points of service, has an influence on the quantity of correspondence sent, data processing, use of the self-service channels, etc; To serve these clients, Bank opened 184 new service points that also directly imply the increase of the main part of administrative expense items.

Table 108. Other Administrative Expenses

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Other Administrative Expenses	(1,516)	(1,572)	(1,729)	14.1	10.0	(5,608)	(6,219)	10.9
Telecommunications and Data Processing	(371)	(399)	(414)	11.5	3.8	(1,482)	(1,571)	6.0
Amortization and Depreciation	(181)	(184)	(184)	1.8	0.3	(699)	(730)	4.5
Security, Guard and Transport Services	(230)	(239)	(282)	22.6	17.9	(823)	(970)	17.9
Expenses with Premises and Equipment	(194)	(195)	(213)	9.8	9.2	(762)	(809)	6.2
Marketing and Public Relations	(150)	(103)	(134)	(11.0)	30.4	(420)	(415)	(1.3)
Expenses with Outsourced Services	(149)	(174)	(231)	55.3	33.1	(542)	(700)	29.3
Other Administrative Expenses	(241)	(279)	(273)	13.0	(2.4)	(882)	(1,024)	16.1

8.4.3 Distribution Network

Banco do Brasil is present in 3,221 municipalities all over the Brazilian territory. At the end of 2007, the Bank's distribution network comprised 15,297 points of service (growing 1.2% in relation to 4Q06). The distribution network is classified as follows:

Table 109. Distribution Network

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
Branches	3,923	3,948	3,960	3,969	3,974	3,977	3,994	4,008
PAA	190	192	191	189	188	188	195	186
PAB	1,273	1,255	1,250	1,236	1,226	1,209	1,208	1,247
PAE	5,700	5,746	5,814	5,568	5,895	5,906	5,949	5,948
SAA	3,775	3,810	3,824	3,841	3,847	3,879	3,894	3,906
PAP	5	5	3	3	3	2	2	2
Total	14,866	14,956	15,042	15,113	15,133	15,161	15,212	15,297

The Bank's distribution network is divided into 5 types of points of service, besides the branches:

PAA – Advanced Service Post: these are points of service intended for towns lacking banking services. They have a small staff and electronic services;

PAB – Banking Service Post: this type of unit is located inside the premises of companies or government offices. This service structure requires one employee and electronic services;

PAE – Electronic Service Post: the structure of services is exclusively electronic;

SAA – Self-Service Room: exclusively electronic structure of services, installed in the main areas of the branches; e

PAP – Payment and collection post: located mainly in government offices (town halls) for carrying out receipts and payments. Employees and automated teller machines provide the service:

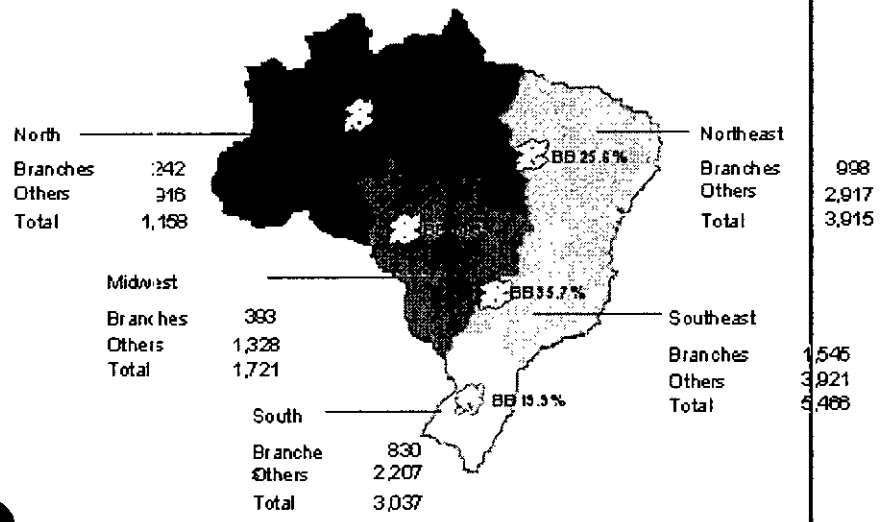


Figure 77. Total Distribution Network

The locations of the Wholesale pillar include 15 Corporate branches and 68 Business branches, which are intended to serve companies with annual sales in accordance with the following table:

Table 110. Wholesale Pillar Branches

	Industry	Commerce	Services
Corporate	Over R$ 90 million	Over R$ 150 million	Over R$ 150 million
Business	From R$ 10 to R$ 90 million	From R$ 10 to R$ 150 million	From R$ 10 to R$ 150 million

To provide its service to the wholesale segment, Banco do Brasil has a specific distribution network. The staff of this network undergoes highly specialized training and works in harmony with the various needs of this market. The Bank provides an average of 10 services per commercial class company and 9 services per corporate class company.

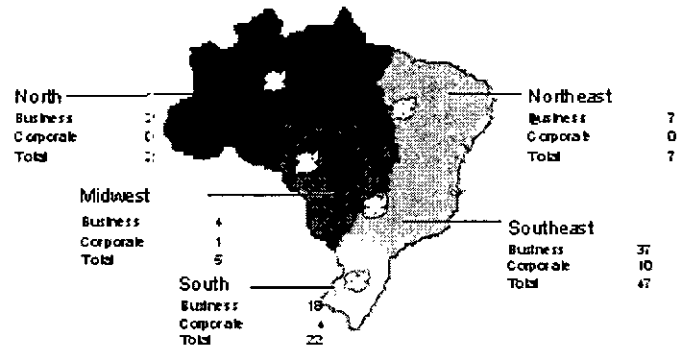


Figure 78. Distribution Network - Wholesale

The Government market keeps its business focus trained on the relationship with the federal, state and municipal government, in the spheres of the executive, legislative and judiciary branches. The Government market's strategy of work has ensured appropriate solutions for the specific aspects of each one of the niches of its segment, acting to

generate value through solutions with new products and freeing processes from red tape.

The locations of the Government segment include 39 branches, distributed as shown in the following figure:

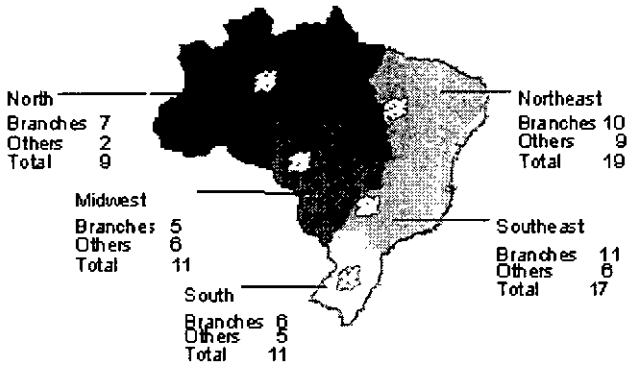


Figure 79. D stribution Network - Government

The Banco do Brasil overseas network numbers 42 points of service (15 branch offices, 10 sub-branches, 12 representation offices and business units, and 5 subsidiaries) in 23 countries. Supplementing its own chain abroad, at the end of June, 2007 BB maintained a relationship with 1,472 financial institutions, present in 150 countries. This network is of great importance for complementing BB 's own network of branches abroad and for making it possible to carry out transactions and business, for itself and for customers.

Table 111. Distribution Network Abroad

Branches	Sub-Branches	Business Units and Representative Offices	Subsidiaries
Assunción	Cascais	Caracas	Banco do Brasil AG
Buenos Aires	Gifu	Mexico City	Banco do Brasil Securities LLC
Ciudad del Este	Gunma (*)	Dubai(**)	BB Leasing Company Ltd.
Frankfurt	Hamamatsu (*)	Hong Kong	BB Securities Ltd.
Grand Cayman	Ibaraki	Lima	BAMB Brazilian American Merchant Bank
La Paz	Nagano	Montevideo	
Lisbon	Nagoia (*)	Luanda	
London	Parque das Nações	Panama	
Madrid	Porto	Rome	
Miami	Santa Cruz de La Sierra	Seul(**)	
Milan		Washington	
New York		Shanghai	
Paris			
Santiago			
Tokyo			

() Sub-Branch being transformed in Branch
(*) Unit process of installation

8.4.4 Automated Channels

Banco do Brasil's self-service network represents a strategic differential. BB's customers have at their disposal the largest network of automated teller machines (ATMs) in Latin America, with terminals in Brazil and abroad. At the end of December 2007, BB clients amounted to 39,279 ATMs as opposed to 39,417 in September 2007, a slight reduction of 0.4%.

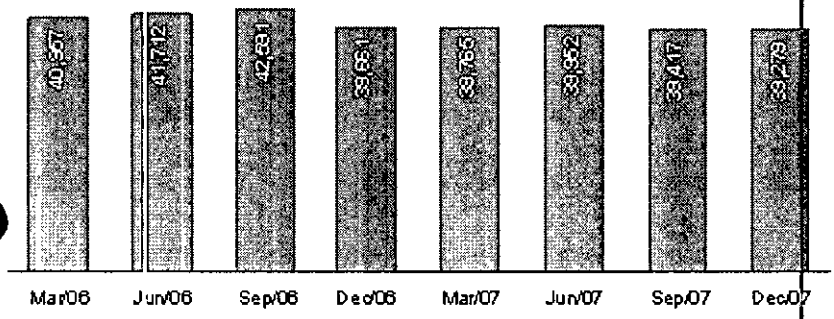


Figure 80. Automated Teller Machines

This technological infrastructure has provided support for BB in its strategy for controlling costs. In December 2007 the Bank performed around 566 million transactions in the network of TAAs, up 4.1% over the same prior-year period.

The importance of this channel in BB's transactions can be seen from the figures below, which show the percentage of banking transactions carried out through the ATMs:

- 95.5% of the cash withdrawals;

- 82.2% of the check books delivered;

- 74.9% of the deposits; and

- 64.8% of the receipts of bills and contractual payments.

The share of automated transactions in the total transactions performed by BB customers attained 91.3% in December 2007 as opposed to 90.0% in the same prior-year period.

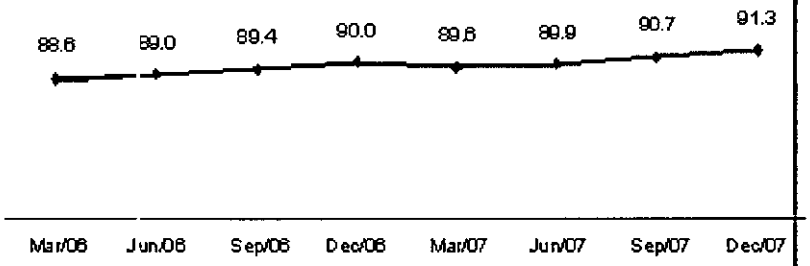


Figure 81. Share of Automated Transactions / Total Transactions

Besides the cashiers at the branches and the ATMs, Banco do Brasil offers several other options for access to banking services, such as: the Internet, its Financial Manager (an Internet banking tool for businesses), POS equipment (credit and debit card machines at the commercial establishments), telephone, fax, and WAP. At the end of the period, BB had 8.5 million clients capable of using the Internet or cellular phone channels.

The chart below shows that the other service channels have been gaining ground in the customers' preference:

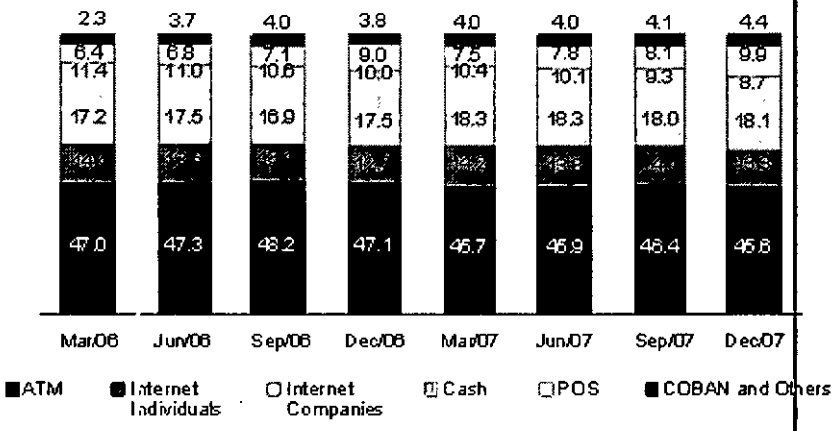


Figure 82. Costumer Access Options

Banco do Brasil continues to be the leader on the Internet. By the end of 2007, the number of enabled customers rose to 8.5 million, a 3.9% increase over the same period for the previous year. The figure above shows that the participation of transactions performed via the Internet remained constant. Another tool available, introduced in the market by BB in 2000, is the Mobile Banking service. The convenience and security provided by Mobile Banking meant that the tool was used in 9.2 million transactions over the course of 2007.

8.4.5 Productivity – Coverage Ratios

The coverage ratios show the capacity for covering fixed costs using only service revenues.

The coverage ratio of personnel expenses attained 127.7% in 2007, against 112.9% in 2006, due to the increase of 11.4% of service revenues and decrease of 2.7% in personnel expenses in relation to 2006. The extraordinary impacts recorded in 2007 such as the negative impacts of R$ 493 million of the restructuring of Cassi and R$ 915 million of the Early Resignation Plan were excluded from the calculation of these rates. The coverage ratio of administrative expenses went from 64.3% in 2006 to 67.6% in 2007.

In relation to the quarter, as can be observed in the following figure, the coverage ratio of RPS over Personnel Expenses climbed from 111.6% in 4Q06 to 120.2% in 4Q07, growth of 860 base points in the period. In relation to the capacity for coverage of all the administrative expenses, there was an increase from 64.3% in 2006 to 67.6% in 2007. The maintenance of higher ratios of coverage stems from strong control over administrative costs as well as the increase of service revenues.

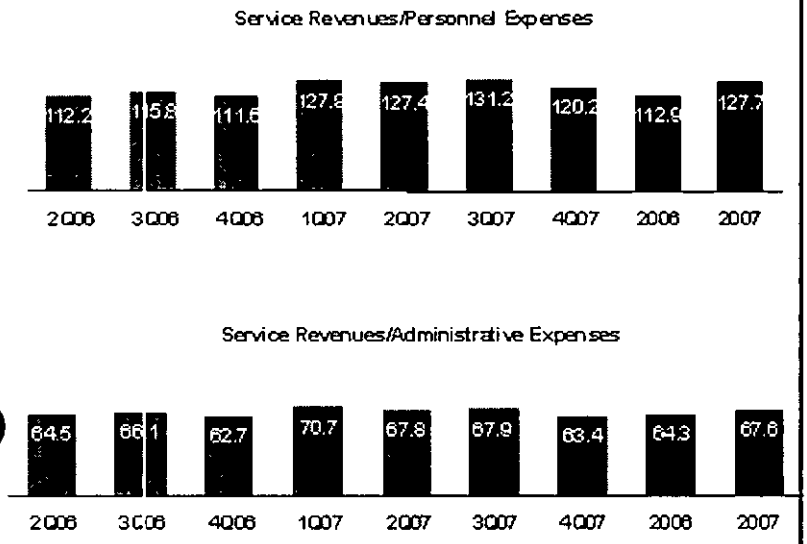


Figure 83. Coverage Ratios

Table 112. Coverage Ratios

R$ million

	2Q06	3Q06	4Q06	1Q07	2Q07***	3Q07	4Q07	2006	2007
Service Revenues	2,246	2,252	2,287	2,377	2,437	2,498	2,590	8,888	9,902
Administrative Expenses	(3,253)	(3,216)	(3,396)	(3,186)	(3,266)	(3,368)	(3,708)	(13,020)	(13,449)
Personnel Expenses	(1,839)	(1,804)	(1,846)	(1,748)	(1,713)	(1,759)	(1,936)	(7,270)	(7,077)
Legal Risk	(229)	(192)	(251)	(177)	(329)	(310)	(378)	(798)	(1,193)
Legal Claims	(67)	(51)	(48)	(66)	(128)	(164)	(158)	(187)	(517)
Labor Lawsuits	(162)	(141)	(204)	(111)	(201)	(146)	(219)	(601)	(676)
Service Revenues / Personnel Exp.*	112.2	115.8	111.6	127.9	127.4	131.2	120.2	112.9	127.7
Service Revenues / Administ. Exp.**	64.5	66.1	62.7	70.7	67.8	67.9	63.4	64.3	67.6

* In the calculation of this ratio Labor Lawsuits are included.
** In the calculation of this ratio Legal Risk is included (Legal Claims and Labor Lawsuits).
*** In the calculation of Service Revenues / Personnel Expenses in 2Q07 was included Previ Contribution Bracket – Plan I and Voluntary Retirement Plan.

Despite the expansion of the service network, necessary to meet the constant increase in the customer base, BB has kept its cost structure compatible with its generation of business, as seen in the graphs below:

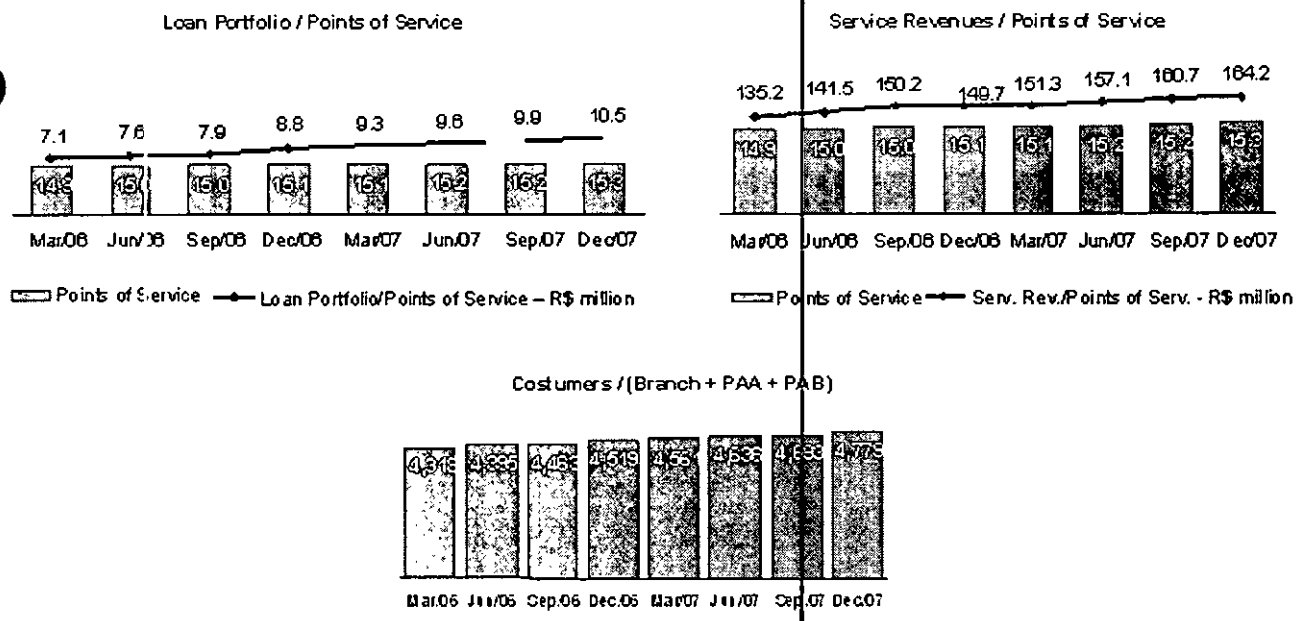
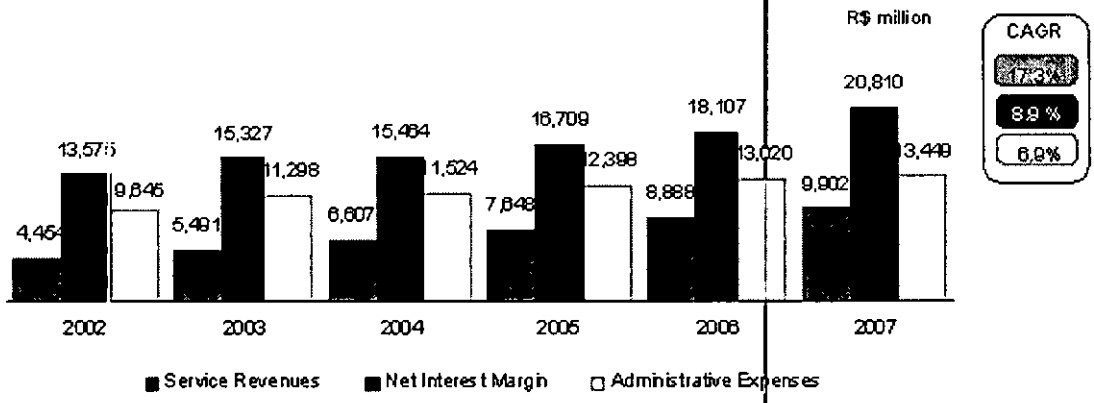


Figure 84. Productivity Ratios



* Annualized

8.5 Operating Income

Table 113. Operating Income

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Commercial Income	2,052	2,595	2,368	15.4	(8.7)	6,548	9,972	52.3
Legal Risk	(251)	(310)	(378)	50.3	21.8	(798)	(1,193)	49.5
Legal Claims	(48)	(164)	(158)	231.6	(3.8)	(197)	(517)	162.0
Labor Lawsuits	(204)	(146)	(219)	7.8	50.8	(601)	(676)	12.5
Other Operating Income (Expenses)	(201)	48	(140)	(30.4)	-	(530)	(98)	(81.5)
Equity Interest in Results of Subs. and Affil.	115	148	204	77.7	37.3	507	725	43.0
FX Other Operating Income/Expenses	(316)	(100)	(344)	8.8	243.6	(1,037)	(823)	(20.6)
Other Operating Income	702	705	711	1.2	0.8	2,518	2,744	9.0
Other Operating Expenses	(1,018)	(805)	(1,054)	3.6	30.9	(3,555)	(3,567)	0.3
Operating Income	1,600	2,333	1,851	15.7	(20.7)	5,221	8,681	66.3

Operating Income increased 66.3% in relation to 2006 and 15.7%, in the quarterly flow, in comparison with 4Q06. This performance was due mainly to the downslide of 81.5% (in the annual flow) in other components of net income. This item exhibited a downslide of 20.6% in the result of other operating income/expenses and an increase of 43.0% in the result of holdings in associated and subsidiary companies. The other operating expenses remained stable while other revenues recorded an increase of 9.0%.

A downslide of 20.7% can be observed in the operating income in relation to the previous quarter. This movement can

be explained by the significant increase (50.8%) of labor lawsuits in the quarter, besides the downslide in Other Operating Income (Expenses) due to the growth of 30.9% observed in Other Operating Expenses, mostly originating from the annual reinforcement of provision, performed in December, referring to the restatement of pension liability of employees hired up to 1967, which is the exclusive responsibility of BB (not provided in the Previ Benefit Plan) in the amount of R$ 120 million.

The table and the graph below show the efficiency attained by Banco do Brasil. The rate of Administrative Expenses plus the Legal Risk on Operating Expenses rose to 49.0% in 2007, a 420-base point decline as compared to 2006. Comparing 4T07 to 4T06, the rate dropped to 50 base points.

Table 114. Efficiency Ratio

R$ million

	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	2006	2007
A) Administrative Expenses	(3,253)	(3,216)	(3,396)	(3,186)	(3,268)	(3,368)	(3,708)	(13,020)	(13,449)
Personnel Expenses	(1,839)	(1,804)	(1,846)	(1,748)	(1,713)	(1,759)	(1,936)	(7,270)	(7,077)
Other Administrative Expenses	(1,383)	(1,378)	(1,516)	(1,401)	(1,519)	(1,572)	(1,729)	(5,808)	(6,219)
Other Tax Expenses	(31)	(34)	(33)	(37)	(36)	(37)	(42)	(142)	(153)
B) Legal Risk	(229)	(192)	(251)	(177)	(329)	(310)	(378)	(798)	(1,193)
Legal Claims	(67)	(51)	(48)	(66)	(128)	(104)	(158)	(197)	(517)
Labor Lawsuits	(162)	(141)	(204)	(111)	(201)	(146)	(219)	(601)	(676)
C) Operating Income	6,254	6,353	6,826	7,018	7,485	7,554	7,724	25,956	29,888
Net Interest Income	4,312	4,403	4,856	4,852	5,208	5,156	5,478	18,107	20,810
Service Revenues	2,245	2,252	2,287	2,377	2,437	2,498	2,590	8,888	9,902
Other Operating Income	599	585	702	621	727	705	711	2,518	2,744
Other Operating Expenses	(903)	(888)	(1,018)	(833)	(887)	(805)	(1,054)	(3,555)	(3,567)
Efficiency Ratio ((A+B) / C) - %	55.7	53.6	53.4	47.9	48.0	49.7	52.9	53.2	49.0

Table 115. Efficiency Ratio Statement - Quarterly

	3Q07	4Q07	Abs. Chg	Chg. %	Effect in the Ratio
Administrative Expenses	(3,678)	(4,085)	(407)	11.1	5.4
Personnel Expenses	(1,759)	(1,936)	(177)	10.0	2.3
Other Administrative Expenses	(1,572)	(1,729)	(158)	10.0	2.1
Other Tax Expenses	(37)	(42)	(6)	15.0	0.1
Legal Risk	(310)	(378)	(68)	21.8	0.9
Operating Income	7,554	7,724	170	2.2	(1.1)
Net Interest Income	5,156	5,478	322	6.2	(2.0)
Service Revenues	2,498	2,590	92	3.7	(0.6)
Other Operating Income	705	711	5	0.8	(0.0)
Other Operating Expenses	(805)	(1,054)	(249)	30.9	1.7
Adm. Exp. and Oper. Inc. (consolidated effect)					(0.1)
Efficiency Ratio	48.7%	52.9%			4.2

Table 116. Efficiency Ratio Statement – Annual

	2006	2007	Abs. Chg	Chg. %	Effect in the Ratio
Administrative Expenses	(13,818)	(14,641)	(823)	6.0	3.2
Personnel Expenses	(7,270)	(7,077)	193	(2.7)	(0.7)
Other Administrative Expenses	(5,808)	(6,219)	(611)	10.9	2.4
Other Tax Expenses	(142)	(153)	(10)	7.3	0.0
Legal Risk	(798)	(1,193)	(395)	49.5	1.5
Operating Income	25,956	29,888	3,930	15.1	(7.0)
Net Interest Income	18,107	20,810	2,702	14.9	(5.0)
Service Revenues	8,888	9,902	1,014	11.4	(2.0)
Other Operating Income	2,518	2,744	226	9.0	(0.5)
Other Operating Expenses	(3,555)	(3,567)	(12)	0.3	0.0
Adm. Exp. and Oper. Inc. (consolidated effect)					(0.4)
Efficiency Ratio	53.2%	49.0%			(4.2)

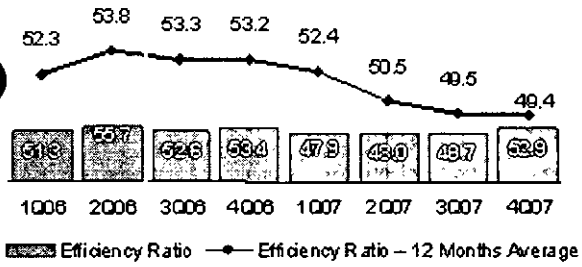


Figure 86. Efficiency Ratio

8.6 Net Income

Table 117. Net Income

R$ milion

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Operating Income	1,600	2,333	1,851	15.7	(20.7)	5,221	8,681	66.3
Non-Operating Income	47	43	47	0.7	10.0	120	131	9.4
Income Before Taxes	1,646	2,376	1,898	15.3	(20.1)	5,341	8,813	65.0
Income and Social Contribution Taxes	(235)	(619)	(498)	112.3	(19.5)	(899)	(2,416)	168.8
Interest on Own Capital Tax Benefit	232	113	120	-	5.8	468	465	(2.8)
Statutory Profit Sharing	(164)	(175)	(157)	(4.0)	(10.2)	(777)	(649)	(16.4)
Recurring Income	1,248	1,582	1,243	(0.4)	(21.5)	3,665	5,748	56.8
Non-Recurring Items	-	(218)	(26)	-	(88.2)	2,379	(690)	-
Previ Parity	-	-	-	-	-	1,362	-	-
Previ – Provision for IR and CS		-	-	-	-	(483)	-	-
Extraordinary Provision for Credit Risks	-	-	-	-	-	(500)	-	-
Tax Credit Recorded	-	-	-	-	-	1,905	-	-
Recovery of Undue Taxes	-	-	-	-	-	115	-	-
Recovery of Undue Taxes – Prov. for IR and CS	-	-	-	-	-	(39)	-	-
Cassi – Assistance Plan	-	(403)	(90)	-	(77.7)	-	(493)	-
Cassi – Provision for IR and CS	-	137	31	-	(77.7)	-	168	-
PAA–Early Retirement Plan	-	(141)	(98)	-	(30.5)	-	(915)	-
Previ – Provision for IR and CS	-	48	33	-	(30.6)	-	311	-
Permanent Exclusions Tax Benefit	-	141	-	-	(100.0)	-	141	-
Divestiture - Bovespa Holding and BM&F)	-	-	149	-	-	-	149	-
Divestiture - Provision for IR and CS	-	-	(51)	-	-	-	(51)	-
Net Income	1,248	1,364	1,217	(2.5)	(10.8)	6,044	5,058	(16.3)

Banco do Brasil showed net income of R$5,058 billion in 2007, 16.3% lower than the one recorded in 2006. The difference between the results is explained by the impact of extraordinary effects in the two periods. Disregarding these impacts, the income of 2007 came to R$ 5,748 million, 56.8% higher than that of 2006, which was R$ 3,665 million.

While the result of 2006 was positively influenced by extraordinary events of R$ 2,379 million, with an emphasis on tax credit recorded; the result of 2007 was negatively effected by R$ 690 million, resulting mainly from the incentives paid in the Early Resignation Plan (PAA) and from the expenses with the restructuring plan of Cassi. These extraordinary effects are detailed in chapter 5.3.1 - Details of the Reallocations.

The annualized ratio of Return on Average Shareholders' Equity (RSPL) was 22.7% in 4Q07, as opposed to 26.7% in 4Q06. While in the year 2006, deducting the effects with a positive impact on income, RSPL attained 19.5%, in 2007 the ratio attained 25.5%, deducting the negative extraordinary impacts of the year.

In 2007, BB started to adopt the policy for payment of dividends and/or interest on own capital every quarter. The remuneration of shareholders amounted to R$ 2.0 billion, equivalent to 40% of the net income (payout). The sum of R$ 1.3 billion was allocated in the form of interest on own capital (JCP) and R$ 685.2 million in dividends.

The IR/LAIR ratio went from 19.7% in 2006 to 29.6% in 2007, basically due to the distortions caused by the activation of tax credits on inter-temporal differences observed in 1Q06. In relation to 3Q07, the rate remained in line, having grown only 0.5 percentage point.

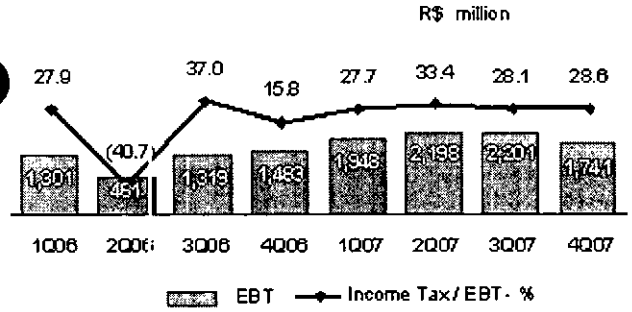
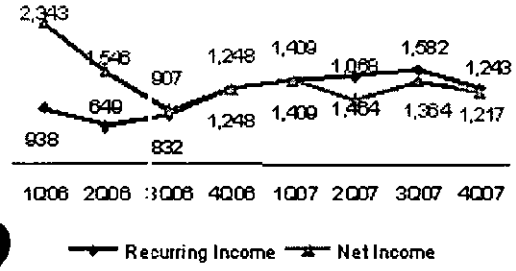


Figure 87. Changes in earnings before taxes

Recurring Income

Excluding the extraordinary impacts on the net income of BB, it is possible to observe an increase in recurring income of 56.8% in 2007 in relation to 2006. In the quarterly flow there was a small reduction of 0.4% in relation to the equivalent quarter of the prior year and a decrease of 21.5% in relation to 3Q07. ROE of Recurring Income went up from 19.5% in 2006 to 25.5% in 2007.



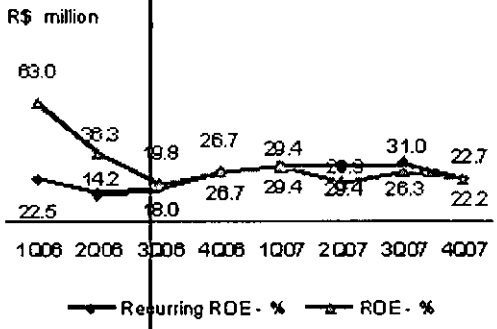


Figure 88. Changes in Net Income and ROE

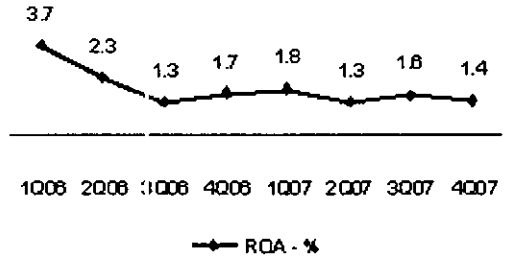


Figure 89. Changes in ROA Table 118. Return on Equity

R$ million

	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	2006	2007
Recurring Income	831	1,248	1,409	1,464	1,582	1,243	3,865	5,748
Net Income	907	1,248	1,409	1,068	1,364	1,217	6,044	5,058
Average Shareholders' Equity	19,668	20,478	21,198	21,972	22,685	23,664	18,804	22,510
Recurring - ROE - %	18.0	26.7	29.4	29.4	31.0	22.7	19.5	25.5
ROE - %	19.8	26.7	29.4	20.9	26.3	22.2	32.1	22.5

The following figure evidences the growth of the sum of net income, of recurrent income and of dividends/interest on own capital - JCP paid since 2003. As of the 2nd half of 2005, the Bank began to pay shareholders 40% of its net income. As from 2007, BB adopted the quarterly distribution of JCP.

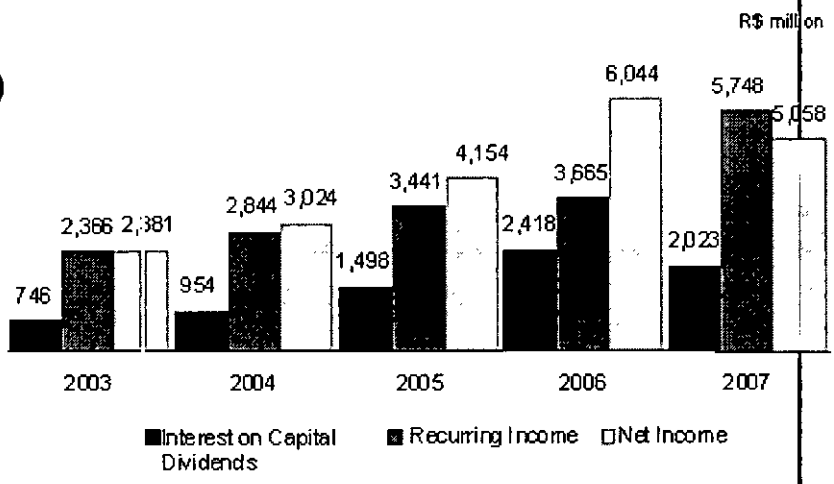


Figure 90. Income and Interest on Equity / Dividends

Table 119. ROE decomposition - Quarterly

	4Q06		3Q07		4Q07	
	NI	RI	NI	RI	NI	RI
Net Interest Income	104.0	104.0	99.4	100.9	100.0	100.1
Allowance for Loan Losses	(26.9)	(26.9)	(23.4)	(23.8)	(27.3)	(27.4)
Service Revenues	48.9	48.9	48.2	48.9	47.3	47.4
Taxes on Revenues	(14.4)	(14.4)	(21.1)	(21.4)	(18.1)	(18.1)
Administrative Expenses	(72.6)	(72.6)	(65.0)	(65.9)	(237.7)	(238.0)
Other Components of Result*	(12.2)	(12.2)	0.9	0.9	(9.7)	(9.7)
Recurring Income		26.7		31.0		22.7
Non-recurring Items	-		(4.2)		(0.5)	
Net Income	26.7		26.3		22.2	

* Legal risk, Other Operating Income (Expenses), Non-operating Income, Statutory Profit Sharing.

Table 120. ROE decomposition – Annual

	2006		2007	
	NI	RI	NI	RI
Net Interest Income	96.3	96.3	92.4	92.4
Allowance for Loan Losses	(30.5)	(30.5)	(23.9)	(23.9)
Service Revenues	47.3	47.3	44.0	44.0
Taxes on Revenues	(13.7)	(13.7)	(19.2)	(19.2)
Administrative Expenses	(69.2)	(69.2)	(59.7)	(59.7)
Other Components of Result*	(2.8)	(2.8)	(0.4)	(0.4)
Recurring Income		19.5		25.5
Non-recurring Items	(3.3)		(3.1)	
Net Income	32.1		22.5	

* Legal risk, Other Operating Income (Expenses), Non-operating Income, Statutory Profit Sharing.

The Analytical ROE has the aim of showing the behavior of the items that make up the Bank's results. In 2007, the net interest margin (NIM), the service revenues and the extraordinary items were those that most contributed to the making up of the result, both in the view of Net Income and Recurring Income. Next to expenses, there is a reduction in the share of Administrative Expenses and of Provision for Doubtful Loans (PCLD) in relation to 2006.

8.7 Net Value Added

The table Net Value Added shows how Banco do Brasil's income is made up of the generation of value from each of the Bank's businesses, and then shows a breakdown of the distribution of these proceeds. The point of view used is the Net Interest Income, which includes financial intermediation revenues and expenses, without allowances for loan losses.

Table 121. Net Value Added

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Net interest income	4,855	5,156	5,478	12.8	6.2	18,107	20,810	14.9
Income from Non-Financial Products	1,797	1,994	2,103	17.0	5.4	6,983	7,917	13.4
Account Fees	722	727	769	6.5	5.7	2,607	2,915	11.9
Investment Fund Management Fees	364	443	435	19.6	(1.8)	1,469	1,696	16.3
Loans	171	240	250	46.1	4.2	851	957	12.5
Billings	229	243	257	12.2	5.8	867	956	10.4
Collections	104	106	114	10.5	8.2	377	422	11.9
Credit Cards Fees	177	208	250	41.3	20.0	718	855	19.0
Insurance	32	28	29	(9.1)	2.6	104	114	9.5
Others	1,353	1,400	1,448	7.0	3.5	5,050	5,585	10.6
Insurance – Brokerage	108	114	117	8.6	2.7	422	462	9.5
Insurance – Results	98	108	120	22.5	11.4	363	533	46.7
Others Service Revenues	382	390	370	(3.0)	(5.1)	1,482	1,522	2.7
Equity Interest in Results of Subs. and Affil.	17	40	83	397.9	106.5	144	193	33.7
Other Operational Revenues	702	705	711	1.2	0.8	2,518	2,744	9.0
Non Operation Income	47	43	47	0.7	10.0	120	131	9.4
Value Added	8,006	8,550	9,029	12.8	5.6	30,140	34,312	13.8
Distribution of Value Added*	(6,758)	(7,186)	(7,812)	15.6	8.7	(24,096)	(29,254)	21.4
Operational Revenues	(2,275)	(2,021)	(2,551)	12.1	26.2	(9,298)	(8,947)	(3.8)
Provision for Credit Risk	(1,257)	(1,218)	(1,497)	19.1	23.1	(5,743)	(5,380)	(6.3)
Other Operational Income	(1,018)	(805)	(1,054)	3.6	30.9	(3,555)	(3,567)	0.3
Personnel Expenses	(2,213)	(2,080)	(2,312)	4.5	11.2	(8,648)	(8,402)	(2.8)
Personnel Expenses	(2,050)	(1,905)	(2,155)	5.2	13.1	(7,871)	(7,753)	(1.5)
Statutory Profits Sharing	(164)	(175)	(157)	(4.0)	(10.2)	(777)	(649)	(16.4)
Administrative Expenses	(1,564)	(1,738)	(1,888)	20.7	8.7	(5,805)	(6,735)	16.0
Tax Expenses	(706)	(1,131)	(1,035)	46.7	(8.5)	(2,724)	(4,480)	64.5
Taxes on Sale	(438)	(476)	(495)	13.0	4.0	(1,683)	(1,911)	13.6
Other Tax Expenses	(33)	(37)	(42)	26.9	15.0	(142)	(153)	7.3
Income and Social Contribution Taxes	(235)	(619)	(498)	112.3	(19.5)	(899)	(2,416)	168.8
Extraordinary Items	-	(218)	(26)	-	(88.2)	2,379	(690)	-
Value Added to Shareholders	1,248	1,364	1,217	(2.5)	(10.8)	6,044	5,058	(16.3)

8.8 Gross Value Added

Another way of analyzing the distribution of the value added among the Bank's various stakeholders is shown in the table below. Financial intermediation revenues are included in the value added, while intermediation expenses are included in the distribution of the value added to the Bank's different creditors.

Table 122. Gross Value Added

R$ million

	Quarterly Flow			Chg.%		Annual Flow		Chg.%
	4Q06	3Q07	4Q07	on 4Q06	on 3Q07	2006	2007	on 2006
Net interest income	9,487	10,267	10,110	6.6	(1.5)	36,665	39,978	9.0
Income from Non-Financial Products	1,797	1,994	2,103	17.0	5.4	6,983	7,917	13.4
Account Fees	722	727	769	6.5	5.7	2,607	2,915	11.9
Investment Fund Management Fees	384	443	436	19.6	(1.8)	1,459	1,696	16.3
Loans	171	240	250	46.1	4.2	851	957	12.5
Billings	229	243	257	12.2	5.8	867	956	10.4
Collections	104	106	114	10.5	8.2	377	422	11.9
Credit Cards Fees	177	208	250	41.3	20.0	718	855	19.0
Insurance	32	28	29	(9.1)	2.8	104	114	9.5
Other	1,353	1,400	1,448	7.0	3.5	5,050	5,585	10.6
Insurance - Brokerage	108	114	117	8.6	2.7	422	462	9.5
Insurance – Results	98	108	120	22.5	11.4	383	533	46.7
Other Service Revenues	382	390	370	(3.0)	(5.1)	1,482	1,522	2.7
Equity Interest in Results of Subs. and Affil	17	40	83	397.9	106.5	144	193	33.7
Other Operational Revenues	702	705	711	1.2	0.8	2,518	2,744	9.0
Non Operation Income	47	43	47	0.7	10.0	120	131	9.4
Value added	12,637	13,661	13,661	8.1	(0.0)	48,718	53,490	9.8
Distribution of Value Added*	(11,389)	(12,297)	(12,444)	9.3	1.2	(42,673)	(48,422)	13.5
Financial Intermediation Expenses	(4,831)	(5,111)	(4,832)	0.0	(9.4)	(16,577)	(19,166)	3.2
Operational Expenses	(2,275)	(2,021)	(2,551)	12.1	26.2	(9,298)	(8,947)	(3.8)
Provision for Credit Risk	(1,257)	(1,216)	(1,497)	19.1	23.1	(5,743)	(5,380)	(6.3)
Other Operational Expenses	(1,018)	(805)	(1,054)	3.6	30.9	(3,555)	(3,567)	0.3
Personnel Expenses	(2,213)	(2,080)	(2,312)	4.5	11.2	(8,648)	(8,402)	(2.8)
Personnel Expenses	(2,050)	(1,905)	(2,155)	5.2	13.1	(7,871)	(7,753)	(1.5)
Statutory Profits Sharing	(164)	(175)	(157)	(4.0)	(10.2)	(777)	(649)	(16.4)
Administrative Expenses	(1,564)	(1,736)	(1,888)	20.7	8.7	(5,805)	(6,735)	16.0
Tax Expenses	(706)	(1,131)	(1,035)	46.7	(8.5)	(2,724)	(4,480)	64.5
Taxes on Sale	(438)	(476)	(496)	13.0	4.0	(1,883)	(1,911)	13.6
Other Tax expenses	(33)	(37)	(42)	26.9	15.0	(142)	(153)	7.3
Income and Social Contribution Taxes	(235)	(619)	(498)	112.3	(19.5)	(899)	(2,416)	168.8
Extraordinary Items	-	(218)	(26)	-	(88.2)	2,379	(690)	-
Value Added for the Shareholders	1,248	1,364	1,217	(2.5)	(10.8)	6,044	5,058	(16.3)

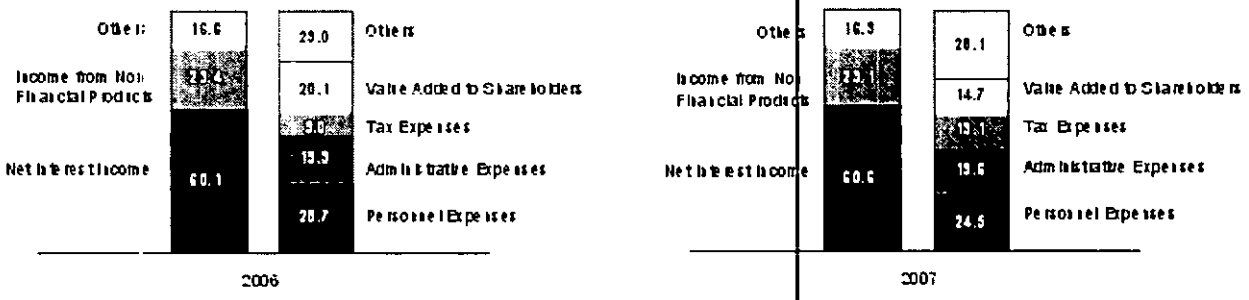
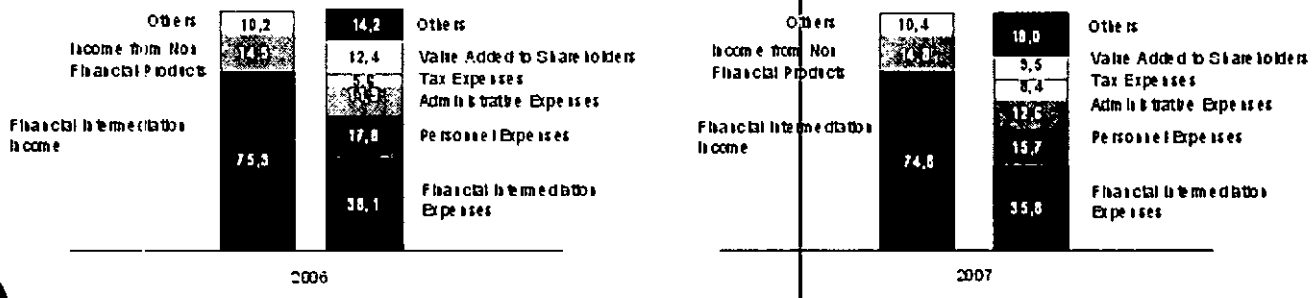


Figure 91. Net Value Added

Figure 91. Net Value Added



8.9 Insurance, Pension Plans and Capitalization

Banco do Brasil, through BB Banco de Investimentos, a wholly-owned subsidiary, has a participating interest in several

companies in the areas of insurance, pension plans and capitalization, offering a broad range of non-banking products. The table below details BB's holdings in these companies, together with the line of business in which they work:

Table 123. Insurance, Pension Plans and Capitalization

Company	Share %	Business	Partnership
BrasilVeículos	70.00	Car Insurance	Sul América Seguros
Cia. De Seguros Aliança do Brasil S.A.	70.00	Life Insurance and Others	Aliança da Bahia
Brasilprev	49.99	Pension Plans	Principal Financial Group e Sebrae
Brasilcap	49.99	Capitalization	Icatu Hartford, Sul América e Aliança da Bahia
Brasilsaúde	49.82	Health Insurance	Sul América Seguros

The Statement of Income by Branch of Activity referring to 2007 is presented below to facilitate the understanding of the process and to improve the transparency of the insurance, pension and capitalization business.

8.9.1 Income Statement by Line of Business

Table 124. Income Statement by Line of Business

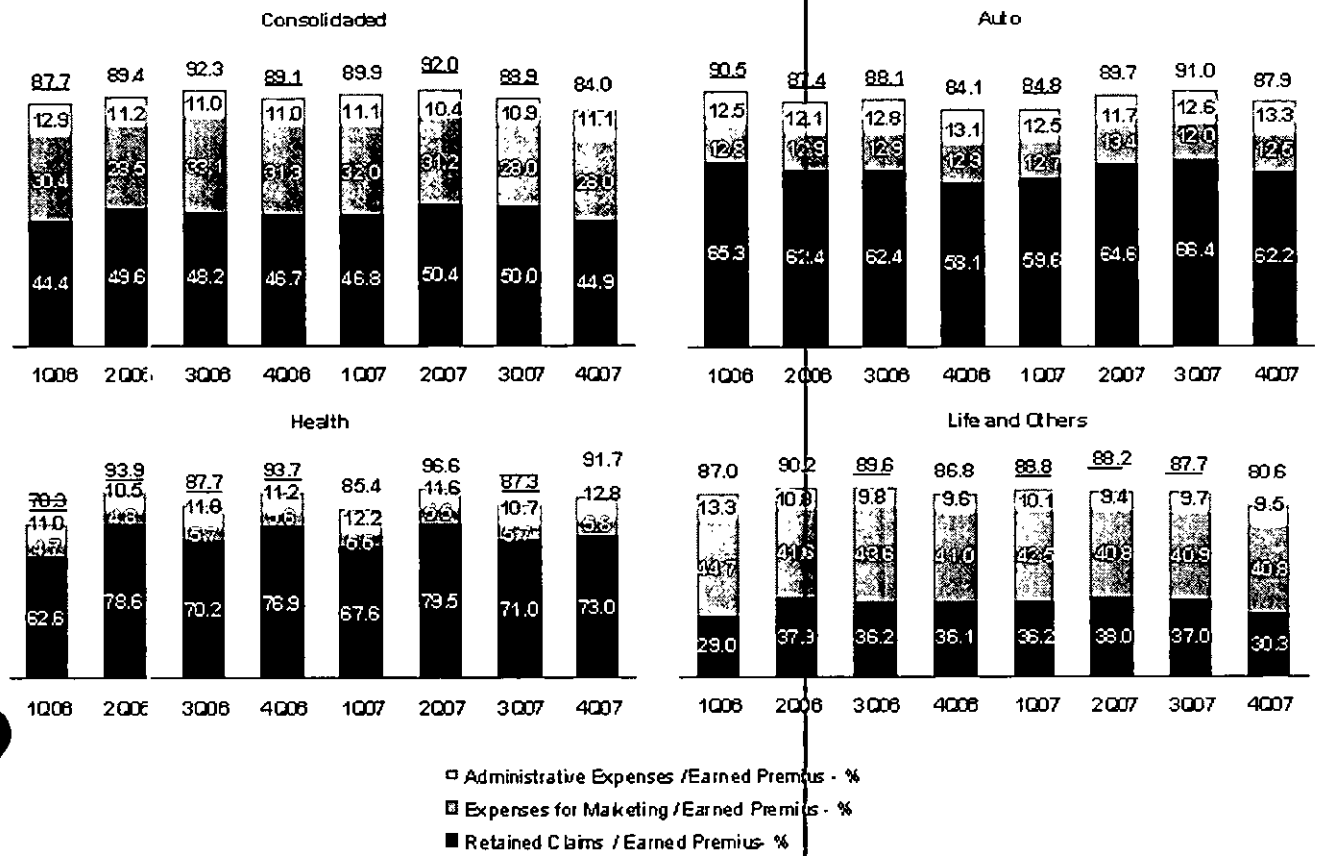
R$ thousand

2007	Insurance				Pension Plans	Capitalization	Consolidated
	Auto	Health	Life and Other	Total			
Rev. from Insurance Pension Plans and Capitalization	863,478	129,792	1,306,925	2,300,195	3,206,855	1,896,875	7,403,925
Retained Insurance Premiums	863,478	129,792	1,306,925	2,300,195	-	-	2,300,195
Revenues from Pension Plans	-	-	-	-	3,206,855	-	3,206,855
Revenues from Capitalization	-	-	-	-	-	1,896,875	1,896,875
Changes in Technical Provisions	55,366	-	(38,022)	17,344	(2,095,523)	(1,670,121)	(3,748,300)
Insurance	55,366	-	(38,022)	17,344	-	-	17,344
Pension Plans	-	-	-	-	(2,095,523)	-	(2,095,523)
Capitalization	-	-	-	-	-	(1,670,121)	(1,670,121)
Benefits and Redemption Expenses	-	-	-	-	(1,072,606)	-	(1,072,606)
Earned Premiums	843,850	129,792	1,268,903	2,242,545	-	-	2,242,545
Gross Inc. from Pension Plans and Capitaliz.	-	-	-	-	38,726	226,754	265,480
Retained Claims	(533,326)	(95,037)	(449,282)	(1,077,644)	-	-	(1,077,644)
Marketing Expenses	(106,685)	(7,353)	(435,601)	(549,638)	(56,755)	(122,637)	(729,030)
Insurances	(106,685)	(7,353)	(435,601)	(549,638)	-	-	(549,638)
Pension Plans	-	-	-	-	(56,755)	-	(56,755)
Capitalization	-	-	-	-	-	(122,637)	(122,637)
Administrative Expenses	(105,628)	(14,738)	(122,671)	(243,037)	(152,019)	(47,226)	(442,282)
Social Contribution	-	-	-	-	-	(8,158)	(8,158)
Commercial Income	98,012	12,666	261,350	372,028	(170,048)	48,732	250,711
Other Operating Income (Expenses)	(44,115)	(7,263)	(87,543)	(138,922)	119,633	(10,369)	(29,658)
Financial Income	65,931	6,017	60,010	131,958	307,786	75,925	515,669
Financial Revenues	75,919	7,343	142,461	225,723	1,670,649	331,693	2,228,066
Financial Expenses	(9,988)	(1,326)	(82,452)	(93,766)	(1,362,864)	(255,768)	(1,712,398)
Operating Income	119,827	11,419	233,816	365,062	257,371	114,288	736,721
Non-operating Income	36	(3,156)	(20)	(3,140)	10	12,513	9,383
Income before Taxes	119,863	8,263	233,796	361,922	257,381	126,801	746,104
Income and Social Contribution Taxes	(32,212)	(2,540)	(66,039)	(100,791)	(91,026)	(38,483)	(230,300)
Profit Sharing	(3,203)	(993)	(3,800)	(7,996)	(4,909)	-	(12,905)
Interest on Capital		3,167		3,167	(2,407)		761
Net Income/(Loss)	84,448	7,897	163,956	256,302	159,040	88,318	503,659
Interest of Other Shareholders	(25,334)	(3,955)	(49,187)	(78,476)	(79,536)	(44,168)	(202,180)
Other Investment Changes	69	271	(2,864)	(2,523)	(5,116)	3,741	(3,899)

2007	Insurance				Pension Plans	Capitalization	Consolidated
	Auto	Health	Life and Other	Total			
Equity Income Result	60,103	4,218	111,006	175,802	84,804	47,891	317,797
Service Revenues – Commission	111,313	6,768	296,950	415,030	18,136	29,126	462,292
Service Revenues – BB Fees	-	-	172,928	172,928	50,099	90,338	313,366
Service Revenues – Assets Management	4,073	511	8,605	13,190	67,765	33,489	114,444
Insurance Value Added	174,688	11,492	600,890	778,460	220,806	200,844	1,207,898

8.9.2 Combined Ratio

The combined ratio shows the percentage of earned premiums used up by operating expenses in the insurance business (retained claims, expenses with marketing and administrative expenses). The consolidated combined ratio came from 89.1% in 4Q06 to 84.0% in 4Q07.



8.9.3 Brasilveículos

The automobile insurance portfolio of Brasilveículos attained R$ 984.9 million in premiums issued in 2007. The insured fleet grew 10.5% in 12 months, surpassing 747 thousand vehicles. The market share attained 6.1%, 7th place in the ranking of Susep. The combined ratio went from 84.1% in 4Q06 to 87.9% in 4Q07 due to the increase of retained claims.

Table 125. Brasilveículos Data

R$ thousand

				Chg.%	
	Dec/06	Sep/07	Dec/07	on Dec/06	on Sep/07
Fleet – thousand	676	726	747	10.5	2.9
Volume of the Managed Portfolio	386,858	423,315	448,868	22.3	6.0

8.9.4 Brasilsaúde

Brasilsaúde Companhia de Seguros, founded in December 1995, is the result of an association between Banco do Brasil and Sul América Seguros.

Brasilsaúde sells health insurance, via BB branches and brokers, in the following modalities: Corporate, Professional, Individual and Dental. Brasilsaúde ended the period with a portfolio of 83 thousand lives insured and R$ 130.7 million in earned premiums. The Consolidated Combined Ratio came from 93.7% in 4Q06 to 87.3% in 3Q07 and 91.7% in 4Q07.

Table 126. Brasilsaúde Data

R$ thousand

				Chg. %	
	Dec/06	Sep/07	Dec/07	on Dec/06	on Sep/07
Life insured - thousand	75	85	83	10.2	(2.4)
Volume of the Managed Portfolio	46,897	53,622	54,493	16.2	1.6

8.9.5 Aliança do Brasil

Founded in June 1997, Companhia de Seguros Aliança do Brasil resulted from the association between Banco do Brasil and Aliança da Bahia. In December 2007, Aliança had 2.6 million in active lives. With a market share of 44% in rural insurance, it is the first in the ranking of this segment. The combined ratio came from 86.8% in 4T06 to 80.6% in 4T07.

Table 127. Aliança do Brasil Data

R$ thousand

				Chg. %	
	Dec/06	Sep/07	Dec/07	on Dec/06	on Sep/07
Life Insurance Policies - thousand	1,748	1,803	1,791	2.4	(0.7)
Volume of the Managed Portfolio	820,092	880,882	984,643	20.1	11.8

8.9.6 Brasilcap

Brasilcap was formed in 1995, following a partnership between Banco do Brasil and Icatu Hartford, Sul América and Aliança da Bahia. The company's main product is Ourocap, which can only be acquired by BB current account holders. This product is based on two forms of payment: a single installment, or in monthly installments, with the customer competing for several prizes.

Brasilcap maintained the leadership of the capitalization market in provisions, with a share of 25.1%. In December 2007, revenue from premiums attained R$ 1.9 billion

Table 128. Brasilcap Data

R$ thousand

				Chg. %	
	Dec/06	Sep/07	Dec/07	on Dec/06	on Sep/07
Quantity of Bonds - thousand	1,653	2,782	2,814	70.2	1.2
Volume of the Managed Portfolio	2,788,300	2,828,910	2,867,832	(4.3)	1.5

8.9.7 Brasilprev

Brasilprev is a supplementary pension plan company of Banco do Brasil, in association with the Principal Financial Group and Sebrae. Founded in 1993, it actually started marketing its products in 1995. These include the Traditional, PGBL and VGBL plans, and the company is currently ranked third in the pension plan market.

Table 129. Brasilprev Data

R$ thousand

				Chg. %	
	Dec/06	Sep/07	Dec/07	on Dec/06	on Sep/07
Active participants - thousand	1,760	1,960	2,062	17.1	5.2
Volume of the Managed Portfolio	12,479,750	14,662,505	16,171,764	29.6	10.3

8.9.8 BB Previdência

BB Previdência is a multisponsored pension fund created in 1994, with the objective of instituting and managing private pension plans (annuity or income) offering benefits to public and private sector companies, trade associations, other associations and trade unions operating in Brazilian territory.

Its main competitive advantages are:

- lower management fees, as the institution has its own workforce which is shared with various plans; and
- better investment rates for the assets under management, given the volumes that are invested.

9.1 Summarized Balance Sheet

Table 130. Balance Sheet - Assets

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
ASSETS	264,635	273,836	281,615	296,356	321,898	332,968	342,398	357,750
Current and long-term assets	259,111	268,189	276,073	290,562	316,063	327,065	336,486	351,445
Available funds	4,058	5,068	4,559	4,749	5,511	4,724	4,366	4,352
Short-term interbank investments	35,744	29,758	29,442	29,083	41,185	51,814	51,419	51,124
Open market investments	21,839	19,910	12,814	17,480	30,512	39,981	42,938	43,391
Interbank deposits	13,905	9,848	16,628	11,598	10,673	11,833	8,481	7,733
Marketable securities	68,631	70,677	73,786	73,108	78,360	72,071	74,128	75,201
Securities for trading	4,327	5,568	5,206	7,494	7,381	10,866	14,046	19,112
Securities available for sale	38,815	39,781	43,180	40,841	40,711	39,379	38,488	38,109
Securities held to maturity	25,089	24,865	24,934	24,409	24,263	20,589	20,029	16,830
Financial derivatives	421	463	428	564	1,076	1,247	1,585	1,150
Interbank accounts	24,912	26,208	26,866	28,180	29,844	30,759	31,503	33,446
Central Bank deposits	21,970	23,743	24,494	26,987	26,988	28,711	29,199	32,278
Compuls. dep. on demand, Dep & float	7,934	10,831	9,703	11,209	10,507	11,902	10,768	10,768
Compulsor dep. on savings dep.	14,036	12,812	14,792	15,758	15,442	16,809	18,430	21,510
Others	2,942	2,466	2,161	1,213	2,846	2,048	2,304	1,167
Interdepartmental accounts	12	22	33	136	33	32	73	189
Loans	88,308	94,883	99,474	113,858	120,120	125,502	129,787	138,817
Public sector	3,442	3,193	3,951	4,384	4,782	4,831	4,843	2,472
Private sector	92,191	99,868	103,854	117,840	124,106	129,975	134,184	148,324
(Allowance for loan losses)	(7,327)	(7,993)	(8,331)	(8,366)	(8,768)	(9,104)	(9,241)	(9,980)
Leasing	30	14	32	11	46	22	26	32
Leasing and sub-leasing receivables	822	909	993	1,018	1,079	1,068	1,095	1,109
Public sector	108	106	110	105	113	100	93	80
Private sector	716	803	884	913	966	968	1,002	1,028
(Unearned lease income)	(766)	(870)	(933)	(979)	(1,011)	(1,024)	(1,047)	(1,054)
(Allowance for lease losses)	(24)	(25)	(29)	(28)	(23)	(22)	(23)	(23)
Other receivables	36,811	40,862	41,258	40,462	46,022	41,263	43,992	46,423
Receivable on guarantees honored	158	150	147	51	53	49	47	49
Foreign exchange portfolio	9,130	10,464	10,433	9,466	15,116	9,842	11,538	9,023
Income receivable	183	212	240	280	294	298	317	372
Trading and brokerage of securities	66	84	49	114	151	159	191	259
Specific credits	627	644	663	681	700	719	738	757
Special operations	1	1	1	1	1	1	1	1
Tax credits	8,905	9,223	9,311	8,804	8,842	13,748	13,881	13,828
Actuarial Assets	3,866	3,066	2,744	2,852	2,556	2,480	2,364	2,268
Warrants Deposits Receivable	12,251	12,900	13,213	13,699	14,129	5,828	5,857	5,949
Other credits	8,878	7,864	8,128	8,857	7,284	9,166	9,915	13,816
(Provision for doubtful receivables)	(3,186)	(3,436)	(3,672)	(3,713)	(3,904)	(856)	(856)	(896)
(With loan characteristics)	(380)	(401)	(397)	(240)	(242)	(315)	(300)	(311)
(Without loan characteristics)	(2,806)	(3,035)	(3,275)	(3,472)	(3,662)	(541)	(556)	(585)
Other assets	808	888	805	951	1,055	1,079	1,495	2,865
Statutory profit sharing	0	0	0	0	0	0	0	0
Others	310	320	314	294	289	271	254	262
(Provision for possible losses)	(177)	(176)	(171)	(152)	(153)	(148)	(152)	(152)
Prepaid expenses	475	544	662	819	919	956	1,393	2,755
Permanent assets	5,524	5,646	5,542	5,794	5,835	5,903	5,912	6,304
Investments	1,030	1,087	998	1,109	1,176	1,262	1,276	1,368
Investm. in assoc. and subsidiary co.	982	1,040	950	1,057	1,121	1,207	1,233	1,316
Other investments	229	128	128	129	128	127	108	115
(Provision for losses)	(181)	(80)	(80)	(77)	(73)	(71)	(65)	(64)
Property and equipment	3,015	2,932	2,825	2,862	2,782	2,715	2,857	2,844
Land and buildings in use	2,246	2,276	2,267	2,286	2,314	2,328	2,337	2,349
Other property and equipment in use	4,310	4,308	4,298	4,253	4,240	4,257	4,305	4,594
(Accumulated depreciation)	(3,542)	(3,653)	(3,739)	(3,677)	(3,772)	(3,870)	(3,985)	(4,100)
Leased assets	896	1,031	1,139	1,228	1,306	1,362	1,430	1,507
Leases assets	1,103	1,272	1,413	1,541	1,664	1,748	1,846	1,937
(Accumulated depreciation)	(208)	(241)	(274)	(313)	(358)	(387)	(415)	(430)
Deferred charges	584	596	580	594	571	563	550	586
Organization and expansion costs	1,169	1,210	1,238	1,302	1,325	1,366	1,402	1,490
(Accumulated amortization)	(575)	(614)	(658)	(708)	(754)	(802)	(852)	(904)

Table 131. Balance Sheet - Liabilities

R$ million

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Dec/07
LIABILITIES AND SHAREHOLDERS' EQUITY	264,635	273,836	281,615	296,356	321,898	332,968	342,398	357,750
Current and long-term assets	245,295	254,523	261,295	275,470	300,147	310,562	319,226	333,365
Deposits	139,195	139,939	144,902	158,941	160,663	164,545	172,180	188,282
Demand deposits	31,878	31,363	32,448	40,059	35,588	36,841	38,712	51,311
Savings deposits	32,975	33,215	34,447	36,714	38,942	40,831	43,831	46,839
Interbank deposits	5,262	5,855	5,579	4,878	5,026	5,146	5,603	5,144
Time deposits	68,948	69,377	72,271	76,900	80,960	81,427	83,640	85,520
Investment deposits	131	129	157	289	247	300	394	468
Money market borrowing	42,758	51,496	44,309	49,283	67,839	74,719	74,845	72,270
Own portfolio	31,249	29,569	31,038	31,916	31,985	41,880	29,537	28,126
Third-party portfolio	11,509	20,567	12,871	16,867	31,354	32,539	40,859	44,144
Others		1,370	400	445	4,300	300	4,450	-
Funds from acceptances and securities placed	2,789	2,603	2,487	2,304	2,099	1,487	1,616	1,297
Foreign securities	2,789	2,603	2,487	2,304	2,099	1,487	1,616	1,297
Interbank accounts	1,477	2,037	1,844	1,166	2,038	1,897	1,929	12
Receipts and payments pending settlement	1,476	2,036	1,843	1,163	2,036	1,895	1,926	2
Correspondent banks	1	1	1	3	2	2	3	9
Interdepartmental accounts	1,273	1,388	1,818	2,397	1,913	1,318	1,497	2,428
Third-party funds in transit	1,183	1,369	1,599	2,281	1,896	1,293	1,470	2,311
Internal transfers of funds	89	19	19	116	16	25	27	117
Borrowing	4,031	3,930	4,332	3,737	4,574	3,354	2,981	2,833
Foreign borrowing	4,031	3,930	4,332	3,737	4,574	3,354	2,981	2,833
Domestic onlending – official institutions	13,053	12,431	13,348	14,395	13,950	15,240	16,528	17,487
Federal Treasury	4,053	3,067	3,036	2,989	3,077	3,141	3,132	3,185
National Development Bank (BNDES)	3,960	4,210	4,308	4,858	4,716	4,843	5,121	6,713
Fed. Prog. for Cap. Equip. Finan. (FINAME)	4,720	4,975	5,364	6,004	5,748	6,759	7,518	4,866
Other institutions	320	180	641	694	410	498	759	723
Foreign onlending	0	0	0	0	0	4	0	0
Financial derivatives	1,446	1,156	3,432	3,511	1,969	2,052	2,475	1,947
Other accounts payable	39,274	39,548	45,242	39,895	45,301	46,145	45,174	46,808
Collection of taxes and contributions	3,258	2,245	1,923	181	2,109	1,851	1,917	233
Foreign exchange portfolio	10,687	8,521	14,859	10,013	14,946	14,166	11,600	6,809
Stockholders and statutory distributions	229	2,093	639	1,165	767	763	1,056	850
Taxes and social security	1,503	2,479	3,107	2,872	1,855	2,427	2,827	3,265
Trading and brokerage of securities	127	81	106	140	237	168	195	243
Financial aid development funds	1,981	1,982	1,821	1,902	1,946	2,006	1,847	2,117
Special operations	1,102	1,098	1,103	1,095	1,041	978	932	894
Perpetual Securities	2	2	2	2	2	2	2	2
Subordinated Debt	8,095	8,409	8,585	8,995	9,265	9,574	9,829	10,012
Actuarial liabilities	3,291	3,308	3,328	3,495	3,530	3,582	3,932	4,051
Other liabilities	12,290	9,332	9,870	10,255	9,802	10,648	11,037	18,533
Deferred income	131	128	122	123	113	100	107	123
Shareholders' equity	19,209	19,178	20,197	20,758	21,638	22,305	23,065	24,262
Capital	10,797	11,913	11,913	11,913	11,913	12,711	12,711	13,212
(Unpaid Capital)	-	-	-	-	-	-	-	-
Capital reserves	5	356	356	356	356	-	0	0
Revaluation reserves	23	23	23	7	6	6	6	6
Revenue reserves	6,020	6,787	6,787	8,101	7,858	9,145	8,933	10,695
Mark-to-market – securities and derivatives	146	99	210	382	417	443	384	350
Retained earnings (accumulated losses)	1	-	1	-	-	-	1	-
(Treasury shares)	(126)	-	-	-	-	-	-	-
Income accounts	2,343	-	907	-	1,088	-	1,031	-

9.2 Summarized Corporate Law Income Statement

Table 132. Summarized Corporate Law Income Statement

R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Financial Intermediation Income	9,394	9,031	8,954	9,404	9,708	10,125	10,333	10,172
Loans	5,095	5,339	5,361	5,816	6,101	6,069	6,517	6,810
Leasing	38	40	47	48	50	45	49	48
Securities	3,521	3,283	3,405	3,274	3,043	3,167	3,355	3,088
Financial Derivatives	(139)	(181)	(199)	(118)	34	318	(149)	(10)
Foreign Exchange Portfolio	462	158	(64)	(5)	81	125	155	26
Compulsory Investments	427	392	405	389	400	401	405	411
Financial Intermediation Expenses	(6,556)	(6,884)	(6,453)	(6,086)	(6,418)	(6,105)	(6,483)	(6,160)
Money Market Funds	(3,984)	(4,365)	(4,402)	(4,237)	(4,388)	(4,416)	(4,753)	(4,281)
Borrowing, Assignments and Onlending	(502)	(533)	(421)	(395)	(410)	(393)	(498)	(351)
Allowance for Loan Losses	(2,071)	(1,985)	(1,630)	(1,454)	(1,621)	(1,296)	(1,232)	(1,528)
Gross Income from Financial Intermediation	2,838	2,148	2,501	3,319	3,290	4,020	3,850	4,012
Other Operating Income (Expenses)	(1,873)	(44)	(972)	(1,719)	(1,192)	(2,297)	(2,062)	(2,350)
Service Revenues	2,103	2,246	2,252	2,287	2,377	2,437	2,498	2,590
Personnel Expenses	(1,876)	(2,001)	(1,946)	(2,050)	(1,859)	(2,513)	(2,449)	(2,343)
Other Administrative Expenses	(1,362)	(1,460)	(1,498)	(1,564)	(1,467)	(1,647)	(1,738)	(1,888)
Taxes	(454)	(437)	(463)	(471)	(489)	(525)	(513)	(537)
Equity Int. in the Results of Subs. and Affil.	(154)	172	163	87	36	(63)	50	109
Other Operating Revenues	1,464	1,719	1,162	812	1,124	1,575	1,363	981
Other Operating Expenses	(1,595)	(292)	(643)	(821)	(915)	(1,581)	(1,274)	(1,261)
Operating Income	965	2,104	1,528	1,600	2,098	1,724	1,789	1,663
Non-operating Income	26	25	23	47	31	12	43	196
Income Before Taxes	991	2,129	1,551	1,646	2,128	1,736	1,831	1,859
Income and Social Contribution Taxes	1,542	(277)	(527)	(235)	(539)	(530)	(293)	(485)
Statutory Profit Sharing	(190)	(307)	(117)	(164)	(180)	(137)	(175)	(157)
Net Income	2,343	1,546	907	1,248	1,409	1,068	1,364	1,217

9.3 Income Statement with Reallocations

Table 133. Income Statement with Reallocations

R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Financial Intermediation Income	8,892	9,210	9,096	9,487	9,650	10,016	10,267	10,110
Loans	5,095	5,339	5,361	5,816	6,101	6,089	6,517	6,810
Leasing	38	40	47	48	50	45	49	48
Securities	3,521	3,283	3,405	3,274	3,043	3,187	3,355	3,088
Financial Derivatives	(139)	(181)	(199)	(118)	34	318	(149)	(10)
Foreign Exchange Portfolio	452	158	(64)	(5)	81	125	155	26
Compulsory Investments	427	392	406	380	400	401	405	411
FX Gain(Loss)on Foreign Investments	(266)	38	11	(27)	(154)	(223)	(100)	(94)
Other Op. Inc. of a Fin. Intermed. Nature	(237)	141	131	110	96	114	34	31
Financial Intermediation Expenses	(4,486)	(4,898)	(4,633)	(4,631)	(4,798)	(4,809)	(5,111)	(4,632)
Money Market Funds	(3,984)	(4,385)	(4,272)	(4,237)	(4,388)	(4,416)	(4,613)	(4,281)
Borrowing Assignments and Onlending	(502)	(533)	(421)	(395)	(410)	(393)	(498)	(351)
Net Interest Income	4,406	4,312	4,463	4,855	4,852	5,208	5,156	5,478
Allowance for Loan Losses	(1,345)	(1,757)	(1,385)	(1,257)	(1,431)	(1,236)	(1,218)	(1,497)
Net Financial Margin	3,061	2,555	3,078	3,598	3,422	3,971	3,940	3,981
Service Revenues	2,103	2,246	2,252	2,287	2,377	2,437	2,498	2,590
Taxes on Revenues	(409)	(407)	(429)	(438)	(461)	(489)	(476)	(495)
Contribution Margin	4,755	4,394	4,841	5,448	5,347	5,919	5,963	6,076
Administrative Expenses	(3,158)	(3,253)	(3,216)	(3,396)	(3,186)	(3,268)	(3,368)	(3,708)
Personnel Expenses	(1,781)	(1,839)	(1,804)	(1,845)	(1,748)	(1,713)	(1,759)	(1,936)
Other Administrative Expenses	(1,331)	(1,383)	(1,378)	(1,515)	(1,401)	(1,519)	(1,572)	(1,729)
Other Tax Expenses	(44)	(31)	(34)	(33)	(37)	(36)	(37)	(42)
Commercial Income	1,600	1,141	1,625	2,052	2,161	2,652	2,595	2,368
Legal Risk	(128)	(229)	(192)	(251)	(177)	(329)	(310)	(378)
Legal Claims	(31)	(67)	(51)	(48)	(66)	(128)	(184)	(158)
Labor Lawsuits	(95)	(162)	(141)	(204)	(111)	(201)	(146)	(219)
Other Operating Income(Expenses)	(9)	(169)	(20)	(201)	113	0	48	(140)
Eq.Interest in Resul. Subs. and Affil.	106	135	152	116	191	160	148	204
FX Other Operating Income/Expenses	(115)	(304)	(172)	(316)	(77)	(160)	(100)	(344)
Other Operating Income	831	599	716	702	755	727	705	711
Other Operating Expenses	(746)	(903)	(888)	(1,018)	(833)	(887)	(805)	(1,054)
Operating Income	1,466	743	1,414	1,600	2,098	2,323	2,333	1,851
Non-Operating Income	26	25	23	47	31	12	43	47
Income Before Taxes	1,491	768	1,436	1,646	2,128	2,336	2,376	1,898
Income and Social Contribution Taxes	(383)	188	(488)	(236)	(539)	(734)	(619)	(498)
Interest on Own Capital Tax Benefit	-		-	232	109	112	113	120
Statutory Profit Sharing	(190)	(307)	(117)	(184)	(180)	(137)	(175)	(157)
Recurring Income	938	647	832	1,248	1,409	1,464	1,582	1,243
Non-Recurring Items	1,405	899	76	-	-	(396)	(218)	(26)
Previ Parity		1,362	-	-	-	-	-	-
Previ – Provision for IR and CS		(463)						-
Extraordinary Provision for Credit Risks	(500)	-	-	-	-	-	-	-
Tax Credit Recorded	1,905	-	-	-	-	-	-	-
Recovery of Undue Taxes	-	-	115	-	-	-	-	-
Recovery of Undue Taxes - Prov. for IR and CS	-		(39)	-	-	-	-	-
Previ – Reimbursement Contribution –Plan I	-	-	-	-	-	76	-	-
Previ – Provision for IR and CS	-	-	-	-	-	(26)	-	-
Cassi – Assistance Plan	-	-	-	-	-	-	(403)	(90)
Cassi – Provision for IR and CS	-	-	-	-	-	-	137	31
PAA – Early Retirement Plan	-	-	-	-	-	(676)	(141)	(98)
PAA – Provision for IR and CS	-	-	-	-	-	230	48	33
Divestiture (Bovespa Holding and BM&F)	-	-	-	-	-	-	-	149
Divestiture - Provision for IR and CS	-	-	-	-	-	-	-	(51)
Permanent Exclusions Tax Benefit	-	-	-	-	-	-	141	-
Net Income	2,343	1,546	907	1,248	1,409	1,068	1,364	1,217

Table 134. Analytical Spread

Average Balances in R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Remunerated Assets	212,862	217,974	227,937	237,760	254,583	269,027	281,418	289,656
Available Funds in Foreign Currency	245	487	202	470	1,266	1,269	909	400
Income from Avail. Funds in Foreign Currency	5	78	18	19	8	(1)	98	(2)
Annualized Rate - %	8.1	81.0	36.5	16.9	2.6	(0.4)	50.5	(1.7)
Securities + Interbank Investments	104,469	103,116	107,795	104,239	110,690	118,214	125,901	125,130
Securities Income excluding Hedges	3,521	3,283	3,408	3,271	3,043	3,167	3,356	3,088
Annualized Rate - %	14.2	13.4	13.3	13.2	11.5	11.2	11.1	10.2
Loans + Leasing	94,194	100,391	105,495	117,874	126,469	132,775	136,885	145,144
Loans + Leasing Income	4,837	5,146	5,136	5,439	5,805	5,728	6,265	6,245
Annualized Rate - %	22.2	22.1	20.9	19.8	19.7	18.4	19.6	18.4
Remunerated Compulsory Deposit	13,955	13,979	14,444	15,177	16,157	16,769	17,823	18,983
Income from Compulsory Deposits	427	392	405	389	400	401	405	411
Annualized Rate - %	12.8	11.7	11.7	10.6	10.3	9.9	9.4	8.9
Tax Credits	7,352	9,122	9,260	9,091	8,621	11,985	13,790	13,847
Other Assets	38,866	38,502	41,762	40,749	42,281	40,120	37,837	49,208
Permanent Assets	5,496	5,585	5,566	5,703	5,739	5,839	5,890	6,134
TOTAL ASSETS	264,566	271,182	284,525	293,303	311,283	326,951	338,935	358,845
Remunerated Liabilities	177,993	186,906	194,431	198,150	216,965	228,314	239,596	246,043
Savings Deposits	33,121	33,038	34,076	35,668	38,339	40,121	42,878	44,974
Expenses with Savings Deposits	(653)	(641)	(700)	(704)	(781)	(768)	(783)	(862)
Annualized Rate - %	8.1	8.0	8.5	8.1	8.2	7.9	7.5	8.0
Interbank Deposits	5,058	5,948	5,868	5,211	5,017	4,944	4,988	5,339
Expenses with Interbank Deposits	(202)	(218)	(90)	(372)	(188)	(226)	(217)	(160)
Annualized Rate - %	16.9	15.5	6.3	31.8	15.8	19.6	18.6	12.5
Time Deposits	67,376	68,494	71,357	76,619	79,404	80,911	82,754	85,373
Expenses with Time Deposits	(1,556)	(1,797)	(1,738)	(1,849)	(1,592)	(1,554)	(1,588)	(1,584)
Annualized Rate - %	9.8	10.9	10.1	9.9	8.3	7.9	7.9	7.6
Money Market Borrowing	41,962	49,599	52,730	49,654	62,499	70,954	75,693	76,679
Expenses with Money Market Borrowing	(1,460)	(1,589)	(1,840)	(1,425)	(1,641)	(1,795)	(1,952)	(1,823)
Annualized Rate - %	14.6	13.4	13.0	12.0	10.9	10.5	10.7	9.9
Foreign Borrowing	4,174	4,016	4,115	3,817	3,980	3,282	3,389	2,697
Exp. with Foreign Borr. Onlending and Banks	(56)	(54)	(83)	(44)	(48)	(41)	(104)	29
Annualized Rate - %	5.5	5.5	8.2	4.8	5.0	5.1	12.9	(4.3)
Onlending	13,310	12,692	13,196	13,942	14,126	14,569	16,289	17,231
Expenses with Onlending	(291)	(347)	(228)	(232)	(247)	(233)	(280)	(283)
Annualized Rate - %	9.0	11.4	7.1	6.9	7.2	6.5	7.1	6.7
Fin. and Develop. Funds + Subord. Debt	9,900	10,258	10,443	10,707	11,108	11,455	11,685	11,997
Expenses with Fin. and Develop. Funds	(155)	(132)	(131)	(118)	(115)	(119)	(114)	(98)
Annualized Rate - %	6.4	5.3	5.1	4.5	4.2	4.2	4.0	3.3
Foreign Securities	3,033	2,862	2,647	2,533	2,491	2,079	1,939	1,754
Expenses with Foreign Securities	(58)	(55)	(130)	31	(44)	(35)	(34)	(9)
Annualized Rate - %	8.0	7.9	21.2	(4.9)	7.3	7.0	7.2	2.0
Other Liabilities	68,788	64,763	70,233	74,256	72,861	76,309	76,393	88,748
Demand Deposits	31,616	32,010	31,680	35,646	35,240	36,531	38,094	44,479
Other Liabilities	37,172	32,753	38,553	38,611	37,621	39,778	38,299	44,269
Shareholders' Equity + Income Accounts	17,845	19,513	19,860	20,897	21,457	22,328	22,946	24,053
TOTAL LIAB. AND SHAREHOLDERS' EQ.	264,566	271,182	284,525	293,303	311,283	326,951	338,935	358,845

Average Balances in R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07
Financial Intermediation Income	9,759	9,668	9,553	10,076	10,176	10,630	10,938	10,789
Income from Remunerated Assets	8,789	8,899	8,965	9,117	9,258	9,296	10,124	9,742
Income from Financial Derivatives	(139)	(181)	(199)	(118)	34	318	(149)	(10)
FX Gain (Loss) on Foreign Investments	(266)	38	11	(27)	(154)	(223)	(100)	(94)
Other FX Operations	449	80	(82)	(23)	73	128	57	27
Other Operating Income	631	599	586	702	621	727	705	711
Recovery of Write-offs	297	233	272	425	348	388	302	414
Financial Intermediation Expenses	(4,486)	(4,898)	(4,562)	(4,831)	(4,984)	(4,809)	(5,111)	(4,832)
Expenses with Remunerated Liabilities	(4,420)	(4,833)	(4,721)	(4,514)	(4,836)	(4,771)	(5,071)	(4,589)
Expenses with FGC on Demand Deposits	(18)	(18)	(13)	(8)	(9)	(9)	(9)	(11)
Expenses with Debt Assumption Contracts	(7)	(6)	(10)	(1)	(5)	(4)	(4)	(4)
Other Expenses	(43)	(44)	181	(108)	(15)	(25)	(26)	(28)
Net Interest Income	4,406	4,312	4,534	4,855	4,986	5,208	5,156	5,478
Assets – Permanent Assets	259,070	265,598	278,959	287,600	305,484	321,112	333,045	352,711
Remunerated Assets	212,862	217,974	227,937	237,760	254,583	269,027	281,418	289,656

Net Interest Income	4,406	4,312	4,534	4,856	4,986	5,208	5,156	5,478
Assets – Permanent Assets	259,070	265,598	278,959	287,600	306,494	321,112	333,045	352,711
Remunerated Assets	212,862	217,974	227,937	237,760	254,593	269,027	281,418	299,856
Finan. Intern. Inc. / (Assets – Perman. Assets)	3.4	3.5	3.3	3.3	3.2	3.1	3.1	2.9
Finan. Inter. Inc. / (Assets – Perm. Assets) – Ann.	14.5	14.6	13.7	13.9	13.2	13.1	12.9	12
Finan. Inter. Exp. / (Assets – Permanent Assets)	1.7	1.8	1.6	1.6	1.5	1.5	1.5	1.3
Finan. Inter. Exp. / (Assets – Perm. Assets) – Ann.	7.1	7.5	6.7	6.6	6.2	6.1	6.3	5.4
GPM 7 (Assets – Permanent Assets)	1.7	1.8	1.8	1.7	1.8	1.8	1.6	1.8
GPM 7 [Assets – Permanent Assets] – Ann.	7.0	6.7	6.7	6.9	6.7	6.6	6.3	6.4
Finan. Intermid. Income / (Remunerated Assets)	4.2	4.2	4.0	4.0	3.8	3.7	3.6	3.5
Finan. Intermid. Inc. / (Remun. Assets) – Ann.	17.8	18.0	16.9	16.9	16.0	15.7	15.4	14.7
Finan. Intermid. Expenses / (Remun. Assets)	2.1	2.2	2.0	1.9	1.8	1.8	1.8	1.6
Finan. Intern. Exp. / (Remun. Assets) – Ann.	8.7	9.3	8.2	8.0	7.5	7.3	7.5	6.6
GPM 7 (Remunerated Assets)	2.1	2.0	2.0	2.0	2.0	1.9	1.8	1.9
GPM 7 [Remunerated Assets] – Ann.	8.5	8.2	8.2	8.4	8.1	8.0	7.5	7.8

(D2) MD&A 3rd Quarter 2007 (Presentation, Economic Environment, Securities, Corporate Governance, Other Information, Summarized Financial Statements, Balance Sheet Analysis, Risk Management, Analysis of Results and Financial Statements)

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Presentation

The Performance Analysis report presents the economic/financial situation of Banco do Brasil (BB). Presented quarterly, geared toward market analysts, shareholders and investors, this report addresses topics such as the economic environment, performance of BB shares and corporate governance practices adopted by the Institution. In addition, there are separate analyses of the capital structure and results.

The reader will also find tables with historical data, for eight periods, of the summarized balance sheet, the summarized corporate law income statement, the income statement with reclassifications, the analytic spread, and other information about profitability, productivity, quality of the loan portfolio, capital structure, capital market, and structural data.

The Balance Sheet Analysis comprises a more detailed study of the main components of the balance sheet such as the securities portfolio, the loan portfolio, tax credits, and market borrowings, amongst others.

The Analysis of Results shows the components of the reclassified statement of income. These reclassifications are made with the intention of allowing a better understanding of the results, making the historical data more comparable and facilitating better forecasting from this data.

The publication also features an exclusive chapter about Risk Management, first included in the previous quarter. The structure and the process of risk management at BB, as well as the analysis of market, liquidity and credit risks, are presented in this section. We also address the Company's capital structure, emphasizing the initiatives in progress for adaptation to the demands of Basel II.

Finally, the financial statements and the explanatory notes for the quarter under analysis can also be found.

ON-LINE ACCESS

The Performance Analysis report can also be read through Banco do Brasil's Investor Relations website. Further information is also made available about the Bank, such as: Corporate Governance, news items, frequently asked questions, and the Download Center, containing versions of this report for the Adobe® Reader® software, general information, balance sheet analysis, and complete financial statements; the historical data in Excel; presentations to the market; the Social and Environment Responsibility Report and Social Balance Sheet; audio of the teleconferences about the results, among others.

1 Economic Environment

In the third quarter of 2007, the intensification of uncertainties regarding the development of the United States real estate market had a significant impact on international financial markets. Turbulence was manifested by increases in the volatility of asset prices, credit restrictions and increases in defaults, with potential impacts on American economic activity. However, said effects are being mitigated by the prompt reaction of the Federal Reserve, which reduced the basic interest rate by 0.5 p.p. and announced the possibility of further action if conditions deteriorate.

Assets from Brazil and other emerging market economies were initially affected by the increase in volatility and greater aversion to risk; but on a reduced scale and over a shorter period. In this regard, the growth of Brazilian foreign accounts continued to be solid, with continuing robust (though decreasing) trade balances stimulated by the maintenance of export levels; in spite of the fact that the foreign exchange rate recently resumed its valuation trend. The growth in imports accelerated in turn, in-line with the strong expansion of aggregate demand.

Expressive checking account surpluses, the benign environment of inflation and the maintenance of the growth of the economy continued to favor the entrance of foreign capital, increasing the investment capacity of the economy and reducing the country risk premium. In August, the country's rating was upgraded by the Moody's agency, leaving Brazil at an investment grade level following the example of the rating granted by the agencies Fitch and Standard & Poor's.

During this period, the Central Bank proceeded with the cycle of relaxation of the monetary policy, but slowed the Selic

rate of decrease to 0.25 p.p. in September. The content of the Copom Minutes and of the Inflation Report, released in September, drew attention to risks of inflationary pressure resulting from the strong pace of expansion of demand. As a result, the Copom indicated the possibility of an interruption of the interest rate reduction cycle.

The economic activity data showed an expanding economy, led by domestic demand, with special emphasis on the level of investments. The dynamism of the economy was also reflected in the growth of the industry, in the reduction of unemployment and in the increase of real salaries. In this manner, the favorable conditions for the expansion of the credit market continued with intensification of the reductions in average interest rates and the extension of terms.

Table 1. Main Macroeconomic Indicators

	3Q06	2Q07		3Q07	12 months
GDP – Change %*	3.3	4.8		-	-
International Reserves**	73.3	147.1		183.0	-
Country Risk***	231	160		177	-
Ptax Dollar Sale	0.5	(6.1)		(4.5)	(15.4)
Accumulated IGP-DI FGV	0.8	0.6		3.0	6.2
Accumulated IGP-M FGV	0.8	0.3		2.6	5.7
Accumulated IPCA-IBGE	0.5	0.8		0.9	4.1
Accumulated Selic	3.5	2.9		2.8	12.4
Accumulated TR (exBTN)	0.6	0.4		0.3	1.8
TJLP – IBGE	6.85	6.50		6.25	-
Ptax Dollar Sale *	2.1742	1.9262		1.8389	-

* Deseasonalized variance (quarter over previous quarter)
** Amount accumulated in the year up to the end of the period (in US$ billion)
*** Closing Rate
Source: Economática

The Selic rate showed a reduction in September 2007 in relation to the end of the second quarter. The behavior of Selic is reflected mainly in securities income and in the expenses with the remuneration of time deposits and money market borrowing.

The dollar ended the quarter quoted at R$ 1.8389, against R$ 1.9262 in 2Q07. In view of its risk management policy of working with low foreign exchange exposure, the volatility of the foreign exchange rate causes only residual effects in the Bank's results. The IGP-DI and IGP-M price variation indexes showed a greater change in the 12-month period, while the IPCA rate reflected a lower change over the period.

2.1 Shares

At the end of the quarter, Banco do Brasil's capital stock was R$ 11,912,895,138.17; made up of 2,475,949,269 ordinary shares, represented in dematerialized form and without any nominal value. The largest shareholder is the National Treasury, with 68.7% of the capital, followed by Caixa de Previdência dos Funcionários do Banco do Brasil (Previ) with 11.4%, and BNDESPar – the equity investment company of National Bank for Economic and Social Development – which has 5.0% of the capital. The others shares are spread out in the market (14.8%).

Table 2. Shareholding Breakdown

%

Shareholders	3Q06	2Q07	3Q07
Federal Treasury	68.7	68.7	68.7
Previ	11.4	11.4	11.4
BNDESPar	5.0	5.0	5.0
Free Float	14.8	14.8	14.8
Individuals	4.2	4.0	4.0
Companies	3.4	3.9	3.5
Foreign Capital	7.2	6.9	7.3
Total	100.0	100.0	100.0

During a meeting held on 3.19.2007, the Board of Directors approved the setting, for the year 2007, 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 art. 43 of the Bank's By-Laws. In this manner, in the third quarter of 2007, the Bank distributed the sum of R$ 545.6 million to its shareholders, with R$ 333.4 million as interest on own capital and R$ 212.2 million as dividends, which represents R$ 0.2203659 per share in the period.

Table 3. Interest on Capital and Dividends Distributed

R$ million

	3Q06	2Q07	3Q07
Federal Treasury	249.3	293.5	374.7
Previ	41.5	48.9	62.4
BNDESPar	18.3	21.5	27.5
Individuals	15.1	17.1	21.9
Companies	12.5	16.4	19.0
Foreign Capital	26.3	29.9	40.1
Total	363.0	427.4	545.6

In the first week of June 2007, Banco do Brasil performed a split of its shares in the proportion of 1:3, i.e. two new shares for each existing share. In this manner, there was transformation both in its share basis and in the value of its instruments This measure was aimed at making the price of the instrument more appealing to investors.

Table 4. Quantity of Shares

Quantity of Shares	Mar/07	Jun/07	Set/07
BBAS3 (ON)	825,316,423	2,475,949,269	2,475,949,269
Total	825,316,423	2,475,949,269	2,475,949,269

BB's shareholder base is characterized by the great number of shareholders with a small share in the capital. As can be seen from the table below, 285,634 shareholders (94.71%) account for 1.0% of the capital, while 15,950 shareholders (5.29%) hold 99.0% of the total of the shares.

Table 5. Shareholders by Range of Shares Owned

Range of shares owned	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
1 to 10 shares	108,631	36.02	584,015	0.02
11 to 50 shares	87,136	28.89	2,185,425	0.09
51 to 100 shares	32,058	10.63	2,313,103	0.09
101 to 1,000 shares	57,809	19.17	19,373,899	0.78
Over 1,000 shares	15,950	5.29	2,451,492,827	99.01
Total	301,584	100.00	2,475,949,269	100.00

Table 6. Free Float by Range of Shares Owned

Range of shares owned	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
1 to 10 shares	108,631	36.02	584,015	0.16
11 to 50 shares	87,136	28.89	2,185,425	0.59
51 to 100 shares	32,058	10.63	2,313,103	0.63
101 to 1,000 shares	57,809	19.17	19,373,899	5.27
Over 1,000 shares	15,947	5.29	343,099,870	93.35
Total	301,581	100.00	367,556,312	100.00

With regard to the domicile of the investors, it is to be noted that the quantity of shareholders who reside in Brazil is 300,989, and who hold 92.66% of the total shares, while the quantity of foreign shareholders is 595, who hold 0.20% of the total shares. There was a small increase in the participation of foreigners in the last 12 months. While in September 2006 foreigners held 7.24% of the total quantity of shares of the Bank, at the end of 3Q07 they held interest of 7.34%.

Table 7. Tax Residence of the Investors

June 2007	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
Brazil	300,989	99.80	2,294,184,426	92.66
Abroad	595	0.20	181,764,843	7.34
Total	301,584	100.00	2,475,949,269	100.00

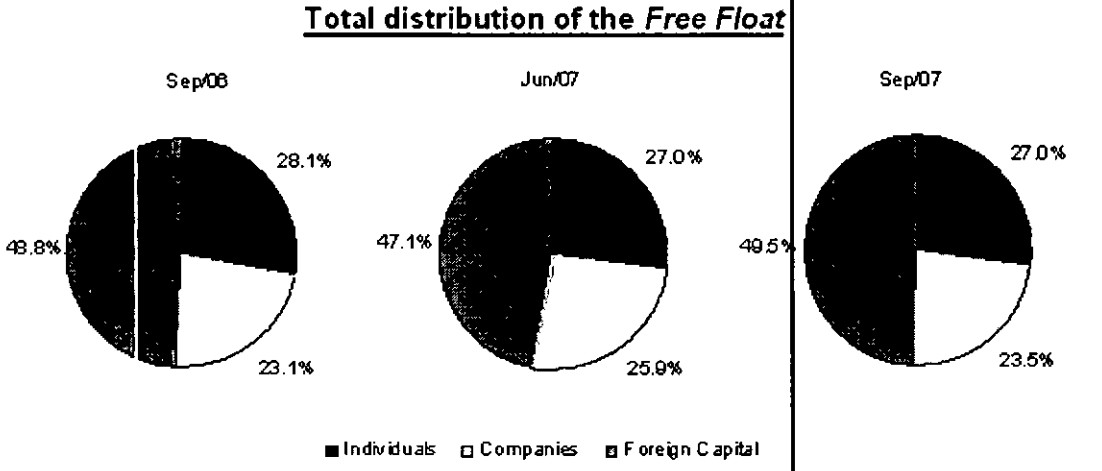


Figure 1. Total distribution of the Free Float

With regard to the total of the Bank's shares that are well spread out in the market (14.8%), that is, the free float, the predominance of foreign capital can be seen (49.5%), followed by Individuals (27.0%) and Companies (23.5%).

The major part of the free float, 88.3% (324.4 million shares), is under custody of the Brazilian Clearing and Depository Corporation (CBLC), distributed as shown in the following figures. It can be observed that in September 2006 foreign investors held 55.8% of the total marketable shares at CBLC, followed by individuals, with 25.9%. The Bank recorded a reduction of the share of legal entities in September 2007, which declined rose from 18.4% in 3Q06 to 17.9% in 3Q07, while foreign capital had its share increased.

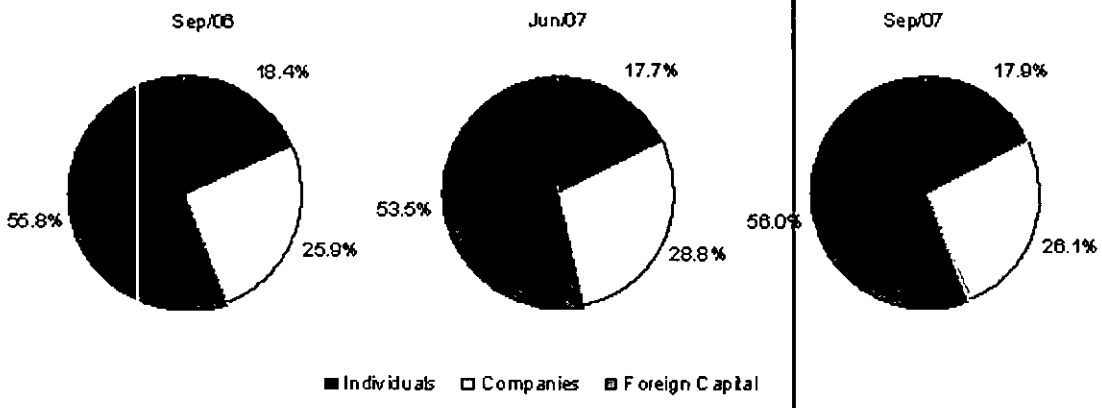


Figure 2. Free Float Distribution at the CBLC

Equity Held by Foreign Investors In an extraordinary meeting held on 04.19.2006, the National Monetary Council (CMN) approved, to be forwarded to the President of the Republic, a proposal for a foreign interest increase in Banco do Brasil S.A.'s capital stock, from the current level of 5.6% to 12.5%. The increase in equity held by foreign investors was approved by means of presidential decree s/n.º, of May 31, 2006, in accordance with the provisions of article 52 of the Temporary Constitutional Provisions Act.

From 2002 onwards, a noteworthy increase has been observed in the participating interest of foreigners in the Bank's capital. With the Stock Public Offer and Subscription of "B" Bonus, carried out last year, the equity held by foreign

investors has increased significantly, from 3.4% in 2005 to 7.3% at the end of the third semester, representing 49.5% of the free float.

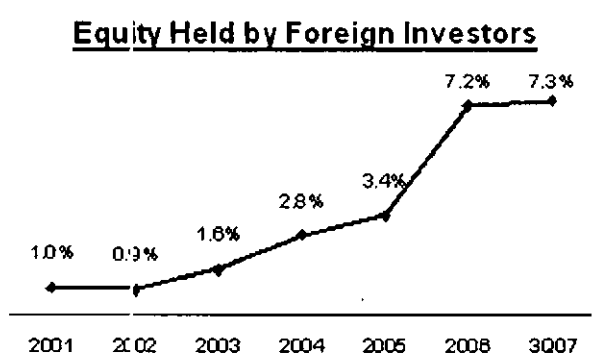


Figure 3. Equity Held by Foreign Investors

2.2 Warrants

In 1996, on the occasion of BB's capital increase, three series of warrants were issued: A, B, and C, maturing in 2001, 2006, and 2011, respectively. The exercise price for these warrants was established at R$ 8.50, with readjustment by the IGP-DI "pro rata temporis". The breakdown of the warrant holders in September, 2007 is shown in the following table:

Table 8. Breakdown of the Warrant Holders

%

	3Q06	3Q07
Individuals	38.0	33.3
Companies	44.4	52.3
Foreign Capital	17.6	14.4
Total	100.0	100.0

"C" Warrants showed the following characteristics in September 30, 2007:

Table 9. C Series Warrants

Series	Code	Exercise Date	Number	Exercise Price R$	Quotation in R$
C Bonds	BBAS 13	03.31 to 06.30.2011	27,028,746	23.09	69.00

In a simulation, considering the total of 2,475.9 million shares, the potential dilution in the Bank's capital is 3.4%, going from the assumption that until 2011 there will be no additional capital increases and that all the C bonuses will be exercised by or before maturity.

Conversion:

1 Warrant = 3.131799 shares
Total Shares = 2,475,949,269

Table 10. Expected Dilution of Capital

Warrants	Qty. Warrants	Qty. Shares	Dilution of Capital - %
C Series	27,028,746	84,648,600	3.4

On September 17th, the Board of Directors of Banco do Brasil decided to send the General Shareholders' Meeting a proposal for bringing the exercise of "C" Series Bonuses forward, allowing the holders of these Bonuses, at their

discretion, to exercise their rights in the period between November 1 and 30, 2007, observing the conditions approved at the Extraordinary General Meeting of 6/17/96. Said proposal, approved by the General Shareholders' Meeting of October 23, does not abolish the exercise right in the period originally foreseen, from 3/31/2011 to 6/30/2011, for the remaining "C" Series Bonuses.

2.3 Performance of the Shares

Market

In the third quarter of the year, the stock exchange continued representing the best financial investment in the Brazilian market. Even with the North American real estate market crisis provoking accentuated slides during the months of July and August, Bovespa renewed its historical record of points on 11 occasions, ending the quarter with valuation of 11.17%, at 60,465 points.

In July, the stock exchange exhibited volatile behavior. A few days before the end of the month the market recorded an accumulated high of 6.7%, yet the disclosure of uncertainties in relation to the real estate credit market in the US and the fear of other segments being affected led to a reverse in the upward trend. In this manner, Ibovespa ended the month at 54,182 points, representing a slide of 0.3%.

The month of August exhibited different behavior than that of the previous month. Caused by the continuity of turbulence in the global market as a result of the American real estate crisis, the domestic stock market fell; recording a downslide of 11.3% at the end of the 1st fortnight. At the beginning of the second half of the month, optimistic about the coordinated efforts of the American and European central banks that increased the liquidity of the chief international markets, the main stock exchanges in the world, including the stock exchange of São Paulo, recovered from losses and ended the month on an uptrend.

After two months of high volatility, in September, the stock market exhibited positive behavior, ending the month at 60,465 points, up 10.6%. The main factor accountable for the optimism of markets was the FED's decision to cut the North American interest rate by zero point five percent, with the forecast of another cut during the current year. Furthermore, internally, the solid grounds of the Brazilian economy, such as the expectation of growth above 5.0%, inflation between 4.0% and 4.5%, the exchange rate close to R$ 1.80 and the falling interest rates, contributed positively to the good performance of the market.

BB shares

BB shares closed the quarter quoted at R$ 30.89. In the YTD in 12 months shares and "C" bonuses recorded valuation of 102.4% and 193.6%, respectively, while Ibovespa climbed 65.9%, according to the following graph.

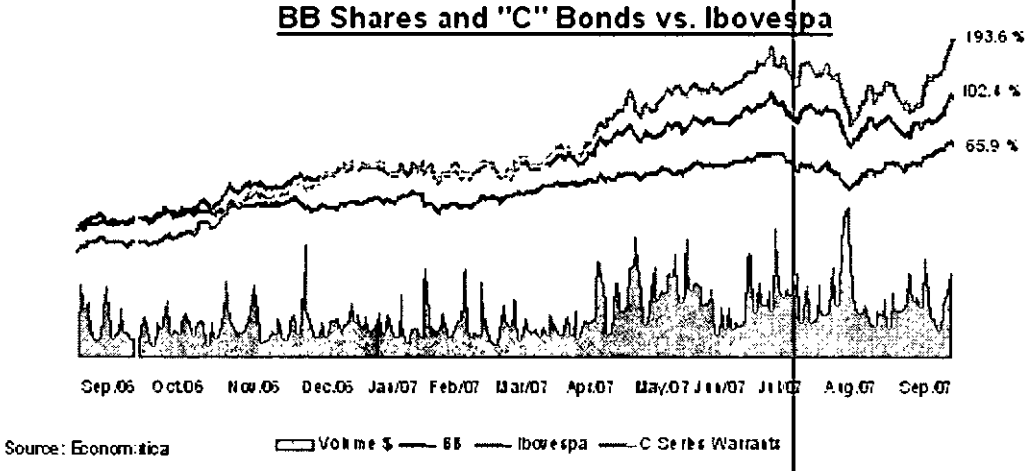
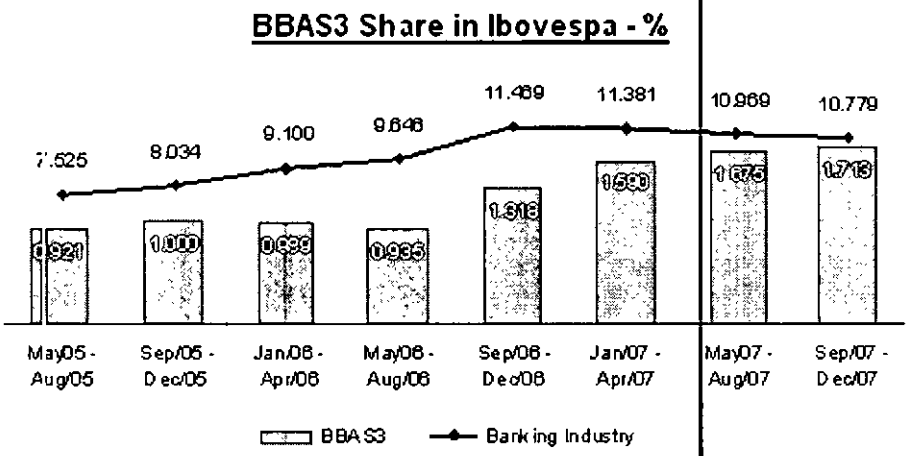


Figure 4. BB Shares and "C" Bonds vs. Ibovespa

Participation in Ibovespa

The Bovespa Index (Ibovespa) is an index that represents the Brazilian stock market, made up of papers that were traded in at least 80% of the trading sessions carried out. From this, the Tradability Index is determined, made up by the financial volume and by the quantity traded of each paper transacted, which determines the ranking of the paper's share in the market. Out of the total of papers, the 80% with the highest tradability index are determined, to represent the Ibovespa index.

The growth of the Bank's share in the theoretical portfolio of Bovespa can be verified in the following graph. In the theoretical portfolio of Ibovespa in force for the next four months (Sept/07 - Dec/07), the Bank occupies 18th place, as opposed to 26th place in the portfolio of Sept/06 - Dec/06. The Public Offering organized last year and the split of shares, in the proportion of 1:3, favored the increase of the instrument's liquidity in the market, permitting access by small investors to the Bank's shares.

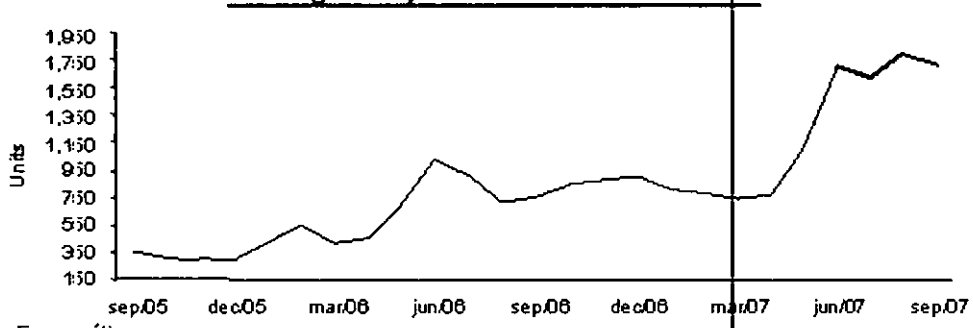


Source: Bovespa

Figure 5. BBAS3 Share in Ibovespa

The Bank's quantity of trades and the financial volume traded were higher in 3Q07 than the same period of the previous year. The increase observed in the last 12 months was fundamentally due to the splitting of shares of Banco do Brasil. With the lower price, the appeal of the instrument grew, allowing small investors to also be part of the traded volume.

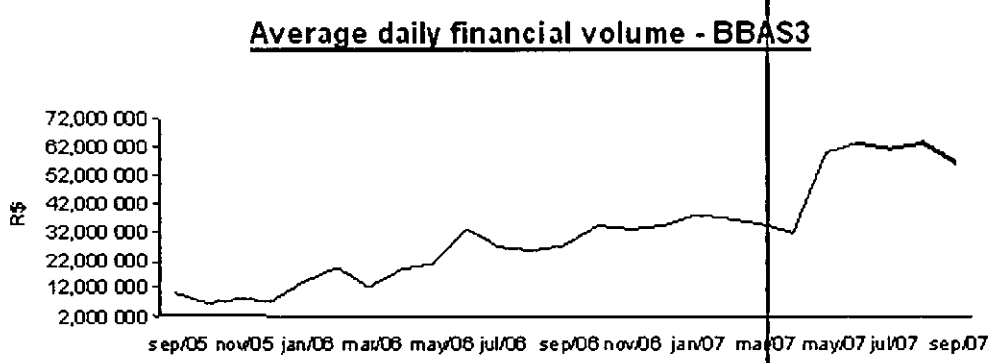
The daily average quantity traded in 3Q07 was 1,703, as opposed to 787 in 3Q06. During the year, the average quantity attained the maximum point of 1,786 transactions in the month of August. In comparison with May 2007, the last month without influence of the split, we can emphasize that there was an increase of 56% in transactions with the instrument.



Source: Economática

Figure 6. Average amount traded in BBAS3

In relation to the average daily amount traded, the Bank totaled R$ 60.1 million in 3Q07, against R$ 26.3 in 3Q06. During the year, the average volume attained the maximum point of R$ 62.9 million in June 2007, an immediate consequence of the performance of the split of its shares.



Source: Economática

Figure 7. Average financial volume - BBAS3

Market Ratios

The P/L ratio, which indicates a time estimate, in years, for investors to recover the capital invested in the purchase of shares, assuming the full distribution of company profits; attained 15.03x in September 2007, as opposed to 6.87x in September 2006.

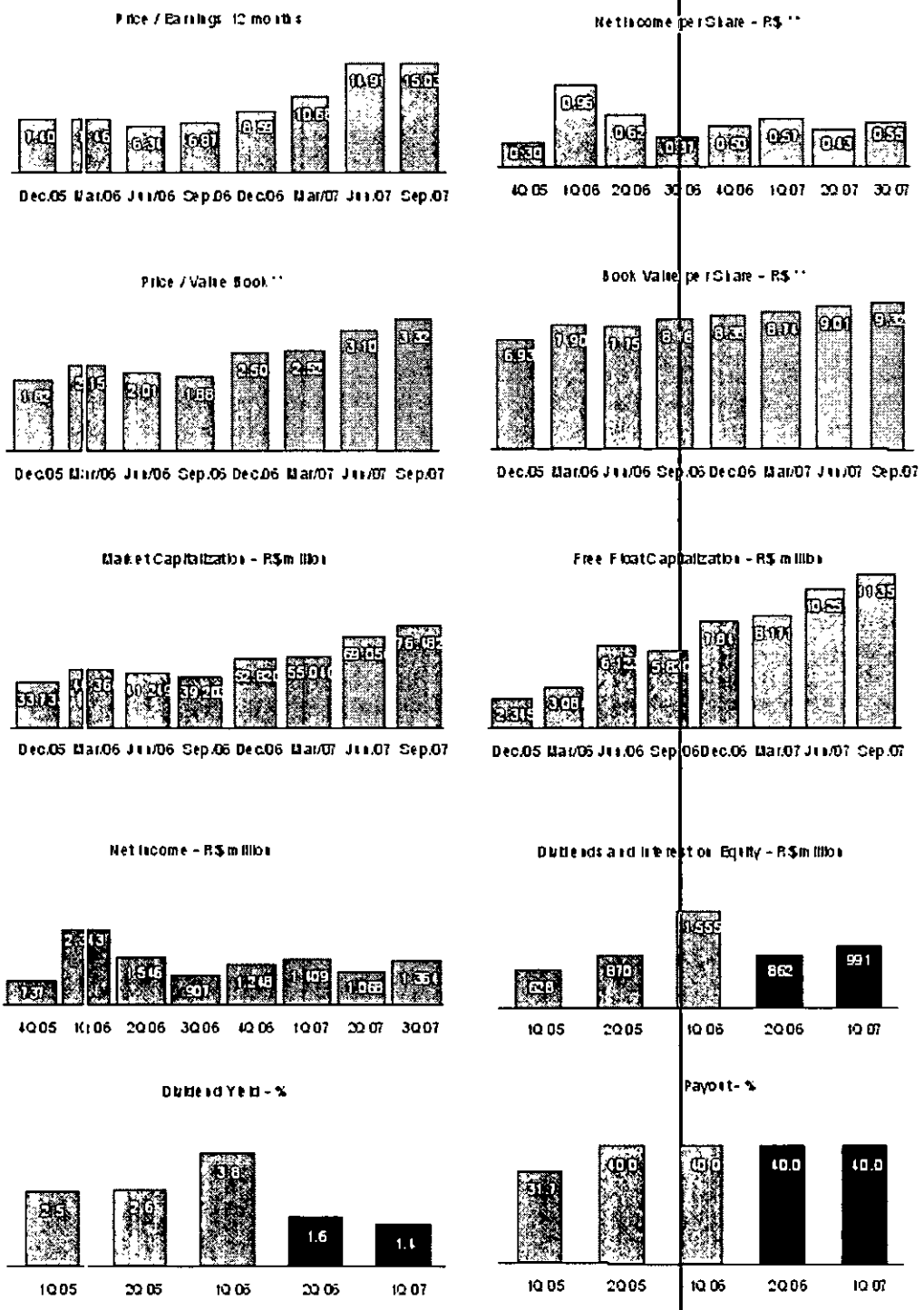
The net income per share of the Bank reached R$ 0.55 in 3Q07, against R$ 0.37 in 3Q06. The Price/equity value per share (VPA) ratio of 3.32 in September 2007 denotes that the Bank's shares are traded more than three times the VPA, i.e., the Bank is worth 310% of the amount of Stockholders' Equity at Bovespa.

Market capitalization reached R$ 76,482 million at the end of September 2007, against R$ 39,203 million in the same period of the previous year. The capitalization of the free float recorded R$ 11,354 million, 95.1% higher than the R$ 5,820 million in September 2006.

In the third quarter of 2007, the Bank distributed the sum of R$ 545.6 million to its shareholders, with R$ 333.4 million as interest on own capital and R$ 212.2 million as dividends, which represents R$ 0.2203659 per share in the period. The Dividend Yield of 3Q07, determined with a basis on the division of the dividend distributed in the quarter by the market value of the Bank, attained 0.6%.

The graph below shows the behavior of the main multiples of the Bank over the last quarters.

Market Ratios



** Adjusted series considering the stock split (1:3) occured in the second quarter of 2007.

Figure 8. Market Ratios

3 – Corporate Governance

First federal company to join the Novo Mercado of the Bovespa, a segment that groups the institutions with the most stringent corporate governance practices, Banco do Brasil seeks to adopt management principles that serve as a reference for the market. To this effect, the by-laws of BB establish practices that ensure the balance of rights among shareholders, the sustainability of business, the transparency of management acts, the settling of accounts with

shareholders and society, and ethics in the relationship with its stakeholders.

BB's management bodies are the Board of Directors, advised by the Audit Committee, and the Executive Board, made up of the Board of Officers (president and nine vice-presidents) and by 26 statutory directors. The Bank also has a permanent Fiscal Council.

At any level of the Bank, the decisions are taken collectively. With the purpose of involving all 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 guarantee agility, quality and security for the decision making process.

Highlights of the period

The most relevant events of the third quarter include the disclosure of the performance of studies by the National Treasury Department for the takeover of Banco do Estado do Piauí (BEP) and for acquisition of the controlling interest of Banco Regional de Brasília (BRB) by Banco do Brasil. The negotiation for takeover of Banco do Estado de Santa Catarina (Besc) continued throughout the period and in October, the parties executed the terms of the operation, contingent upon the issuance of a specific Resolution of the Federal Senate and of a Presidential Decree for the removal of Besc and of Bescri from the National Privatization Program (PND).

To fulfill the commitment of 25% of free-float up to 2009, assumed upon entrance in the New Market in 2006, BB announced the intention of holding a secondary public offering of shares belonging to Caixa de Previdência dos Funcionários do Banco do Brasil - Previ (employees' pension fund) and BNDES Participações S.A.. Also along these lines, the General Shareholders' Meeting of October 23 approved the rescheduling on an earlier date of the exercise of the "C "Series Bonuses, allowing the holders of these Bonuses, at their sole discretion, to exercise their right in November. The possibility of rescheduling on an earlier date does not overrule the right of exercise in the period originally foreseen.

Finally, it is worth emphasizing the modifications in the General Management structure of BB. Three new directorates were created (Directorate of Cards, of New Retail Business and of Insurance, Pension and Capitalization) to potentialize the entrance of BB in retail businesses, subordinated to the new vice-presidency established in the previous quarter (Vice-presidency of Cards and New Retail Business). See the organizational structure of BB at the Investor Relations site (www.bb.com.br/ri).

5.3.1 Details of Reallocations

The adjustments made in the statement of income to arrive at the Reallocated Statement of Income are described in detail below. The adjustments do not change the final result, since they only intend to arrange revenue and expense items more coherently, considering the performance dynamics of a financial institution. Basically, these adjustments were intended to:

a) allow the financial margin recorded in the period to reflect, effectively, the gain from all the remunerated assets, seeking to inform the market the spread achieved from the division of this margin by the assets, except the permanent assets. For this, it was necessary to:

include in the financial margin the income recorded in Other Operating Income that had financial intermediation characteristics and which was derived from remunerated assets recorded in the Balance Sheet under Other Assets;
identify the foreign exchange gain/(loss) on financial assets and liabilities abroad in the period in a specific financial margin item (financial equity);
keep in financial margin, amounts related to negative foreign exchange adjustments that were recorded in Other Operating Income and Expenses to avoid inverting the balance of accounts of a financial intermediation nature.

b) segregate the impacts of extraordinary events in order to demonstrate recurring income of the Bank in the period.

Reallocations in the Net Interest Income

(1) The foreign exchange gain (loss) on foreign financial equity is reallocated from equity interest in the results of

subsidiaries and affiliates for inclusion in the financial margin. This adjustment is required to maintain the equilibrium and coherence of the analysis of the spread, since assets and liabilities previously included in permanent assets are included in other balance sheet items after consolidation. The spread would be improperly decreased without reallocation

(2) The real ocations of Other Operating Income/Expenses to Other Operating Income of a Financial Intermediation Nature are detailed below:

Table 16. Reallocations – Other Operating Income / Expenses

R$ million

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Income from Special Operations	17	14	13	(23.8)	(7.8)	52	39	75.1
Income from Specific Credits	19	19	19	(0.6)	(3.8)	53	56	106.7
FX Readjustment	96	81	3	(65.4)	(59.1)	(69)	149	-
FX Readjustment Income	96	815	488	-	(36.8)	624	1,641	267.9
FX Readjustment Expense	-	(734)	(486)	-	(33.8)	(693)	(1,492)	215.4
Total	131	114	34	-	-	36	244	-

(3) Reallocation from Other Operating Income to Money Market Funds Expenses. This realocation is due to reversal of updating charge in saving deposits accounted in the end of the first and second half of the year. After Financial Statement closing, such realocation is needed in order to correctly measure the Net Interest Income. The historical series was reajusted, reflecting R$ 130.7 million in 3Q06, R$ 133.9 million in 1Q07 and R$ 139.9 million in 3Q07.

Reallocations in the Net Financial Margin

(4) The expense with the Allowance for Loan Losses includes loans without characteristics of financial intermediation, so this part of the allowance is reallocated to Other Operating Expenses.

Reallocations in the Contribution Margin

(5) Considering the model used for the income statement, tax expenses on revenues were reallocated and included in the contribution margin.

Reallocations in the Operating Result

(6) The expenses with Legal Claims and Labor Lawsuits were separated in the Income Statement with Reallocations, into a group called Legal Risk. It aims to provide a better analysis of the administrative expenses and give more transparency to this type of risk.

Extraordinary Items

(7) Positive extraordinary effect in 2Q06 in the amount of R$ 899 million, net of taxes, resulting from the signing of the agreement concerning Fundo de Paridade Previ (parity fund), the subject matter of a Material Fact on 06.03.2006.

(8) In 1Q06, there was exceeding provision totaling R$ 500.0 million, with the purpose of supporting future volatility of the provision needs related to the loan portfolio. The study was based on the historical analysis of said expenses.

(9) In 1Q06 R$ 1.9 billion of Tax Credit on Inter-temporal Differences was recorded as assets, relating to periods prior to 2006, pursuant to Resolution CMN 3,355, of 3/31/2006.

(10) In the 3Q06, the Bank recorded revenues in the amount of R$ 115.0 million (R$ 76 million, net of taxes) related to the recognition of the right to offset FINSOCIAL tax credits (undue payment of taxes) for the period from September 1989 to March 1992, arising from a final and unappealable court decision.

(11) Positive extraordinary impact of R$ 50.2 million in 2Q07, net of taxes, referring to the reimbursement of contributions to Previ - Benefit Plan nº 1, made in the first quarter of 2007, as part of an agreement executed between BB and entities representing the employees on the use of the surplus referring to Benefit Plan nº 1, which establishes

the suspension of contributions to Previ, and which is to be reviewed every twelve months.

(12) The Health Plan restructuring managed by Caixa de Assistência dos Funcionários do Banco do Brasil (Cassi), brought R$ 266 million, after taxes, extraordinary negative impact in 3Q07 results. It was noticed to the market troughout a Material Fact released on July 03, 2007.

(13) Negative extraordinary impact of R$ 93 million in 2Q07, net of taxes, corresponding to expenses with the Early Retirement Plan (PAA) for employees over 50 years of age and with 15 years of contribution to Previ. The PAA was the subject matter of the Material Fact on July 3rd of 2007.

(14) Considering the rate of recurring tax as that calculated on the first nine months of 2007, in 3Q07 the rate was lower due to the fiscal benefit of permanent exclusions in the calculation base of taxes referring to foreign exchange gains occurring in the period. The difference between the rate that was calculated in 9M07 and in 3Q07 is the amount that was reallocated as positive extraordinary effect on net income.

6.2 Analysis of Assets

In the 12-month period, Securities showed a decrease in the participation of Total Assets, going down from 26.2% to 21.6%. The total balance of TVM (Securities) ended the quarter at R$ 74,126 million, as opposed to R$ 73,766 million in 3Q06 and R$ 72,071 in June 2007.

The growth of loans and leasing stands out, with their balance net of allowances increasing 30.2% in relation to 3Q06, reaching R$ 129,513 million. The relative share of these operations climbed from 35.3% in September 2006 and from 37.7% in June 2007 to 37.8% in September 2007.

The increase in the relative participation of Liquidity Assets (except securities) from 12.1% to 16.3% (Sept/06 – Sept/07) is due, mainly, to the increase of 235.1% in deposits received under security repurchase agreements.

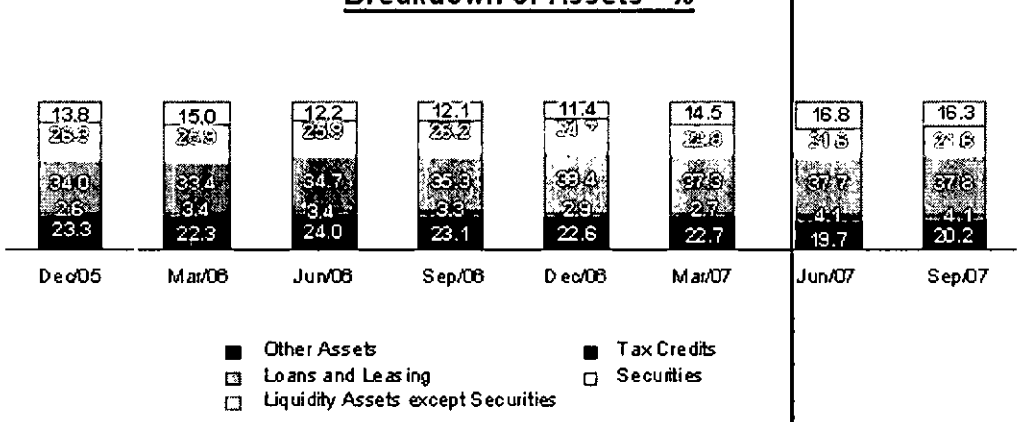


Figure 10. Breakdown of Assets

Table 17. Breakdown of Assets

R$ million

	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07
Total Assets	252,977	264,635	273,836	281,615	296,356	321,898	332,968	342,398
Liquidity Assets except Securities	34,824	39,800	33,433	34,051	33,837	46,895	56,051	55,785
Securities	66,470	68,831	70,877	73,766	73,108	73,350	72,071	74,126
Loans and Leasing	85,961	88,336	94,906	99,505	113,869	120,064	125,524	129,513
Tax Credits	6,687	8,905	9,223	9,311	8,604	8,642	13,746	13,881
Other Assets	59,035	58,962	65,597	64,982	66,939	73,147	65,576	69,094

6.4 Securities Portfolio

The Securities Portfolio remained stable, showing an increase of 0.49% from September 2006 to September 2007. Most of the growth of the portfolio occurred in the category of Marketable Securities, which went from R$ 5,205 million to R$ 14,046 million in the period, corresponding to a growth of 169.9%, and of Derivative financial instruments, with a growth of 253.9% in the period. On the other hand, there was a reduction of 19.7% in the category of Securities Held to Maturity.

It is worth emphasizing the change in the Portfolio profile in comparison with September 2006, with an increase of the relative share of securities classified in the Marketable Securities category in the whole Securities portfolio and reduction of the share of securities classified in the Held to Maturity and Available for Sale category, pursuant to the following table.

Table 19. Securities Portfolio by Category

R$ million

	Balances								Share %	
	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07	Sep/06	Sep/07
Securities	66,470	68,631	70,677	73,766	73,108	73,350	72,071	74,126	100.0	100.0
Available for Trading	3,077	4,327	5,568	5,205	7,494	7,361	10,856	14,046	7.1	18.9
Available for Sale	37,832	38,815	39,781	43,160	40,641	40,711	39,379	38,466	58.5	51.9
Held to Maturity	25,275	25,069	24,865	24,934	24,409	24,263	20,589	20,029	33.8	27.0
Financial Derivatives	287	421	463	448	564	1,016	1,247	1,585	0.6	2.1

In the following table, the concentration in securities with a maturity of between 0 and 5 years can be seen. In September 2007 these securities accounted for 90.4% in the total amount, which was slightly higher than the 89.0% share for the same period of the prior year.

Table 20. Securities Portfolio by Maturities - Market Value

R$ million

	Up to 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total
	Balance	Share %	Balance	Share %	Balance	Share %	Balance	Share %	
Dec/05	17,116	26.0	41,900	63.7	6,189	9.4	567	0.9	65,771
Mar/06	18,159	26.7	42,565	62.6	6,379	9.4	873	1.3	67,977
Jun/06	21,931	31.3	40,555	57.9	6,681	9.5	842	1.2	70,008
Sep/06	22,707	31.0	42,017	57.4	7,535	10.3	938	1.3	73,197
Dec/06	24,057	33.2	42,039	58.0	5,164	7.1	1,217	1.7	72,476
Mar/07	22,430	30.9	42,910	59.2	5,292	7.3	1,676	2.3	72,309
Jun/07	26,707	37.7	37,351	52.8	5,217	7.4	1,527	2.2	70,801
Sep/07	27,694	38.2	37,919	52.3	5,473	7.5	1,456	2.0	72,542

In the chart below we note a decrease in securities maturing after 5 years as compared to September 2006, and an increase in securities maturing up 1 year.

Securities Portfolio with Maturities between 0 and 5 years and after 5 years

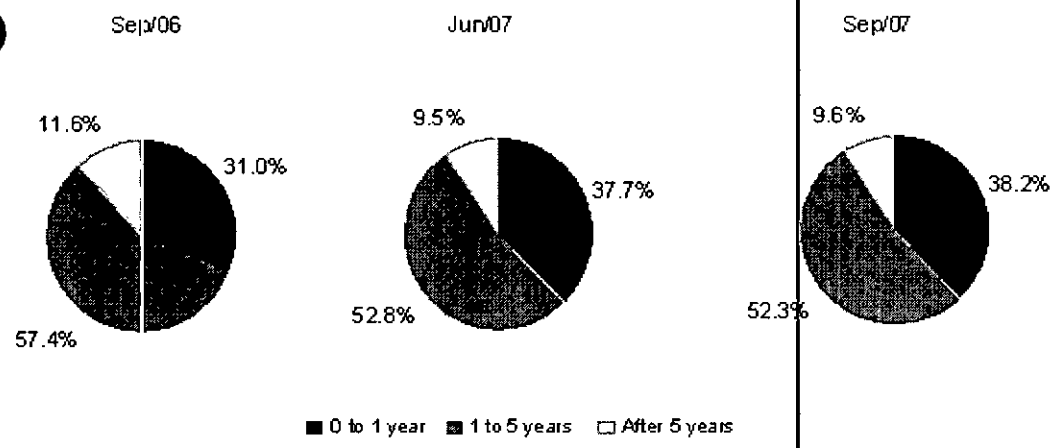


Figure 12. Securities Portfolio with Maturities between 0 and 5 years and after 5 years

6.5 Loan Portfolio

Banco do Brasil has maintained its unchallenged leadership in lending in Brazil, with a 16.1% market share in the Financial System , against 15.8% in September 2006.

The evolution in loans from the Brazilian Financial System (SFN) was 24.8% (September 2006 - September 2007), accounting for 33.1% of the PIB in September 2007, against 29.4% in the same period of the previous year. The Bank's total loan portfolio increased 26.9% in the same period. In relation to the previous quarter, credit in the Brazilian Banking Industry grew 6.8%, while BB grew 3.4%.

Operations with legal entities were up 34.3% in relation to September 2006 and 5.9% in relation to June 2007. Operations with SMEs grew 39.9% in relation to September 2006 and 10.0% in relation to June 2007.

Loans to individuals grew 27.3% (Sept/06-Sept/07). In relation to June 2007, operations with individuals exhibited growth of 5.7%, with an emphasis on consigned loans and vehicle financing operations.

The balance of agribusiness was 20.1% higher than in September 2006 and 0.7% lower than in June 2007, due to the release of funds for the 2006/2007 crop.

Table 21. Loan Portfolio

R$ million

				Chg.%	
	Sep/06	Jun/07	Sep/07	on Sep/06	on Jun/07
Brazil	107,922	133,019	137,626	27.5	3.5
Individuals	23,155	27,904	29,486	27.3	5.7
Businesses	44,444	56,345	59,693	34.3	5.9
- MSE	18,813	21,390	22,340	32.9	4.4
- Other	27,631	34,956	37,354	35.2	6.9
Agribusiness	40,324	48,769	48,447	20.1	(0.7)
Foreign	10,427	12,214	12,558	20.4	2.8
Total	118,349	145,233	150,184	26.9	3.4

Table 22. Individuals and Business Customers Loan Portfolio

R$ million

	Retail	Wholesale	Agribusiness	Other	Total
Brazil	48,819	37,014	48,447	3,347	137,626
Individuals	26,440	3	38,070	3,044	67,557
Business Customers	22,380	37,011	10,377	303	70,070
Foreign	-	-	-	12,558	12,558
Total	48,819	37,014	48,447	15,904	150,184

Of the total of loan transactions, 32.3% are loans to the retail segment, 17.3% to the wholesale segment, 32.3% to agribusiness and 8.0% to the foreign trade segment. The portfolio abroad, represents 8.4% of the total. The figure below shows the distribution of the Bank's loan portfolio composition by segment in the period of 12 months.

Breakdown of the Loan Portfolio

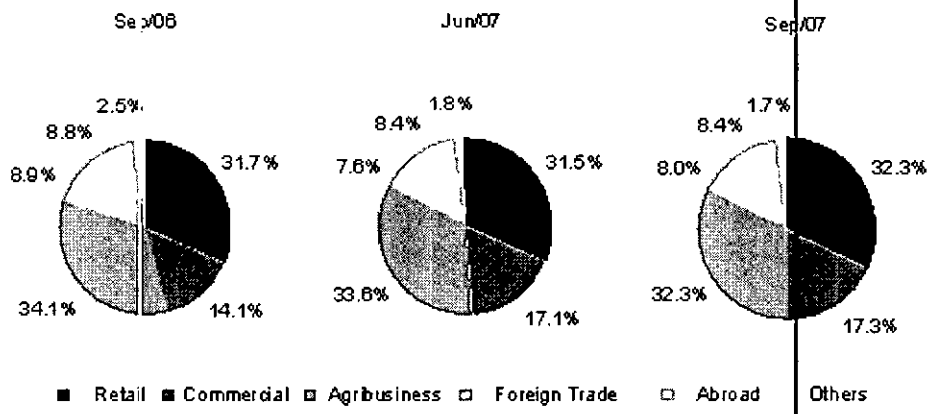


Figure 13. Breakdown of Loan Portfolio

Table 23. Loan Portfolio by Segment

R$ million

	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07
Total Portfolio	101,789	105,527	113,103	118,349	133,157	140,387	145,233	150,184
Retail	30,987	32,415	34,855	37,504	40,436	43,378	45,809	48,576
Commercial	13,878	14,914	15,418	16,649	21,735	24,087	24,878	26,034
Agribusiness	35,709	37,054	39,914	40,320	46,064	46,774	48,769	48,446
Foreign Trade	9,623	9,695	10,183	10,532	11,000	11,190	11,004	12,073
Abroad	9,177	8,872	9,894	10,427	12,181	12,318	12,214	12,558
Other	2,415	2,578	2,838	2,917	2,741	2,642	2,559	2,497

6.8 Deposits and Money Market Funding

Banco do Brasil's market funding reached R$ 247.0 billion in September 2007, an increase of 30.5% and of 3.2% in relation to June 2006 and March 2007, respectively. Main funding are Open Market Funding (R$ 74.8 billion) and Time Deposits (R$ 83.6 billion), corresponding to 46.3% of the total.

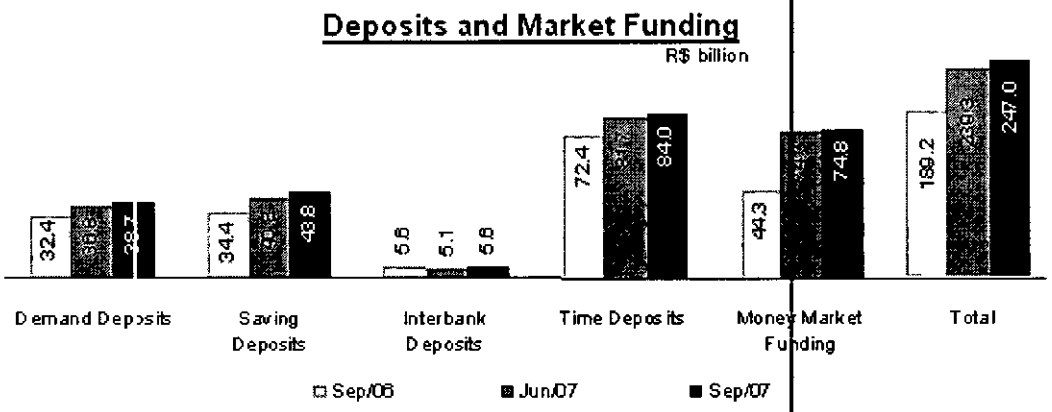


Figure 21. Deposits and Market Funding

BB's position of leadership in Market Funding shows the trust that Brazilians have in the Institution, accounting for 20.2% of the total funding of the Brazilian Banking Industry.

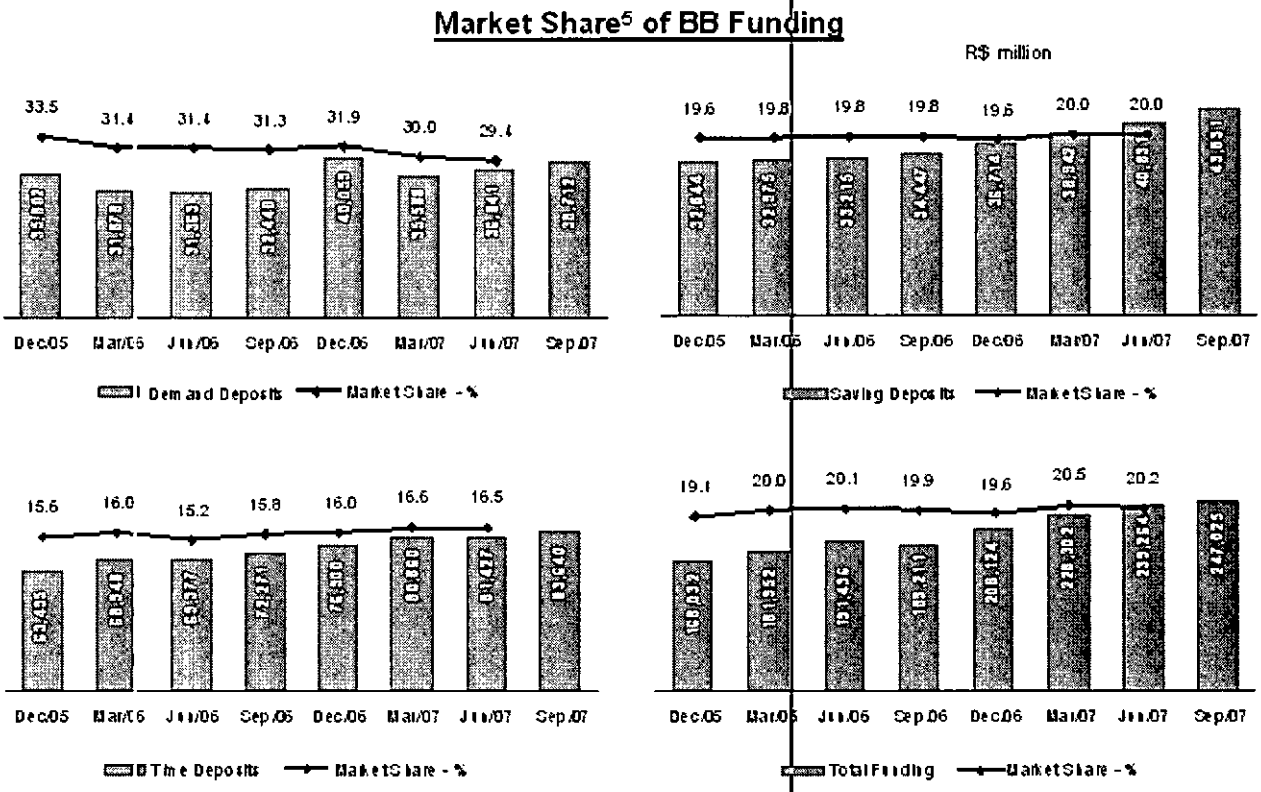


Figure 22. Market Share of BB Funding

6.8.1 Foreign Borrowing

Its foreign borrowing demonstrates that Banco do Brasil's credibility goes beyond the national frontiers, making BB a very attractive investment option for international investors. The following table shows the issues in circulation.

Table 38. Foreign Borrowing

Issue Date	Volume in US$ million	Term in years	Cupom (%)	Interest Interval	Issue price	Return for the Investor (%)	Premium over Treasury	Rating	Program
12.27.01	450	7	7,890	Quarterly	100,0000	7,890	325	BBB/Baa1	MT100
07.03.02	300	7	L3M+0,60	Quarterly	100,0000	5,013	*266	AAA/Aaa	MT100
09.11.02	40	7	7,890	Quarterly	100,0000	7,890	489	BBB/Baa1	MT100
03.17.03	120	7	7,260	Quarterly	100,0000	7,260	450	BBB/Baa1	MT100
07.10.03	178	8	5,911	Quarterly	100,0000	5,955	350	BBB+/Baa1	Visanet
07.10.03	45	8	4,777	Quarterly	95,0000	5,955	350	BBB+/Baa1	Visanet
12.19.03	250	10	6,550	Quarterly	100,0000	6,550	292	BBB/Baa1	MT100
09.20.04	300	10	8,500	Half-Yearly	99,1740	8,625	447	A2	Subord. Debt.
12.17.04	**73	3	zero-cupom	-	62,0385	17,250	***180	-	GMTN
01.23.06	500	Perpetual	7,950	Quarterly	100,0000	7,950		Ba1	Perpetual Securities
18.07.07	187	10	9,75	Semestral	100	9,75		Baa3	GMTN
* 492 basis points over Libor									
** amount in US$ equivalent to R$ 200 million, PTAX 2,75080									
*** preliminary calculation in Reais with swap into US$									

In January 2006, Banco do Brasil prepared its first issue in the perpetual security market, launched abroad. This issue totaled US$ 500 million, higher than previous US$ 200 million and sustained the success of the issue whose demand overcame US$ 4.2 billion. The issue attracted the asiatic, european and american markets.

Perpetual Securities are borrowing instruments recognized by BIS rules and widespread in the international banking industry in order to compound their capital base. With this issue, Banco do Brasil increased the leverage capacity of its loan operations. This issued was classified as Ba1 by Moody's agency.

In July 2007, Banco do Brasil obtained US$ 350 million through the Global Medium Term Notes program, maturing in July 2017, at a coupon of 9.75% per annum, with semi-annual frequency.

7.1.4 New Capital Accord (Basel II)

Basel II - Concepts and Grounds

The New Capital Accord - Basel II, published in June/2004 by the Banking Supervision Committee of Basel of the Bank for International Settlements – BIS, established new regulatory capital requirement criteria, considering the risks associated with the exposures, governance and transparency of financial institutions, based on three major assumptions:

Cornerstone I- strengthening of the capital structure of institutions;
Cornerstone II - encouragement of the adoption of best risk management practices, and;
Cornerstone III - reduction of the asymmetry of information and favoring of market discipline.

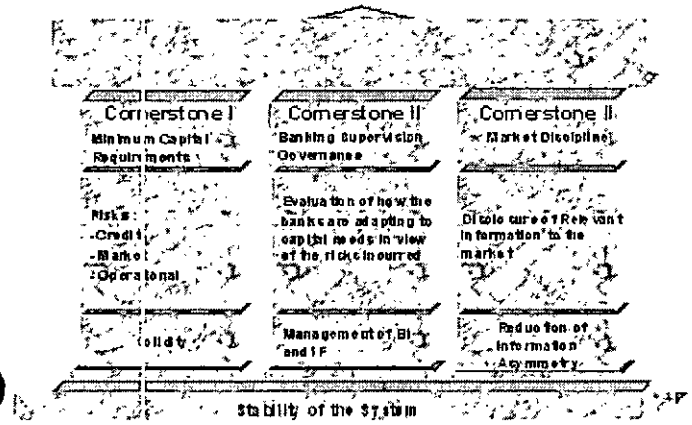


Figure 25. Cornerstones of Basel II

Cornerstone I defines the treatment to be provided for purposes of determination of the capital requirement in view of the risks incurred in activities developed by financial institutions. In relation to the Agreement of 1988, Basel II introduces the requirement of capital for operating risk and optimizes the discussion concerning credit risk.

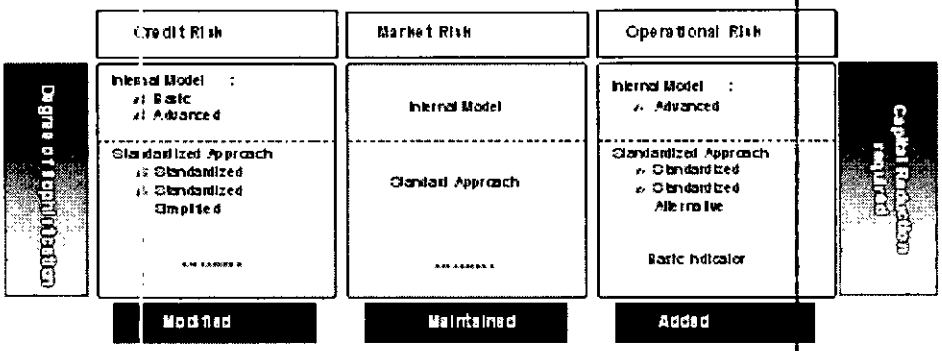


Figure 26. Allocation of capital

Basel II stimulates the adoption of proprietary models for measuring risks (credit, market and operational), with differentiated degrees of complexity, subject to approval by the regulator, and possibility of benefits of capital requirement reduction benefits on account of the adoption of internal approaches.

Cornerstone II reaffirms and strengthens the participation and the role of the regulator in the process of banking supervision and of evaluation of risk governance of institutions and how these manage capital to deal with the risks incurred.

Cornerstone III recommends the creation of tools and conditions to reduce the systemic risk generated by the asymmetry of information, stimulating and favoring market discipline and the transparency of information about risk management practices.

The entire philosophy of Basel II, which can be summed up as the quest for the optimization of risk control and management practices, lies in the combination of these three major elements.

Basel II in Brazil

By means of Release 12,746, of December 09, 2004, the Central Bank established the schedule for implementation of the Accord in Brazil. In the performance of this schedule, the National Monetary Council - CMN and BACEN published the following regulations:

CMN Resolution 3,380/06, of June 29, 2006, addresses the• implementation of an operational risk management structure;
CMN Resolution• 3,464/07, of June 26, 2007, addresses the implementation of a Market Risk management structure;
CMN Resolution 3,444, of February 28, 2007, reviews• the definition of Referential Shareholders' Equity (PR);
CMN Resolution• 3,490/07, of August 29, 2007, altered the criteria for determination of Required Referential Shareholders' Equity (PRE), incorporating portions of market risk not contained previously, introducing significant modifications in the calculation of capital for credit risk and incorporating operational risk;
• Circulars published by Bacen on September 12, 2007:
o 3,360/07 - procedure for calculation of PRE for credit risk;
o 3,361/07 to 3364/07 - procedures for calculation of capital requirement for market risk (change in interest rates);
o 3,365/07 - procedures for calculation of capital requirement for market risk (interest rate risk of transactions not classified in the trading portfolio);
o 3,366/07 - procedures for calculation of capital requirement for market risk (shares);
o 3,367/07 - procedures for calculation of capital requirement for market risk (control of foreign exchange exposure);
o 3,368/07 - procedures for calculation of capital requirement for market risk (commodities).

These circulars will take effect as of July 1, 2008, with the exception of the one that addresses the determination of

foreign exchange exposure, which takes effect immediately. The procedure for calculation of capital requirement for operational risk is planned for the end of 2007.

On September 27, 2007, by means of Release 16,137, Bacen divulged a new scheduled, adjusting the definitions of the previous edition. According to this release, the implementation of requirements for use of advanced capital measurement models should occur by the end of 2012, with an emphasis on the allocation of capital for operational risks and changes in the allocation of capital for credit risk (Cornerstone I).

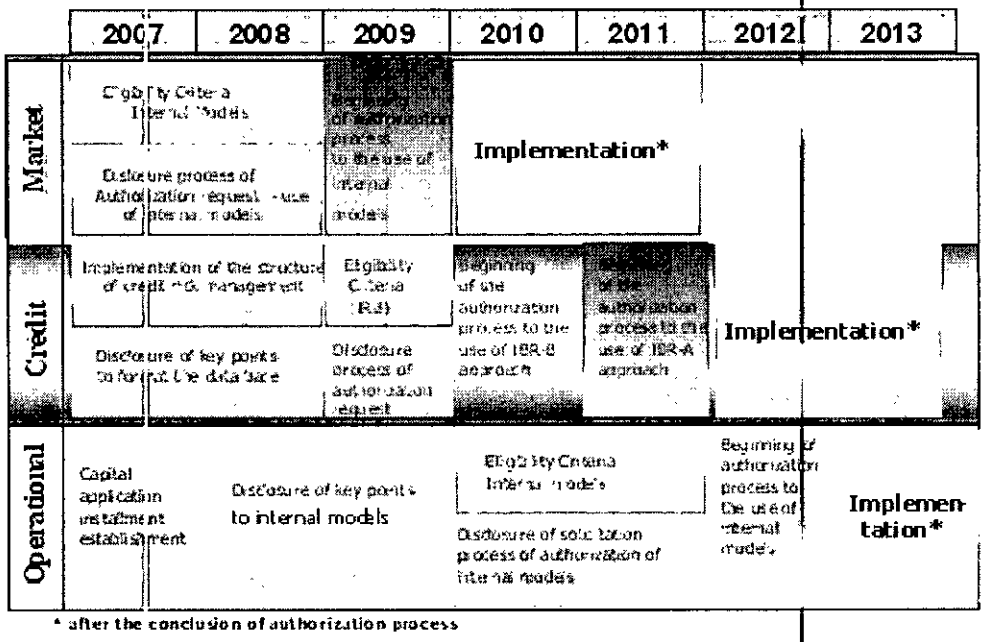


Figure 27. Basel II Implementation Schedule

The implementation of the New Agreement means that financial institutions are required to make considerable investments in information technology, development of management tools, corporate governance, risk culture and adjustments in management practices.

Implementation at Banco do Brasil

The implementation of Basel II at BB is being conducted by the Risk Management Directorate, responsible for the coordination and preparation of the Bank for fulfillment of Basel II requirements, with the participation of many areas of the Bank.

An in-depth analysis of the New Capital Accord was initially carried out with the objective of identifying points that would be necessary to satisfactorily meet the new demands.

Four hundred and five actions relating to the Credit, Operational and Market risks were identified and listed. The analysis and discussion of the actions in the internal sphere was followed by the implementation phase. Out of this total, 80 actions have already been concluded. The investment in the implementation of the Basel II Project should exceed R$ 100 million.

The Bank pursues the adoption of the advance approach for measuring risks. This quarter BB has concentrated its efforts on the implementation of the standardized approach, in conformity with the regulations published by Bacen for market, operational and credit risks.

7.2.1 Market and Liquidity Risk

BB uses statistical and simulation methodologies to measure the market and liquidity risks of its positions. Amongst them, mention should be made of:

- Value at Risk (VaR);
- Sensitivity (parallel shift and curvature of risk factors);
- Stress Analysis.

The Value at Risk (VaR) is a measure of maximum expected loss in monetary values, under normal market conditions, in a determined line period, with a chosen level of probability. At BB, the VaR is measured by historical simulation methodology, with probability of 95%, for a period of 1 (one) day.

The methodology for historical simulation uses the changes observed in interest rates, market indices, foreign exchange rates, shares and commodities. For the Brazilian market, this model for measuring the risk of instruments and portfolios is the most appropriate. This methodology undergoes a process of backtesting, which consists of comparing the distribution of the values calculated with the financial results actually occurred.

With a view to determining the sensitivity of the Bank's capital to the impacts of extreme market movements, stress scenario tests are carried out. These scenarios are constructed from shocks in the market, and are based on significant historical moments or forecast economic-financial scenarios.

Building the scenarios is the responsibility of the Scenarios Commission, under the coordination of the Bank's economics area.

Balance Sheet of Exchange Assets and Liabilities

Banco do Brasil adopts the policy of managing its foreign currency exposure so as not to generate capital requirement for its coverage.

Banco do Brasil, observing the contents of Bacen Circular 3,367, of 9/12/2007, is reviewing its exchange exposure management procedures in order to fulfill the strategy adopted.

Below, we present the management statement of foreign currency assets and liabilities referenced to the American dollar, position at 09/28/2007, exposing liability of R$ 1,180 million:

Table 39. Assets and Liabilities Exchange Balance Sheet

R$ million

FX EXPOSURE	TOTAL
Values based in G7 Currencies	
1. ASSETS	**37,983**
1.1 Available Funds	457
1.2 Short-term Interbank Investments	9,148
1.3 Securities	2,584
1.4 Interbank Accounts	-
1.5 Interbank Accounts	-
1.6 Loans	16,598
1.7 Leasing	46
1.8 Other Receivable	8,999
1.9 Investments	57
1.10 Permanent Assets	94
2. LIABILITIES	**(35,514)**
2.1 Deposits	(13,584)
2.2 Money Market Borrowing	(4,597)
2.3 Foreign Exchange	(3)
2.4 Interbank Accounts	-
2.5 Interbank Accounts	(1,296)
2.6 Domestic Onlending	(3,883)
2.7 Other Accounts Payable	(12,151)
3. OTHER ASSETS AND LIABILITIES	**(3,565)**
G7 Currencies	1,096
Other Currencies	84
TOTAL EXPOSURE	**1,180**

The chart that follows shows the behavior of Banco do Brasil's foreign exchange exposure since October/2006, in relation to the referential shareholders' equity:

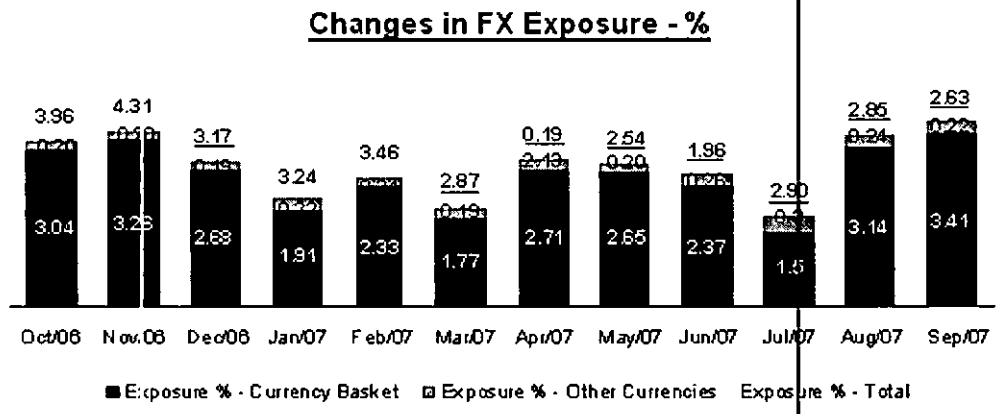


Figure 28. Changes in FX Exposure

Balance Sheet by Index

Banco do Brasil manages its expositions in a consolidated manner, analysing the impacts of several scenarios and stress tests. We present below the composition of assets and liabilities of Banco do Brasil in the country, detailed by index:

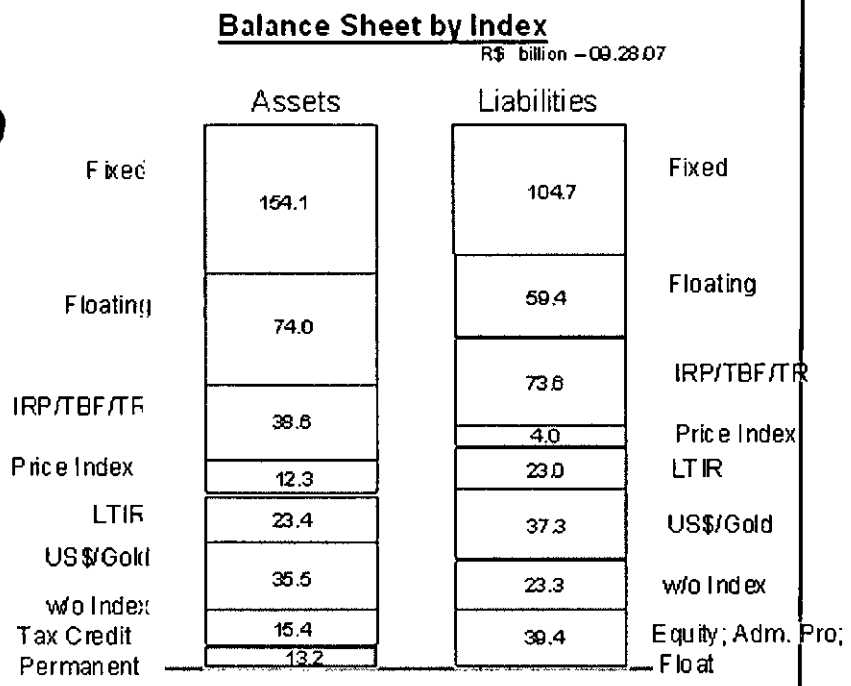


Figure 29. Balance Sheet by Index

The chart below shows Banco do Brasil's net mismatches, by index in Brazil.

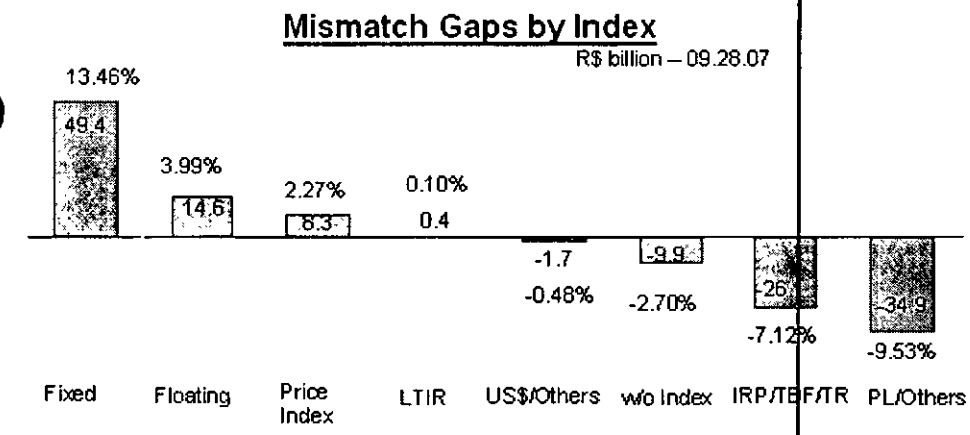


Figure 30. Mismatch Gaps by Index

Consolidated BB Portfolio

The consolidated portfolio of Banco do Brasil is formed by asset and liability positions, comprised of commercial and treasury operations, including derivative financial instruments, recorded in the consolidated balance sheet of the BB Group.

The table below contains the Value at Risk (VaR) of the BB consolidated portfolio upon closing of the 1st semester of 2007.

Table 40. VaR BB consolidated

	Balance at 06.29.2007
VaR R$ thousand	122,785

The table below itemizes the average, minimum and maximum VaR of the BB Consolidated portfolio, observed between

January and September 2007:

Table 41. Average V@R, Minimum and Maximum of BB Consolidated Portfolio

BB Consolidated	Minimum	Average	Maximum
VaR R$ thousand	79,636	109,582	138,395

Abroad Portfolio

The consolidated portfolio of the Foreign Network is made up of the positions of assets and liabilities, comprising commercial, financial, derivative and securities transactions, recorded in the balance sheets of Banco do Brasil's units located abroad.

The table below contains the net position of the Present Value (MtM) and the Value at Risk (VaR) of the consolidated portfolio of the Foreign Network upon closing of the 3rd semester of 2007.

Table 42. Abroad Portfolio

US$ thousand

	MtM Amount	V@R
Abroad Portfolio	129,070	22,813

The following table details the average, minimum and maximum V@R of the Foreign Network portfolio observed between January and September 2007:

Table 43. Average VaR, Minimum and Maximum

US$ thousand

Abroad Network	Minimum	Average	Maximum
Abroad Network	5,861	13,242	23,055

Fixed Interest Rate Portfolio

The risk management strategy for the set of Real-denominated operations and remunerated at pre-fixed interest rates establishes the VaR limit definition for corrected cost portfolio, which is composed by products accounted for by the corrected cost value. The products accounted for by the market value are managed by means of Domestic Treasury specific-portfolio limits.

The VaR methodology used in managing and accompanying the limits of these portfolios is the same as defined by the Brazilian Central Bank, through Circular 2,972 of 03.23.2000, that is, a 99% confidence level for the period of 10 days and the allocation of the marked-to-market values by standard vertices.

Table 44. Portfolios Indexed to Fixed Interest Rates

R$ thousand

Fixed Interest Rate Portfolio	Σ VP Vertices	V@R
Cost Adjusted Portfolio	52,713,469	337,060

The graph below shows the distribution by vertexes of the aforesaid restated cost portfolio:

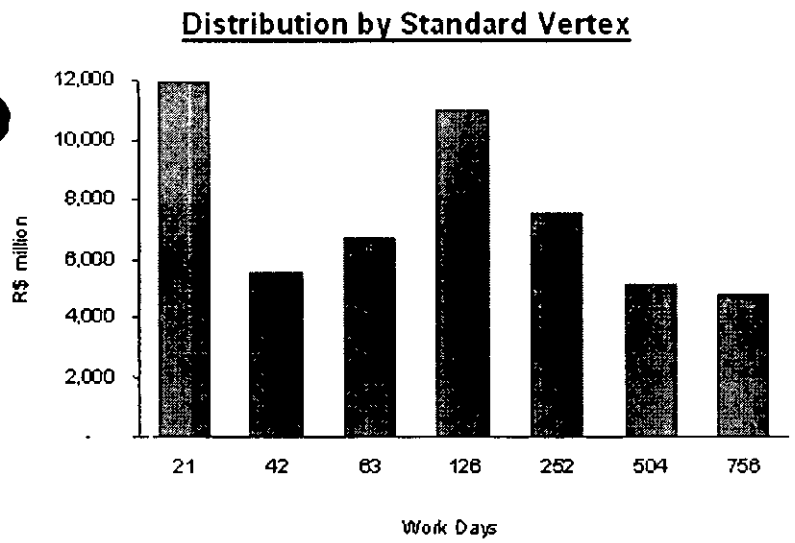


Figure 31. Distribution by Standard Vertex

For management purposes, Banco do Brasil separates trading operations from the others, establishing its own strategies and limits. The diversification effect shows the risk reduction of the portfolio arising from the correlations between the assets that it comprises.

The table below shows the VaR for the international trading portfolio by risk factor:

Table 45. International Trading Portfolio

US$ thousand

	International Trading		
Risk Factor	**Valor MtM**		**V@R**
US Dollar	30,076		261
Euro	31,468		320
Other Currencies	2,091		36
Diversification effect	-		(12)
Total	**63,635**		**604**

The table below sets out the average, minimum and maximum V@R of the international trading portfolio observed between January and September 2007:

Table 46. Average, Minimum and Maximum VaR of the International Trading Portfolio

thousand

Trading	Minimum	Average	Maximum
International US$	35	336	1,163

The table below shows the VaR for the Domestic Trading portfolio by risk factor:

Table 47. Domestic Trading Portfolio

Risk Factor	MtM Amount	V@R
Fixed Income	16,434	345
Variable Income	2,235	55
Dollar	0	0
Diversification effect		(23)
Total	18,669	377

The table below itemizes the average, minimum and maximum VaR of the Domestic Trading portfolio, referring to the period from January to September 2007:

Table 48. Average, Minimum and Maximum VaR of the Domestic Trading Portfolio

			thousand
Trading	Minimum	Average	Maximum
Domestic (R$)	0	200	757

7.2.2 Liquidity Risk

Banco do Brasil maintains levels of liquidity that are adequate for the institution's commitments assumed in Brazil and abroad, resulting from its broad and diversified depositor base and the quality of its assets, the capillarity of its network of overseas branches and of access to the international capital market. Stringent control over liquidity risk is in accordance with the Market and Liquidity Risk Policy established for the Conglomerate, fulfilling the requirements of national banking supervision and of the other countries where the Bank operates.

Management instruments adopted in the Conglomerate are:

· Short, Medium and Long Term Liquidity Forecasts.
· Risk limits.
· Liquidity Contingency Plan.

Short, Medium and Long-term Liquidity Forecasts permit the evaluation of the effect of mismatching between funding and investments, with the objective of identifying situations that could compromise the institution's liquidity. Take into consideration the budget planning of the institution, as well as market conditions.

The Liquidity Reserve, monitored daily, is the limit of risk utilized in short term liquidity management of the domestic and international areas. It is the minimum level of assets of high liquidity to be maintained by the Bank, compatible with the exposure to risk resulting from the characteristic of its operations and from the market conditions. The Reserve is utilized as a parameter for the identification of a possible liquidity crisis and potential engagement of the Liquidity Contingency Plan.

In addition, the Indicator of Availability of Free Funds (DRL) was established for management of the liquidity structure from the domestic area. This indicator, utilized in the planning and in the execution of the institution's budget, aims to guarantee a balance between funding and application of resources from the commercial portfolio and to ensure the financing of liquidity with structural resources. The DRL limit, established annually and monitored monthly, guides budget preparation according to funding and commercial investment goals and the Liquidity management established by the Board of Directors.

The actions and steps to be taken in a liquidity crisis are defined in the Liquidity Contingency Plan. Said Plan is engaged when the Short Term Liquidity Forecast indicates levels lower than the limit of the predefined Liquidity Reserve.

The accuracy and reliability of liquidity risk models are verified and constantly updated to reflect changes in market conditions.

In 2007 there was no departure from limits in the domestic and international areas, thus ensuring the proper management of the Bank's liquidity risk, as shown in the following graphs:

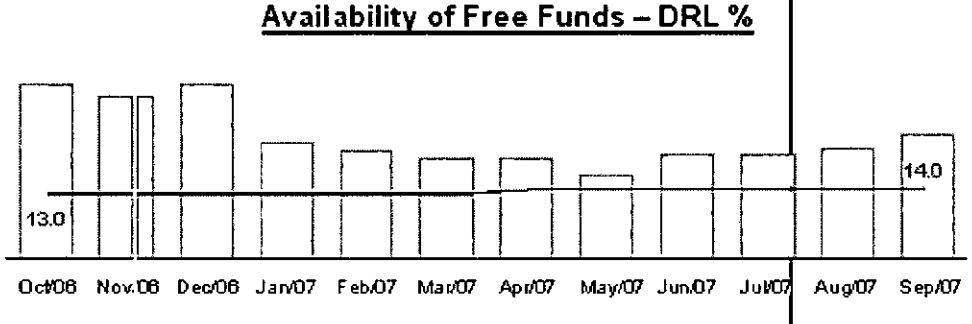


Figure 32. Availability of Free Funds – DRL %

7.2.3 Credit Risk

Credit Policies and Credit Risk

The Credit Policies and Credit Risk are aimed to guarantee uniformity in decisions, to optimize credit risk management, to ensure the integrity of credit assets and adequate levels of risk, and to raise the standards of quality and the net income of the Bank. These policies are applied to all the businesses that involve credit risk.

The Policies adopted by the Bank address the risk-adjusted return, the maximum limits of concentration, the maximum percentages of commitment of the Referential Shareholders' Equity - RSE, the process of credit risk analysis and deferral of operations and auditing of these practices.

Credit process

The credit process at Banco do Brasil is made up of the following stages:

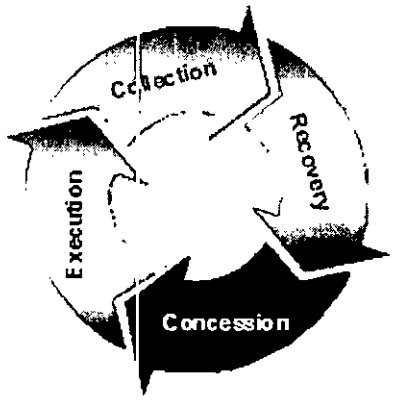


Figure 33. Credit Process

Concession: meaning the doorway to the credit relationship with the Bank. Covers the analysis of the client and of the operation. In the first, the Bank utilizes massified and personalized methods, defining the probability of default and the limit of exposure. As regards the analysis of the operation, the Bank seeks to make the supply of credit products adapted to the profile and to the payment capacity of the client compatible.

Execution: comprehends the phase of supervision of the use of the funds released, the management of guarantees, and other actions. The main objective in this phase is the prevention of asset default.

Collection: this is characterized by the use of mechanisms that guarantee the return of funds loaned, taking into account some variables such as the relationship of the client with the Bank, the minimization of costs and the use of automated debt collection and receipt mechanisms.

Recovery: this is the phase in which the Bank seeks to reduce credit loss, minimize recovery costs and increase the rate of recovery. The process of extrajudicial collection, outsourcing (commissioning of companies to render services of collection and recovery of defaulted loans) and judicial collection are contemplated in this stage.

This process involves the directorates of Credit and of Restructuring of Operational Assets, whereas the latter is responsible for the handling of problematic loans.

Credit Risk Management

Concession models

In recent years, the Credit Risk is being managed by increasingly sophisticated techniques and more stringent processes in the concession of a loan.

In relation to the risk analysis of the client, BB utilizes the models of credit scoring and credit rating.

In the credit scoring model, the institution defines the concepts of default, period of observation in which punctuality in the payment of loans is evaluated with a basis on the reference file information; and the performance period, in which it is evaluated whether the client is a good or bad payer.

The credit rating model is utilized to classify companies in credit risk categories, associating quantitative and qualitative criteria and the evaluation of the credit analyst.

In addition to these models, he Bank started to assess the risks of its clients with a basis on the Default Likelihood , rating them in nine risk brackets (from AAA to E).

As regards the risk analysis of the operation, the Bank utilizes a model for rating the risk of operations, in conformity with CMN Resolution 2,682/99, which addresses the classification and formation of provision for loans, through the use of the nine levels of risk.

The monitoring and the verification of the performance of modeling is carried out periodically by the area of Internal Controls, by means of backtesting process.

Measuring and management instruments

With the intention of fulfilling the demands of Basel II and aligned with best risk management practices, the Bank developed its own methodology for the determination of risk components: Expected Default Frequency (FEI), Loss Given Default (LGD), exposure to credit risk, which are inputs for the measurement of the Economic Capital (EC) and of the Expected Loss (EL).

The internal model for measuring the VaR of credit has its theoretical grounds based on the actuarial approach, which is widely divulged nowadays in the banking industry.

The VaR of the loan portfolio is associated with a distribution of added loss for a given level of confidence. The mean value of this distribution is the Expected Loss, which represents how much the Bank expects to lose on average in a given period of time, the protection of which is performed by means of provision. Now the Economic Capital, which is associated with Unexpected Loss, is determined by the difference between VaR and EL. For this portion the Bank protects itself by allocating capital for risk coverage.

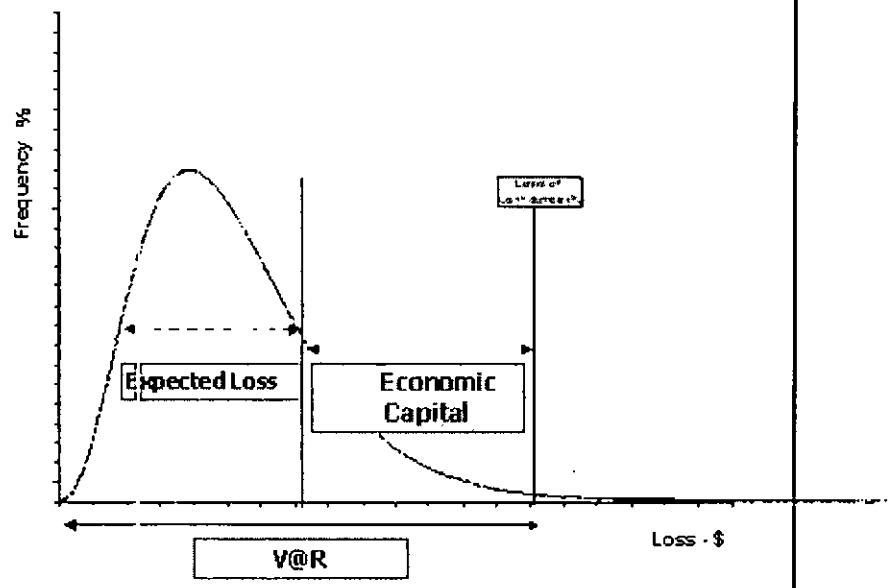


Figure 34. Measuring and management instruments

The distribution of aggregate loss is generated utilizing the following risk components as data input: EDF, LGD and

exposure subject to credit risk. In relation to these risk components, the Bank has been working on the optimization of its modeling.

The measurement of the VaR of Credit provides subsidies for the appraisal of risk and return of the Bank's loan portfolio, and for the process of establishment of limits for the loan portfolio.

Its evaluation has helped in the decision-making process of the Bank, bringing historical information and permitting an analysis of the risk behavior trend. Furthermore, its use has proved extremely valuable in the dissemination of the credit risk management culture at the Bank.

As regards the evaluation of the return, the values of EL and EC serve as inputs for the calculation of the Risk-Adjusted Return on Capital (RAROC). The use of RAROC is intended to subsidize important decision-making processes at the Bank. Its tracking in the historical perspective for the portfolios analyzed has allowed the assessment of risk and return to be present in the decisions of the Institution.

The Bank developed a credit risk concentration control method, analyzing the interrelation among the various economic sectors that comprise the business loan portfolio. This model evaluates the concentration with a basis on the credit risk of the borrowers -Herfindhal Index. In September/07, the electric power, metallurgy and iron metallurgy and telecommunications macro sectors presented concentration in terms of economic capital above the notional amount 0.1.

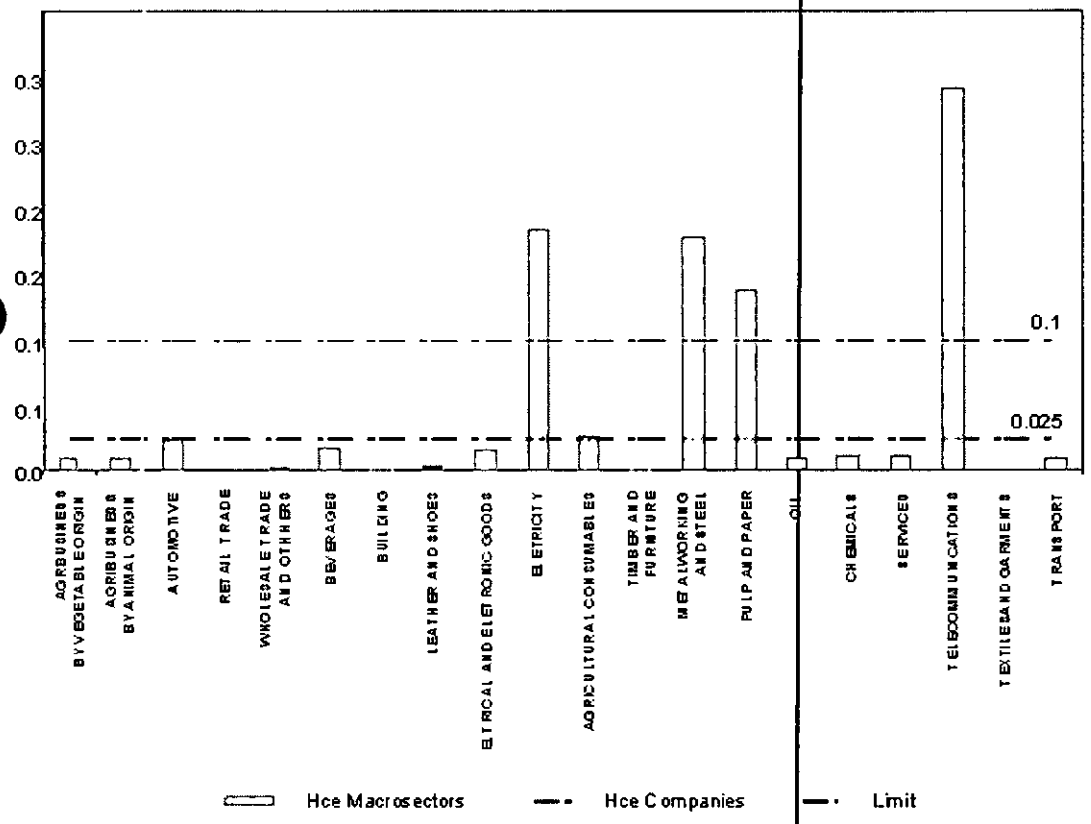


Figure 35. Loan Portfolio Herfindhal Index

Besides the use of techniques for identification and quantification of concentration, BB monitors and controls the concentration of credit risk in terms of risk/exposure as an important tool to subsidize decisions regarding the definition of risk exposure limits.

The distribution of the Economic Capital of the loan portfolio in percentages is shown in the table below. It is observed that the individual client portfolio is accountable for the largest portion of risk in terms of EC.

Table 49. Distribution of Economic Capital in the Loan Portfolio

	Jun/07	Share %	Set/07	Share %
INDIVIDUALS	**2,615**	**63.5**	**2,550**	**63.0**
COMPANIES	**1,502**	**36.5**	**1,499**	**37.0**
Agribusiness of Animal Origin	68	1.6	74	1.8
Agribusiness of Vegetable Origin	193	4.7	188	4.6
Automotive	60	1.4	70	1.7
Beverages	8	0.2	10	0.2
Wholesale Trade	24	0.6	27	0.7
Retail Trade	59	1.4	62	1.5
Building	63	1.5	64	1.6
Leather and Shoes	24	0.6	24	0.6
Eletrical and Eletronic Goods	71	1.7	49	1.2
Eletricity	56	1.4	65	1.6
Agricultural Consumables	51	1.2	46	1.1
Timber and Furniture	42	1.0	39	1.0
Metalworking and Steel	93	2.3	92	2.3
Pulp and Paper	36	0.9	34	0.8
Oil	47	1.1	49	1.2
Chemicals	32	0.8	40	1.0
Services	143	3.5	150	3.7
Telecommunications	8	0.2	19	0.5
Textiles and Garments	59	1.4	65	1.6
Transport	27	0.6	31	0.8
Other Activities	339	8.2	302	7.5
Total	**4,117**	**100.0**	**4,049**	**100.0**

BB has management tools of credit risk appraisal, with an emphasis on:

VaR and RAROC - utilized in the evaluation of the Corporate segment, in the view of sectors of the economy, as a subsidy to the decision of definition of macrosectoral limits.

QIP - Quality Index of the Portfolio - qualitative and quantitative indicator of the portfolio. The default concept follows the precepts defined by CMN Resolution 2,682/99.

Default Rates of 15 and 90 days - corresponds to the division of the balance overdue for more than 15 and 90 days, respectively, by the balance of the portfolio.

Budget of credit risk - corresponds to the projection of PCLD to form the annual budget of BB.

Credit risk management reports - systematic monitoring and projections for the loan portfolio from different views.

Concentration

BB's business loan portfolio in Brazil showed a concentration of 37.1% in the transactions with the 100 largest borrowers at December 2006, compared to 29.9% in December 2005.

Table 50. Concentration of the Loan Portfolio on the 100 Largest Borrowers

Period	1º Costumer	2º ao 20º	21º ao 100º	100º Largers
Dec/05	1.3	11.9	16.7	29.9
Mar/06	1.0	11.1	17.4	29.5
Jun/06	1.1	11.8	18.6	31.5
Sep/06	1.1	12.2	17.8	31.1
Dec/06	3.9	14.6	18.6	37.1
Mar/07	5.0	13.2	17.5	35.6
Jun/07	3.1	17.0	17.7	37.8
Sep/07	2.6	16.6	17.5	36.6

The table below shows the distribution of the business loan portfolio in Brazil by macro-sector of the economy.

Table 51. Concentration of the Loan Portfolio by Macro-sector

R$ million

							Chg. %	
Macrossetor	Set/06	Share %	Jun/07	Share %	Sep/07	Share %	on Sep/06	on Jun/07
Metalworking and Steel	5,807	8.9	9,139	10.7	10,225	11.4	76.1	11.9
Foodstuffs of Vegetable Origin	7,289	11.2	8,975	10.5	9,234	10.3	26.5	2.9
Services	7,030	10.7	9,520	11.1	9,493	10.6	35.0	(0.3)
Automotive	4,747	7.3	5,354	6.3	5,712	6.4	20.3	6.7
Oil	4,752	7.3	5,363	6.3	6,532	7.3	37.5	21.8
Eletricity	1,895	2.9	5,262	6.2	5,652	6.3	198.2	7.4
Eletrical and Eletronic Goods	3,639	5.6	3,817	4.5	3,638	4.0	(0.0)	(4.7)
Other Activities	3,047	4.7	4,263	5.0	2,499	2.8	(18.0)	(41.4)
Pulp and Paper	3,401	5.2	3,833	4.5	3,958	4.4	16.4	3.3
Foodstuffs of Animal Origin	2,942	4.5	3,605	4.2	3,966	4.4	34.8	10.0
Textiles and Garments	2,639	4.0	3,548	4.2	3,741	4.2	41.8	5.4
Building	2,532	3.9	3,363	3.9	3,756	4.2	48.4	11.7
Chemicals	2,185	3.3	2,844	3.3	3,069	3.4	40.5	7.9
Retail Trade	2,301	3.5	2,937	3.4	3,151	3.5	36.9	7.3
Agricultural Consumables	2,147	3.3	2,819	3.3	2,999	3.3	39.7	6.4
Transport	2,352	3.6	3,001	3.5	3,834	4.3	63.0	27.8
Timber and Furniture	1,586	2.4	1,971	2.3	2,055	2.3	31.2	4.2
Telecommunications	1,605	2.5	1,210	1.4	1,685	1.9	5.0	39.2
Wholesale Trade / Sundry Industries	1,811	2.8	1,650	1.9	1,750	1.9	(3.3)	6.1
Leather and Shoes	1,148	1.8	1,374	1.6	1,381	1.5	20.5	0.5
Beverages	585	0.9	1,538	1.8	1,497	1.7	155.9	(2.7)
Total	65,426	100.0	85,386	100.0	89,825	100.0	37.3	5.2

7.2.4 Operational Risk

Policies

The Operational Risk Policies contain orientations for the areas of the Bank, aimed to ensure the effectiveness of the operational risk management model, with the objective of identifying, appraising, measuring, mitigating, controlling and monitoring the operational risks inherent to products, services, activities, processes and systems of the Bank.

These policies, reviewed annually and approved by the Board of Directors, are in conformity with the provisions of Basel II and the requirements of CMN Resolution 3,380/06, which refers to the implementation of the operational risk management structure by financial institutions in Brazil.

Management Structure

The operational risk management structure at Banco do Brasil is comprised of the Risk Management and Internal Control Directorates and by the Security Management Unit. The Risk Management Director, by appointment of the Board of Directors, is responsible for operational risk management at the Bank.

The chart below contains the main responsibilities of these areas:

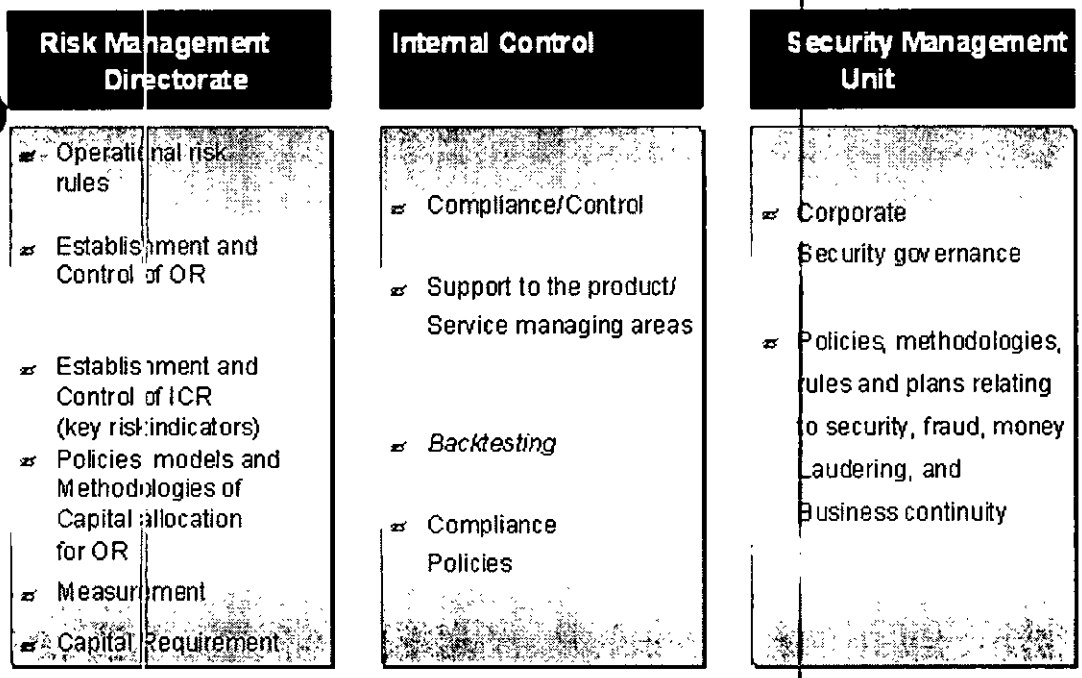


Figure 36. Management Structure

Internal Audit is responsible for the verification of operational risk management and of the operation of its structure.

To guarantee effectiveness in the management of operational risk at BB, and to guarantee the performance of duties by the areas in charge, it was defined, in conformity with CMN RESOLUTION 3,380/06, that there would be five management phases for management of the Operational Risk at the Bank. The main activities associated with each phase are:

Identification: Determine the origin of the risks and weaknesses in processes of the Bank and in relevant services executed by third parties.

Evaluation and measurement: Proposition of Key Risk Indicators (KRI), quantification of the expected and unexpected loss and calculation of the capital to be allocated to operational risk.

Mitigation: Development of mechanisms and plans of action for mitigation of operational risks identified and preparation of business continuity plans.

Control: Monitoring of mitigation actions; proposition, implementation and tracking of control actions; determination of the level of compliance of processes; and performance of backtesting.

Monitoring: Monitoring of operational loss events, of the behavior of Key Risk Indicators (KRI), of the limits of exposure, and of the existence of internal controls and of business continuity plans.

Measuring and Instruments

Monitoring of operational loss

In conformity with Basel II and CMN Resolution 3,380/06, the Bank keeps track of operational loss in loss event categories, with the following objectives:

aggregate and organize events that have similar characteristics in logical structure;
permit the capturing, analysis and monitoring of events via computerized systems; and
facilitate integration with regulatory agents and comparability with the financial market.

The figure below contains the tracking of the operational loss of BB, performed by loss event categories, for the third

quarter of 2007.

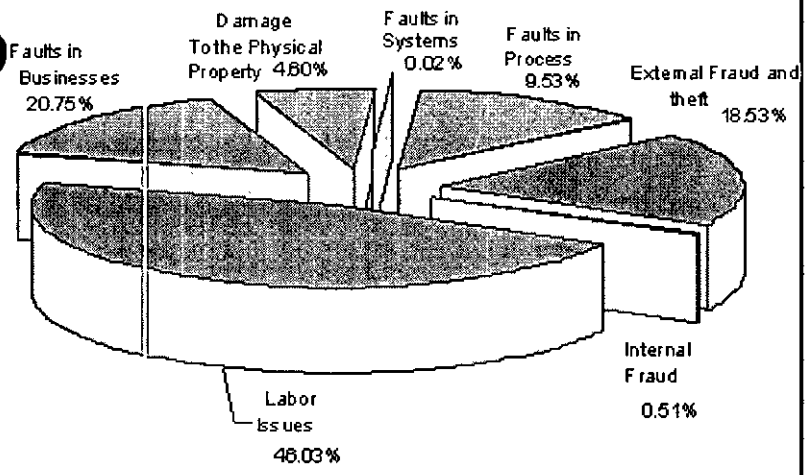


Figure 37. Monitoring of Operational Loss

Limits of Operational Loss

To optimize the management of the operational risk, Banco do Brasil utilizes Limits of Exposure to operational loss. These limits are monitored monthly by the Subcommittee of Operational Risk and Global Risk Committee, to the effect of implementing mitigation actions and of reducing the level of exposure to operational risks.

The GRC established the Global Operational Risk Limit to optimize the monitoring of operational loss at the Institution. The monitoring of this limit, besides facilitating the implementation of risk mitigating actions, also paves the way for the identification of weaknesses associated with processes that can generate expressive operational loss.

With the purpose of providing greater agility and of facilitating the implementation of mitigation actions, the bank established specific limits of exposure to operational loss for the self-service channels in accordance with their respective financial activity. The following channels have defined limits: TAA, POS, Internet for Individuals, Withdrawals Abroad, CAIXA, Cellular, Lottery Ticket Sales Outlets, 24hr Bank, TAA (CEF) and Financial Manager . The departure from limits observed in February/2007 brought about the execution of a plan of action that culminated in the reduction of loss in the following months. The graph below presents the sum of the monitoring of limits stimulated for these channels, in the period from February/2007 to September/2007:

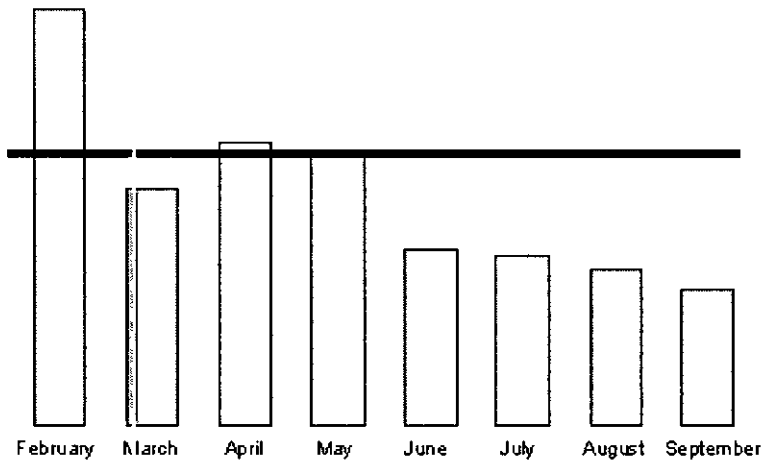


Figure 38. Loss Management by Access Options

Key Risk Indicators (KRI) are established to monitor the Bank's business environment for processes that exhibit greater probability of operational risk, associated with realized or potential operational loss. The KRIS are tracked by the

managers of products/services and monitored monthly by the Subcommittee of Operational Risk, depending on the criticality and specificity of the indicator.

Measurement Approaches

The Bank has been carrying out simulations of impact on capital under the approaches of the Basic Indicator, Alternative Standardized and Alternative Standardized 2, whereas the latter is the differentiated model proposed by BACEN.

The implementation of internal models - Advanced Approach (AMA) is under development. It will permit better adaptation of the capital requirement regarding operational risk. This approach will reflect the Bank's internal structure more accurately.

7.3.1 Shareholders' Equity

Banco do Brasil closed September with R$ 23,065 million in shareholders' equity, an amount 14.2% higher than in the same period of the previous year and 3.4% higher in relation to June 2007. The growth of shareholders' equity in the last 12 months was due to the incorporation of the Results.

An analysis of the graph below shows the inverse relation between Brazilian country risk and the impact of marking to market on shareholders' equity, indicating that the discount on the securities has been reducing because of the greater confidence of the investors in the Brazilian market.

R$ million

FX EXPOSURE	TOTAL
Values based in G7 Currencies	
1. ASSETS	**37,983**
1.1 Available Funds	457
1.2 Short-term Interbank Investments	9,148
1.3 Securities	2,584
1.4 Interbank Accounts	-
1.5 Interbank Accounts	-
1.6 Loans	16,598
1.7 Leasing	46
1.8 Other Receivable	8,999
1.9 Investments	57
1.10 Permanent Assets	94
2. LIABILITIES	**(35,514)**
2.1 Deposits	(13,584)
2.2 Money Market Borrowing	(4,597)
2.3 Foreign Exchange	(3)
2.4 Interbank Accounts	-
2.5 Interbank Accounts	(1,296)
2.6 Domestic Onlending	(3,883)
2.7 Other Accounts Payable	(12,151)
3. OTHER ASSETS AND LIABILITIES	**(3,565)**
G7 Currencies	1,096
Other Currencies	84
TOTAL EXPOSURE	**1,180**

Figure 39. Brazilian Sovereign Risk (points) vs. Marking to Market (R$ million)

Table 52. Shareholders' Equity

R$ million

	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07
Shareholders' Equity	16,850	19,209	19,178	20,197	20,758	21,638	22,305	23,065
Capital	10,797	10,797	11,913	11,913	11,913	11,913	12,711	12,711
Reserves	6,048	6,048	7,166	7,166	8,463	8,220	9,152	8,939
MtM - Securities and Derivatives	130	146	99	210	382	417	443	384
(Treasury shares)	(126)	(126)	(126)	-	-	-	-	-
Income accounts	-	2,343	-	907	-	1,088	-	1,031

7.3.2 Basel I

Banco do Brasil closed the semester with referential shareholders' equity 8.5% higher than that seen in September 2006, and 3.0% higher than June 2006, reaching R$ 32,469 million.

K Coefficient went up from 17.7% to 15.7% in the last 12 months. This ratio is higher than the 11% required by the Central Bank and allows BB leverage of up to R$ 88,828 million in loan assets.

The Bank conducts a periodic simulation of K coefficient with a basis on projected scenarios.

Table 53. BIS Ratio

R$ million

	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07
APR – Risk Weight Assets	139,598	145,339	152,674	162,045	170,886	178,659	190,885	195,401
Required Shareholders 'Equity	15,836	16,404	18,150	18,554	19,569	20,384	21,858	22,698
APR Requirement	15,356	15,987	16,794	17,825	18,797	19,652	20,997	21,494
Swap Requirement	223	219	214	280	332	315	326	357
FX Exposure Requirement	-	-	743	-	-	-	-	-
Interest Rate Exposure Requirement	258	198	399	449	439	417	535	847
Referential Shareholders 'Equity	24,639	27,263	28,604	29,919	30,756	31,852	31,534	32,469
Tier I	16,817	19,169	19,138	20,155	20,729	21,580	21,007	21,732
Capital	10,797	10,797	11,609	11,913	11,913	11,913	12,711	12,711
Capital Increase	-	-	304	-	-	-	-	-
Retained Earnings (Accumulated Losses)	-	1	-	1	-	-	-	1
Capital Reserves	5	5	356	356	356	356	-	0
Revenue Reserves	6,020	6,020	6,787	6,787	8,101	7,858	9,145	8,933
Mark-to-Market – Securities and Derivatives	130	146	99	210	382	417	443	384
Treasury Shares	(126)	(126)	-	-	-	-	-	-
Income Accounts	-	2,343	-	907	-	1,088	-	1,031
60% Tax Credits Realized After 5 years	(10)	(16)	(17)	(19)	(23)	(33)	(1,199)	(1,199)
Deferred Assets						(15)	(70)	(113)
Mark-to-market Settlement						(4)	(23)	(14)
Tier II	7,822	8,093	9,466	9,765	10,027	10,272	10,527	10,737
Subordinated Debt	7,799	8,070	8,367	8,660	8,957	9,241	9,540	9,813
Hybrid Instruments of Capital and Debt	-	-	1,076	1,081	1,063	1,020	958	915
Deduction in Tier II Capital								(11)
Revaluation Reserves	23	23	23	23	7	6	6	6
Mark-to-market Settlement						4	23	14
Shareholders Equity Surpluon Deficit	8,803	10,858	10,454	11,366	11,187	11,468	9,676	9,771
Leverage Surpluon Deficit	80,029	98,713	95,036	103,325	101,698	104,250	87,965	88,828
K Coefficient%	17.1	18.3	17.3	17.7	17.3	17.2	15.9	15.7

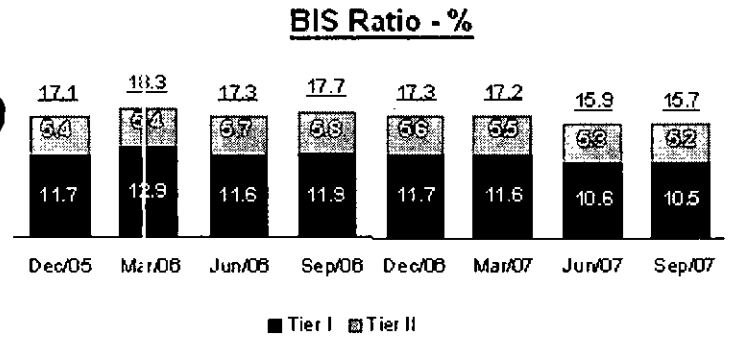


Figure 40. EIS Ratio - %

CMN Resolution 3059/02 determined, as from 01.01.2004, an additional allocation of capital for the stock of tax credits that exceed a 5 year consumption period from the date of the balance sheet. According to the instruction, 40% of the remaining balance will be deducted from Tier I capital in 2005, 60% in 2006, and so on, until it arrives at 100% in 2008.

Table 54. Changes in Composition of BIS Ratio

R$ million

	Referential Shareholders' Equity	Required Shareholders' Equity	Effect in Basel Ratio	Effect in Leaverage
Net Income deducted of Interest on Own Capital	738	-	0.4	6,705
Increase of Subordinated Debt	273	-	0.1	2,483
Other Changes in Referential Shareholders' Equity	(31)	-	(0.0)	(286)
Tax Cred. Excl Tier I of Referential Shareholders' Eq. - Res.3059	-	-	-	-
Perpetual Securities	(43)	-	(0.0)	(395)
Increase of Reier. Shareholders' Eq. Requir. on Int. Rate Exp.		313	(0.2)	(2,844)
Increase of Reier. Shareholders' Equity Requir. on Swap		31	(0.0)	(285)
Increase of Reier. on		-	-	-
Increase of Reier. Shareholders' Eq. Requir.on Risk Weight Assets		497	(0.4)	(4,515)
Annual Changes	936	841	(0.1)	863
Balance at Jun.07	31,534	21,858	15.87	87,965
Balance at Sep.07	32,469	22,698	15.74	88,828
Net Change	936	841	(0.1)	863

In the table above, it is possible to see the determinant factors for the decrease of 20 base points in k coefficient ratio in the quarter, which grew surplus leverage by R$ 863 million.

The main effects on RE in last quarter were from the income of the period, and the increase in the Bank's subordinated debt. The effect of such items was approximately R$ 9,188 million on the leverage margin.

These factors were more than sufficient to support the increase of R$ 3,441 million in the referential shareholders' equity requirement on risk weighted assets and the allocation of capital for the Interest Rate and Swap risk.

Fixed Asset Ratio

In the last 12 months, the fixed asset index was reduced by appropriation of profits and increase of the subordinated debt. With the current fixed asset level, BB was able to increase its fixed assets by R$ 11,867 million, without leading to be out of the maximum 50% limit of the referential equity.

Table 55. Fixed Asset Ratio

R$ million

	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07
Shareholder's Equity	18,850	19,209	19,178	20,197	20,758	21,838	22,305	23,065
Subordinated Debt Qualifying as Capital	7,799	8,070	8,367	8,660	8,957	9,241	9,540	9,813
Perpetual Securities			1,076	1,081	1,063	1,020	958	915
Others	(10)	(16)	(19)	(22)	(25)	(48)	(1,272)	(1,325)
Referential Shareholders' Equity (A)	24,639	27,263	28,604	29,919	30,753	31,852	31,531	32,467
Permanent Assets	5,580	5,524	5,646	5,542	5,794	5,835	5,903	5,912
Stock Exchange and Cetip Clearing	(2)	(2)	(2)	(2)	(2)	(6)	(2)	(2)
Leasing Assets	(788)	(869)	(1,003)	(1,110)	(1,198)	(1,272)	(1,320)	(1,385)
Losses with Leasing to be Amortized	(24)	(26)	(28)	(29)	(30)	(33)	(41)	(45)
Diferred Assets (Resolution CMN 3,444)	-	-	-	-	-	-	(70)	(113)
Total Fixed Assets (B)	4,766	4,626	4,613	4,400	4,564	4,527	4,468	4,367
Fixed Asset Ratio (B/A) - %	19.3	17.0	16.1	14.7	14.8	14.2	14.2	13.4
Margin (Surplus)	7,554	9,005	9,638	10,558	10,813	11,399	11,298	11,867

7.3.3 Basel II

Regulatory Capital Banco do Brasil utilizes the concept of economic capital in its internal processes of risk management. The table below exhibits the capital requirement in accordance with the current criteria (Regulatory Capital) and the consumption of capital based on internal models:

Table 56. Regulatory Capital

R$ million – 09.28.2007

Required Shareholders Equity	Regulatory			Internal Processes		
	3Q06	2Q07	3Q07	3Q06	2Q07	3Q07
Risk Weight Assets Requirement	19,130	21,323	21,851	3,585	4,117	4,049
Loan Portfolio (*)	12,452	13,884	14,370	3,585	4,117	4,049
Others (**)	6,678	7,439	7,481	-	-	-
Market Risk Requirement(Trading Book)	439	535	847	1,920	1,908	1,818
Operational Risk Requirement	-	-		1,069	1,140	1,177
Total	19,569	21,858	22,698	6,574	7,165	7,044

(*) Loan operations and warrants operations.

(**) Tax Credit Income Tax, CDI-Financial Institutions not related, Exchange Portfolio and Other Assets.

8.1 Net Interest Income

Table 57. Net Interest Income

R$ million

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Financial Intermediation Income	9,096	10,016	10,267	12.9	2.5	27,198	29,933	10.1
Loans	5,361	6,069	6,517	21.6	7.4	15,796	18,688	18.3
Leasing	47	46	49	5.6	10.2	125	144	15.4
Securities	3,405	3,167	3,355	(1.5)	5.9	10,209	9,565	(6.3)
Financial Derivatives	(199)	318	(149)	(24.9)	-	(519)	203	-
Foreign Exchange Portfolio	(64)	125	155	-	24.3	546	361	(33.9)
Compulsory Investments	405	401	405	0.2	1.2	1,223	1,206	(1.4)
FX Gain (Loss) on Foreign Investments	11	(223)	(100)	-	(55.0)	(218)	(478)	119.6
Other Op. Inc. of a Fin. Intermed. Nature	131	114	34	(74.0)	(70.1)	36	244	584.6
Financial Intermediation Expenses	(4,562)	(4,809)	(5,111)	12.0	6.3	(13,946)	(14,584)	4.6
Money Market Funds	(4,141)	(4,416)	(4,613)	11.4	4.5	(12,490)	(13,283)	6.4
Borrowing, Assignments and Onlending	(421)	(393)	(498)	18.2	26.6	(1,456)	(1,301)	(10.7)
Net Interest Income	4,534	5,208	5,156	13.7	(1.0)	13,252	15,350	15.8

The Net Interest Income represents the result from financial intermediation business before provisions for credit risks. In 3Q07, this margin was R$ 5,156 million, growing 13.7% in relation to the same period of 2006. Considering the amount

accumulated in the nine months of the year, the margin attained R$ 15,350 million, 15.8% higher than the first nine months of 2006. This scenario occurred basically due to the increase in loan operations.

The growth of the margin was driven by the rise of remunerated assets volume, which went up from R$ 219,591 million in 9M06 to R$ 268,342 million in 9M 907. Spread decreased from 6.0348% to 5.7202%, reflecting the gradual reduction in the interest rates in the last 12 months.

In the quarterly analysis (3Q07 - 2Q07), the increase in Income from Loans and Securities contributed toward the growth of Financial Operations Income. However, the reduction of R$ 51 million in the Net Interest Income - MFB in the quarter is essentially due to the lower volume of Revenue from Recovery of Loans (reduction of R$ 84 million) and from Equalization of Rates of agricultural loans (reduction of R$ 63 million) and of negative Mark-to-Market on Securities in the quarter (R$ 41 million). Without these effects the Net Interest Income would be R$ 5,344 million, an increase of 2,6% in relation to previews quarter.

The tables below demonstrate the formation of the Net Interest Income from the changes in the spread and from the growth in the volume of investments in the 9-month period of 2007 and in the 3Q07.

Table 58. Analysis of Volume (Remunerated Assets) and Nine-Month Spread – 9M06 and 9M07

R$ million

	9M06		9M07	Abs. Chg.
Volume: Assets – Remunerated Assets *	219,591		268,342	48,751
Net Interest Income	13,252		15,350	2,098
Spread - % **	6.0348		5.7202	(0.3146)
Gain/(loss) with volume			18,194	2,942
Gain/(loss) with spread			12,561	(691)
Gain/(loss) with volume and spread				(153)
* Average Balances				
** Net Interest Income / (Assets – Permanent Assets)				

Table 59. Analysis of Volume (Remunerated Assets) and Quarterly Spread – 2Q07 and 3Q07

R$ million

	2Q07		3Q07	Abs. Chg.
Volume: Assets – Remunerated Assets *	269,027		281,418	12,392
Net Interest Income	5,208		5,156	(52)
Spread - % **	1.9357		1.8322	(0.1036)
Gain/(loss) with volume			5,447	240
Gain/(loss) with spread			4,929	(279)
Gain/(loss) with volume and spread				(13)
* Average Balances				
** Net Interest Income / (Assets – Permanent Assets)				

8.1.1 Analysis of Uses

The annualized investment rate of Financial Intermediation Income over Remunerated Assets decreased from 16.8% to 15.1% comparing 9M06 and 9M07. This downslide was due to the reduction of Selic, which pegs the main part of the Securities Portfolio.

Table 60. Investment Rate

Average Balances in R$ million

	3Q06	2Q07		3Q07	9M06	9M07
Remunerated Assets	227,937	269,027		281,418	219,591	268,342
Fin. Interm. Income (Reallocated Income Statement)	9,096	10,016		10,267	27,198	29,933
Fin. Interm. Income / (Remunerated Assets)	4.0	3.7		3.6	12.4	11.2
Fin. Interm. Income / (Remunerated Assets)- Ann.	16.9	15.7		15.4	16.8	15.1

The average balance of Available Funds in Foreign Currency grew significantly in relation to 9M06, from R$ 312 million to R$1,148 million in 9M07. The investment rate in this item in the period showed great volatility, because of the behavior of the dollar.

Table 61. Investment Rate on Available Funds in Foreign Currency

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Available Funds in Foreign Currency	202	1,269	909	312	1,148
Income from Available Funds in Foreign Currency	18	(1)	98	100	105
Annualized Rate - %	39.5	0.4	50.5	45.1	12.4

Securities income in 9M07 totaled R$ 9,565 million, an amount 6.3% lower than that recorded in the same period of previous year. The variation was basically due to the Selic rate decrease in the period. This trend also reflected in the investment rate, which dropped to 222 base points.

Table 62. Investment Rate on Securities and Interbank Investments

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Securities + Interbank Investments	107,795	118,214	125,801	105,127	118,235
Securities Income excluding Hedges	3,405	3,167	3,355	10,209	9,565
Annualized Rate - %	13.2	11.2	11.1	13.2	10.9

The following table shows the origin of the revenues of the securities portfolio. In 9M07, the accrual of revenues from the portfolio showed decrease of 6.3% in relation to 9M06, basically because of the decrease in the Selic rate. The result of the mark-to-market of securities - MTM presented a negative impact of 43 million in 9M07, most of which originated from 3Q07. Short-term interbank investments accounted for R$ 3,500 million in 9M07, due to the growth in the Open Market Investments in relation to 9M06.

Table 63. Securities Income

R$ million

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Securities Income	3,405	3,167	3,355	(1.5)	5.9	10,209	9,565	(6.3)
Fixed Income Securities	3,383	3,144	3,352	(0.9)	6.6	10,181	9,538	(6.3)
Revaluation – Curve	2,423	1,948	1,921	(20.7)	(1.4)	7,314	6,003	(17.9)
Income/Loss from Negotiation	17	57	9	(46.4)	(83.7)	35	78	120.5
Mark to Market	23	5	(41)	-	-	15	(43)	-
Interbank Accounts	920	1,135	1,462	59.0	28.9	2,817	3,500	24.3
Others	22	23	3	(85.8)	(86.3)	28	27	(4.3)

The figure below shows the main indices in BB's securities portfolio.

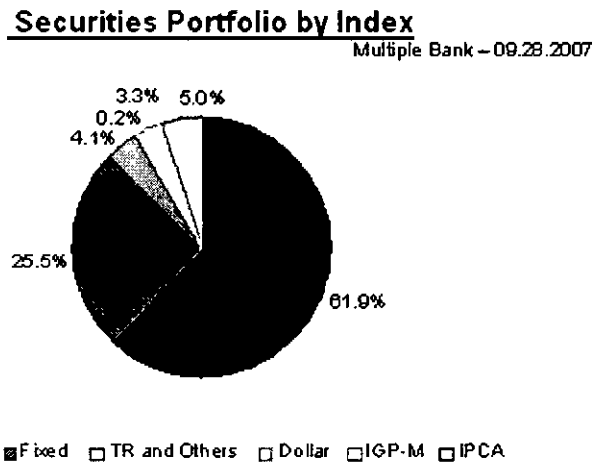


Figure 41. Securities Portfolio by Index

In 9M07, Revenues from Loans and Leasing reached R$ 17,799 million, an increase of 17.7% and 9% in relation to 9M06. The reduction of Selic has led to the reduction of the final interest rates, which can be noted due to the annualized reduction of these transactions. Annualized investment rate went down from 20.6% in 9M06 to 18.4% in 9M07.

In 3Q07, the annualized investment rate returned to the level verified in 1Q07 (19.7%); the downslide observed in the previous quarter refers to the impact of transactions pegged to foreign currency, the offsetting of which was recorded in the Income with Derivative Financial Instruments item.

Table 64. Investment Rate on Loans and Leasing

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Loans + Leasing	105,495	132,775	136,885	100,027	132,043
Loans + Leasing Income	5,138	5,728	6,265	15,119	17,799
Annualized Rate - %	20.9	18.4	19.8	20.6	18.4

*It does not consider recovery of write-offs.

The behavior of the dollar explains the changes in the items below. The relationship of these accounts with exchange variance occurs essentially through the relevant investments of BB maintained abroad and other transactions involving foreign exchange.

Table 65. FX Gain (Loss) and Other FX Operations

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
FX Gain (Loss) on Foreign Investments	11	(223)	(100)	(218)	(477)
Other FX Operations	(82)	126	57	445	256
Dollar	0.5	(6.1)	(4.5)	(7.1)	(14.0)

8.1.2 Analysis of Funding

The annualized funding rate of Financial Intermediation Expenses on Remunerated Liabilities went down from 10.1% in 9M06 to 8.6% in 9M07. In the quarterly comparison, the annualized rate decreased by 90 base points (3Q06 - 3Q07) and remained in line with the previous quarter. This trend is explained mainly from a decline in the cost of Bank's key sources of funds, primarily time deposits and open market funding.

Table 66. Funding Cost

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Remunerated Assets	194,431	228,314	239,596	186,424	228,291
Financial Intermediation Expenses	(4,562)	(4,809)	(5,111)	(13,946)	(14,584)
Finan. Interm. Expenses / (Remunerated Assets)	2.3	2.1	2.1	7.5	6.4
Finan. Interm. Expenses / (Remunerated Assets)- Ann.	9.7	8.7	8.8	10.1	8.6

Table 67. Cost of Foreign Borrowing

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Foreign Borrowing	4,115	3,282	3,389	4,101	3,550
Expenses with Borrowing, Onlending, and Foreign Banks	(63)	(41)	(104)	(173)	(193)
Annualized Rate - %	6.2	5.1	12.8	5.7	7.3

In 9M07, an increase of expenses with Funds Obtained in the Open Market can be observed in comparison with 9M06. However, the annualized rate went from 8.8% to 7.6% in the period, on account of the behavior of the interest rate and its impact on Time Deposits and Open Market Funding, two important sources of funding for BB.

Table 68. Market Funding Cost

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Money Market Borrowing	195,711	233,461	244,407	187,977	232,789
Expenses with Money Market Borrowing	(4,169)	(4,342)	(4,540)	(12,274)	(13,064)
Annualized Rate - %	8.8	7.7	7.6	8.8	7.6
Saving Deposits	34,076	40,121	42,878	33,412	40,446
Expenses with Saving Deposits	(700)	(768)	(783)	(1,995)	(2,311)
Annualized Rate - %	8.5	7.9	7.5	8.0	7.7
Interbank Deposits	5,868	4,944	4,988	5,625	4,983
Expenses with Interbank Deposits	(90)	(226)	(217)	(510)	(631)
Annualized Rate - %	6.3	19.6	18.6	12.3	17.2
Time Deposits	71,357	80,911	82,754	69,075	81,023
Expenses with Time Deposits	(1,738)	(1,554)	(1,588)	(5,090)	(4,736)
Annualized Rate - %	10.1	7.9	7.9	9.9	7.9
Money Market Borrowing	52,730	70,954	75,693	48,097	69,715
Expenses with Money Market Borrowing	(1,640)	(1,795)	(1,952)	(4,679)	(5,387)
Annualized Rate - %	13.0	10.5	10.7	13.2	10.4
Demand Deposits	31,680	36,531	38,094	31,769	36,821

8.1.3 Analysis of Spread

Over the last 12 months, the annualized global spread of financial intermediation decreased on account of the declining interest rate scenario and the environment of performance of the Bank, with heated competition.

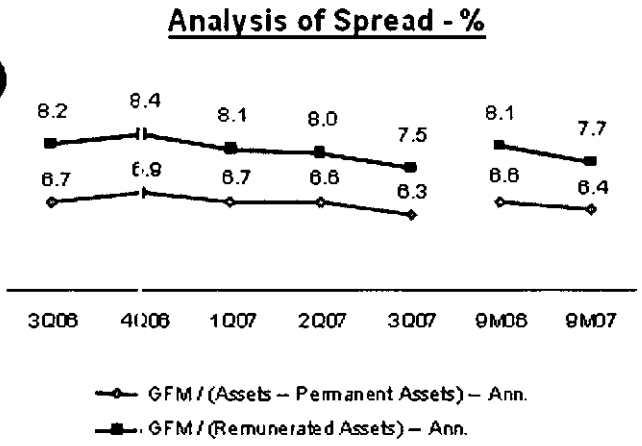


Figure 42. Analysis of Spread

Table 69. Investment Rates and Funding Costs

R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Finan. Interm. Income / (Assets – Permanent Assets)	3.3	3.1	3.1	10.2	9.4
Finan. Interm. Income / (Assets – Permanent Assets) – Ann.	13.7	13.1	12.9	13.8	12.7
Finan. Interm. Expenses / (Assets – Permanent Assets)	1.6	1.5	1.5	5.2	4.6
Finan. Interm. Expenses / (Assets – Permanent Assets) – Ann.	6.7	6.1	6.3	7.0	6.1
GFM / (Assets – Permanent Assets)	1.8	1.6	1.5	4.9	4.8
GFM / (Assets – Permanent Assets) – Annualized	6.7	6.6	6.3	6.6	6.4
Finan. Interm. Income / (Remunerated Assets)	4.0	3.7	3.6	12.4	11.2
Finan. Interm. Income / (Remunerated Assets) – Annualized	16.9	15.7	15.4	16.8	15.1
Finan. Interm. Expenses / (Remunerated Assets)	2.0	1.8	1.8	6.4	5.4
Finan. Interm. Expenses / (Remunerated Assets) – Annualized	8.2	7.3	7.5	20.3	17.2
GFM / (Remunerated Assets)	2.0	1.9	1.8	6.0	5.7
GFM / (Remunerated Assets) – Annualized	8.2	8.0	7.5	8.1	7.7

8.1.4 Analytical Spread

Table 70. Analytical Spread – Investment Rates

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Remunerated Assets	227,937	269,027	281,418	219,591	268,342
Available Funds in Foreign Currency	202	1,269	909	312	1,148
Income from Available Funds in Foreign Currency	18	(1)	98	100	105
Annualized Rate - %	39.5	(0.4)	50.5	45.1	12.3
Securities + Interbank Investments	107,795	118,214	125,801	105,127	118,235
Securities Income excluding Hedges	3,408	3,167	3,355	10,209	9,962
Annualized Rate - %	13.3	11.2	11.1	13.2	11.4
Loans + Leasing	105,495	132,775	136,885	100,027	132,043
Loans + Leasing Income	5,136	5,728	6,285	15,119	17,799
Annualized Rate - %	20.9	18.4	19.6	20.6	18.4
Remunerated Compulsory Deposit	14,444	16,769	17,823	14,126	16,916
Income from Compulsory Deposits	405	401	405	1,223	1,206
Annualized Rate - %	11.7	9.9	9.4	11.7	9.6
Tax Credits	9,260	11,965	13,790	8,578	11,459
Other Assets	41,762	40,120	37,837	39,706	40,079
Permanent Assets	5,566	5,839	5,890	5,549	5,843
TOTAL ASSETS	284,525	326,951	338,935	273,424	325,723

*It does not consider recovery of write-offs.

Table 71. Analytical Spread – Funding Costs

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Interest Bearing Liabilities	194,431	228,314	239,596	186,424	228,291
Savings Deposits	34,076	40,121	42,878	33,412	40,446
Expenses with Savings Deposits	(700)	(768)	(783)	(1,995)	(2,311)
Annualized Rate - %	8.5	7.9	7.5	8.0	7.7
Interbank Deposits	5,868	4,944	4,988	5,625	4,983
Expenses with Interbank Deposits	(90)	(226)	(217)	(510)	(631)
Annualized Rate - %	6.3	19.6	18.6	12.3	17.2
Time Deposits	71,357	80,911	82,754	69,075	81,023
Expenses with Time Deposits	(1,738)	(1,554)	(1,588)	(5,090)	(4,735)
Annualized Rate - %	10.1	7.9	7.9	9.9	7.9
Money Market Borrowing	52,730	70,954	75,693	48,097	69,715
Expenses with Money Market Borrowing	(1,640)	(1,795)	(1,952)	(4,679)	(5,387)
Annualized Rate - %	13.0	10.5	10.7	13.2	10.4
Foreign Borrowing	4,115	3,282	3,389	4,101	3,550
Expenses with Foreign Borrowing, Onlending and Banks	(63)	(41)	(104)	(173)	(193)
Annualized Rate - %	6.23	5.10	12.82	5.66	7.32
Onlending	13,196	14,569	16,289	13,066	14,995
Expenses with Onlending	(228)	(233)	(280)	(866)	(760)
Annualized Rate - %	7.09	6.55	7.06	8.93	6.81
Financial and Development Funds + Subordinated Debt	10,443	11,455	11,665	10,200	11,409
Expenses with Financial and Development Funds	(131)	(119)	(114)	(418)	(348)
Annualized Rate - %	5.10	4.23	3.96	5.50	4.08
Foreign Securities	2,647	2,079	1,939	2,847	2,170
Expenses with Foreign Securities	(130)	(35)	(34)	(244)	(113)
Annualized Rate - %	21.18	6.94	7.16	11.56	7.02
Other Liabilities	70,233	76,309	76,393	67,928	75,188
Demand Deposits	31,680	36,531	38,094	31,769	36,621
Other Liabilities	38,553	39,778	38,299	36,160	38,566
Shareholders' Equity + Income Accounts	19,860	22,328	22,946	19,072	22,244
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	284,525	326,951	338,935	273,424	325,723

8.1.5 Management Analysis of the Spread

We carried out a management assessment of the financial intermediation spread, by reconciling the management information on the loan portfolio, deposits and money market borrowing with the accounting information.

The spread was assessed by comparing the Net Interest Income of each funding product and loan with their respective volume. The Net Interest Income is determined by taking into consideration the opportunity cost of each product. In the case of loan product, for example, the Net Interest Income is made up of the financial revenues from the product after deduction of the opportunity costs. In the case of an investment or funding product, the margin is determined by comparing the financial expenses with the respective opportunity revenue.

The opportunity costs and revenues of each product are determined in accordance with their characteristics. As a general rule the average Selic rate (TMS) is adopted as a reference point for the opportunity cost for the greater part of the products of financial intermediation. There are, however, exceptions such, for example, funding from savings, where the opportunity revenue is hybrid, that is, it is remunerated by the TMS on the free portion, by the rural CDI in the case of the portion invested in rural financing, and by TR+6% a year, in the case of the portion intended for the compulsory deposit. Accordingly, the gross spread of each product is determined by evaluating its effective contribution to the formation of net income, observing the timing of the contracting of the operation.

The table below shows the composition of the average quarterly and semestral spread, while it should be observed that the spread on transactions with individuals – where the risk vs. return ratio is better – has been showing a systematic reduction, because of the downturn in the interest rates.

Table 72. Nominal Spread by Transaction

%

	3Q06	2Q07	3Q07	9M06	9M07
Nominal Spread	1.58	1.62	1.55	4.50	3.98
Loans	2.69	2.60	2.61	8.14	7.19
Individuals	7.07	6.53	6.30	21.57	19.38
Businesses	2.07	1.72	1.75	6.23	5.23
Agribusiness	1.22	1.61	1.61	3.98	4.94
Other Transactions	0.21	0.72	0.90	0.12	0.39
Funding	0.68	0.55	0.55	2.32	1.60
Other	1.58	2.37	1.88	0.99	0.73

Table 73. Compositions of the Transactions

%

	3Q06	2Q07	3Q07	9M06	9M07
Composition (mix)					
Loans	37.90	40.88	40.50	39.7	44.0
Individuals	19.73	19.61	20.24	19.2	18.0
Businesses	39.48	42.01	42.11	39.5	38.5
Agribusiness	38.26	36.49	35.70	38.7	33.2
Other Transactions	2.53	1.99	1.95	2.6	10.2
Funding	46.96	46.28	47.10	50.5	46.5
Other	15.14	12.83	12.40	9.9	9.5

Table 74. Weighted Spread per Transaction

%

	3Q06	2Q07	3Q07	9M06	9M07
Weighted Spread	1.58	1.62	1.55	4.50	3.98
Loans	1.02	1.06	1.06	3.23	3.16
Individuals	0.53	0.52	0.52	1.64	1.54
Businesses	0.31	0.29	0.30	0.98	0.89
Agribusiness	0.18	0.24	0.23	0.61	0.72
Other Transactions	0.00	0.01	0.01	0.00	0.02
Funding	0.32	0.25	0.26	1.17	0.75
Other	0.24	0.30	0.23	0.10	0.07

8.1.6 Spread by Loan Portfolio

The figure below shows the evolution in the spread on loans by portfolio. The graph shows that the spread in the Individual Client portfolio continues the most appealing in relation to the others. With the downslide of interest rates in the last 12 months, the portfolio has been operating at levels lower than that recorded in 3Q06.

It is worth emphasizing that there was a change in the criterion of determination of the management spread of portfolios at the beginning of 2007, particularly as regards the opportunity cost. According to the new rule, the average Selic rate - TMS of the period in which the operation is contracted, and no longer that of the calculation period, will be considered the opportunity cost. Accordingly, it is expected that the volatility brought about by the mismatching that occurs upon the comparison of the rate of application with the rate of funding will be minimized. This new criterion had a more significant influence on the Individual Customer portfolio.

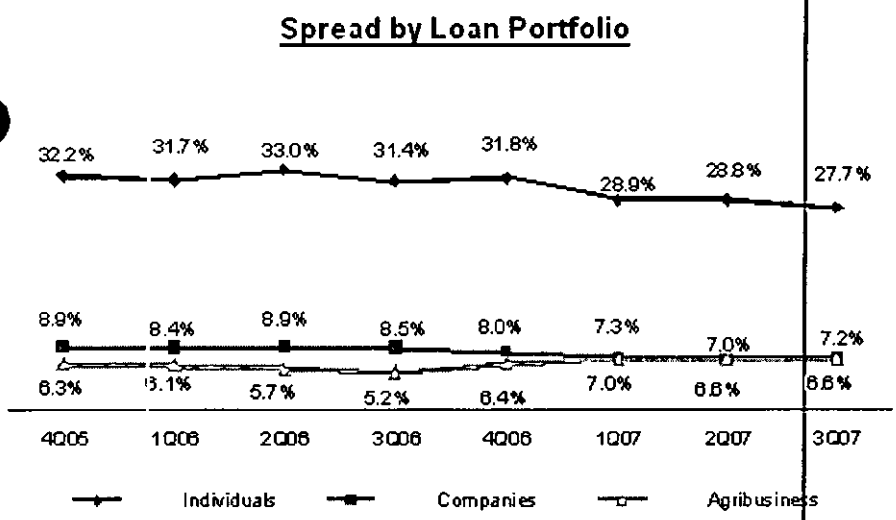


Figure 43. Spread by Loan Portfolio

8.1.1 Analysis of Uses

The annualized investment rate of Financial Intermediation Income over Remunerated Assets decreased from 16.8% to 15.1% comparing 9M06 and 9M07. This downslide was due to the reduction of Selic, which pegs the main part of the Securities Portfolio.

Table 60. Investment Rate

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Remunerated Assets	227,937	269,027	281,418	219,591	268,342
Fin. Intern. Income (Reallocated Income Statement)	9,096	10,016	10,267	27,198	29,933
Fin. Intern. Income /(Remunerated Assets)	4.0	3.7	3.6	12.4	11.2
Fin. Intern. Income /(Remunerated Assets)- Ann.	16.9	15.7	15.4	16.8	15.1

The average balance of Available Funds in Foreign Currency grew significantly in relation to 9M06, from R$ 312 million to R$1,148 million in 9M07. The investment rate in this item in the period showed great volatility, because of the behavior of the dollar.

Table 61. Investment Rate on Available Funds in Foreign Currency

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Available Funds in Foreign Currency	202	1,269	909	312	1,148
Income from Available Funds in Foreign Currency	18	(1)	98	100	105
Annualized Rate - %	39.5	0.4	50.5	45.1	12.4

Securities income in 9M07 totaled R$ 9,565 million, an amount 6.3% lower than that recorded in the same period of previous year. The variation was basically due to the Selic rate decrease in the period. This trend also reflected in the investment rate, which dropped to 222 base points.

Table 62. Investment Rate on Securities and Interbank Investments

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Securities + Interbank Investments	107,795	118,214	125,801	105,127	118,235
Securities Income exduding Hedges	3,405	3,167	3,355	10,209	9,565
Annualized Rate - %	13.2	11.2	11.1	13.2	10.9

The following table shows the origin of the revenues of the securities portfolio. In 9M07, the accrual of revenues from the portfolio showed decrease of 6.3% in relation to 9M06, basically because of the decrease in the Selic rate. The result of

the mark-to-market of securities - MTM presented a negative impact of 43 million in 9M07, most of which originated from 3Q07. Short-term interbank investments accounted for R$ 3,500 million in 9M07, due to the growth in the Open Market Investments in relation to 9M06.

Table 63. Securities Income

R$ million

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Securities Income	3,405	3,167	3,355	(1.5)	5.9	10,209	9,565	(6.3)
Fixed Income Securities	3,383	3,144	3,352	(0.9)	6.6	10,181	9,538	(6.3)
Revaluation – Curve	2,423	1,948	1,921	(20.7)	(1.4)	7,314	6,003	(17.9)
Income/Loss from Negotiation	17	57	9	(46.4)	(83.7)	35	78	120.5
Mark to Market	23	5	(41)	-	-	15	(43)	-
Interbank Accounts	920	1,135	1,462	59.0	28.9	2,817	3,500	24.3
Others	22	23	3	(85.8)	(86.3)	28	27	(4.3)

The figure below shows the main indices in BB's securities portfolio.

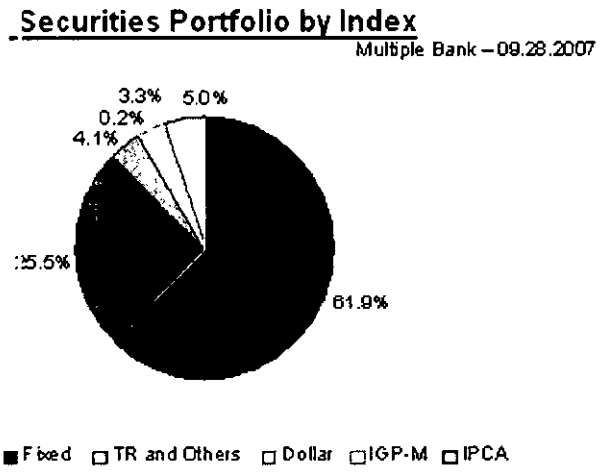


Figure 41. Securities Portfolio by Index

In 9M07, Revenues from Loans and Leasing reached R$ 17,799 million, an increase of 17.7% and 9% in relation to 9M06. The reduction of Selic has led to the reduction of the final interest rates, which can be noted due to the annualized reduction of these transactions. Annualized investment rate went down from 20.6% in 9M06 to 18.4% in 9M07.

In 3Q07, the annualized investment rate returned to the level verified in 1Q07 (19.7%); the downslide observed in the previous quarter refers to the impact of transactions pegged to foreign currency, the offsetting of which was recorded in the Income with Derivative Financial Instruments item.

Table 64. Investment Rate on Loans and Leasing

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Loans + Leasing	105,495	132,775	136,885	100,027	132,043
Loans + Leasing Income	5,136	5,728	6,265	15,119	17,799
Annualized Rate - %	20.9	18.4	19.6	20.6	18.4

*It does not consider recovery of write-offs.

The behavior of the dollar explains the changes in the items below. The relationship of these accounts with exchange variance occurs essentially through the relevant investments of BB maintained abroad and other transactions involving foreign exchange.

Table 65. FX Gain (Loss) and Other FX Operations

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
FX Gain (Loss) on Foreign Investments	11	(223)	(100)	(218)	(477)
Other FX Operations	(82)	126	57	445	256
Dollar	0.5	(6.1)	(4.5)	(7.1)	(14.0)

8.1.2 Analysis of Funding

The annualized funding rate of Financial Intermediation Expenses on Remunerated Liabilities went down from 10.1% in 9M06 to 8.6% in 9M07. In the quarterly comparison, the annualized rate decreased by 90 base points (3Q06 - 3Q07) and remained in line with the previous quarter. This trend is explained mainly from a decline in the cost of Bank's key sources of funds, primarily time deposits and open market funding.

Table 66. Funding Cost

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Remunerated Assets	194,431	228,314	239,596	186,424	228,291
Financial Intermediation Expenses	(4,562)	(4,809)	(5,111)	(13,946)	(14,584)
Finan. Interm. Expenses / (Remunerated Assets)	2.3	2.1	2.1	7.5	6.4
Finan. Interm. Expenses / (Remunerated Assets)- Ann.	9.7	8.7	8.8	10.1	8.6

Table 67. Cost of Foreign Borrowing

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Foreign Borrowing	4,115	3,282	3,899	4,101	3,550
Expenses with Borrowing, Onlending, and Foreign Banks	(63)	(41)	(104)	(173)	(193)
Annualized Rate - %	6.2	5.1	12.8	5.7	7.3

In 9M07, an increase of expenses with Funds Obtained in the Open Market can be observed in comparison with 9M06. However, the annualized rate went from 8.8% to 7.6% in the period, on account of the behavior of the interest rate and its impact on Time Deposits and Open Market Funding, two important sources of funding for BB.

Table 68. Market Funding Cost

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Money Market Borrowing	195,711	233,461	244,407	187,977	232,789
Expenses with Money Market Borrowing	(4,169)	(4,342)	(4,540)	(12,274)	(13,084)
Annualized Rate - %	8.8	7.7	7.6	8.8	7.6
Saving Deposits	34,076	40,121	42,878	33,412	40,446
Expenses with Saving Deposits	(700)	(768)	(783)	(1,995)	(2,311)
Annualized Rate - %	8.5	7.9	7.5	8.0	7.7
Interbank Deposits	5,868	4,944	4,988	5,625	4,983
Expenses with Interbank Deposits	(90)	(226)	(217)	(510)	(631)
Annualized Rate - %	6.3	19.6	18.6	12.3	17.2
Time Deposits	71,357	80,911	82,754	69,075	81,023
Expenses with Time Deposits	(1,738)	(1,554)	(1,588)	(5,090)	(4,736)
Annualized Rate - %	10.1	7.9	7.9	9.9	7.9
Money Market Borrowing	52,730	70,954	75,693	48,097	69,715
Expenses with Money Market Borrowing	(1,640)	(1,795)	(1,952)	(4,679)	(5,387)
Annualized Rate - %	13.0	10.5	10.7	13.2	10.4
Demand Deposits	31,680	36,531	38,094	31,769	36,621

8.1.3 Analysis of Spread

Over the last 12 months, the annualized global spread of financial intermediation decreased on account of the declining interest rate scenario and the environment of performance of the Bank, with heated competition.

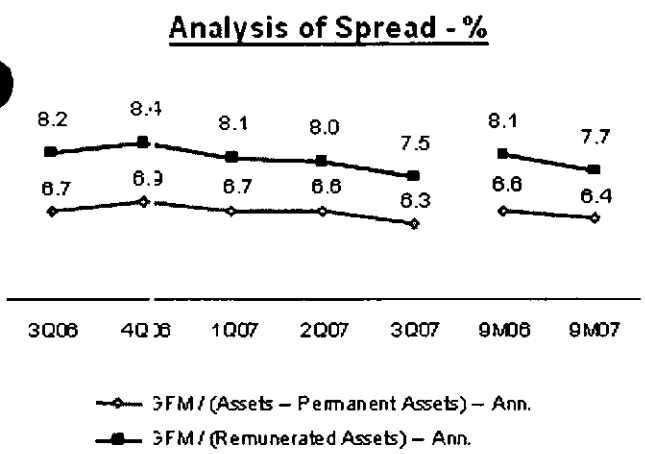


Figure 42. Analysis of Spread

Table 69. Investment Rates and Funding Costs

R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Finan. Interm. Income / (Assets – Permanent Assets)	3.3	3.1	3.1	10.2	9.4
Finan. Interm. Income / (Assets – Permanent Assets) – Ann.	13.7	13.1	12.9	13.8	12.7
Finan. Interm. Expenses / (Assets – Permanent Assets)	1.6	1.5	1.5	5.2	4.6
Finan. Interm. Expenses / (Assets – Permanent Assets) – Ann.	6.7	6.1	6.3	7.0	6.1
GFM / (Assets – Permanent Assets)	1.6	1.6	1.5	4.9	4.8
GFM / (Assets – Permanent Assets) – Annualized	6.7	6.6	6.3	6.6	6.4
Finan. Interm. Income / (Remunerated Assets)	4.0	3.7	3.6	12.4	11.2
Finan. Interm. Income / (Remunerated Assets) – Annualized	16.9	15.7	15.4	16.8	15.1
Finan. Interm. Expenses / (Remunerated Assets)	2.0	1.8	1.8	6.4	5.4
Finan. Interm. Expenses / (Remunerated Assets) – Annualized	8.2	7.3	7.5	20.3	17.2
GFM / (Remunerated Assets)	2.0	1.9	1.8	6.0	5.7
GFM / (Remunerated Assets) – Annualized	8.2	8.0	7.5	8.1	7.7

.1.4 Analytical Spread

Table 70. Analytical Spread – Investment Rates

Average Balances in R$ million

	3Q06	2Q07	3Q07	9M06	9M07
Remunerated Assets	227,937	269,027	281,418	219,591	268,342
Available Funds in Foreign Currency	202	1,269	909	312	1,148
Income from Available Funds in Foreign Currency	18	(1)	98	100	105
Annualized Rate - %	39.5	(0.4)	50.5	45.1	12.3
Securities + Interbank Investments	107,795	118,214	125,801	105,127	118,235
Securities Income excluding Hedges	3,408	3,167	3,355	10,209	9,962
Annualized Rate - %	13.3	11.2	11.1	13.2	11.4
Loans + Leasing	105,495	132,775	136,885	100,027	132,043
Loans + Leasing Income	5,136	5,728	6,265	15,119	17,799
Annualized Rate - %	20.9	18.4	19.8	20.6	18.4
Remunerated Compulsory Deposit	14,444	16,769	17,823	14,126	16,916
Income from Compulsory Deposits	405	401	405	1,223	1,206
Annualized Rate - %	11.7	9.9	9.4	11.7	9.6
Tax Credits	9,260	11,965	13,790	8,578	11,459
Other Assets	41,762	40,120	37,837	39,706	40,079
Permanent Assets	5,566	5,839	5,890	5,549	5,843
TOTAL ASSETS	284,525	326,951	338,935	273,424	325,723

*It does not consider recovery of write-offs.

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Expenses with Savings Deposits	(700)	(768)	(783)	(1,995)	(2,311)
Annualized Rate - %	8.5	7.9	7.5	8.0	7.7
Interbank Deposits	5,868	4,944	4,988	5,625	4,983
Expenses with Interbank Deposits	(80)	(226)	(217)	(510)	(631)
Annualized Rate - %	6.3	19.8	18.6	12.3	17.2
Time Deposits	71,357	80,911	82,754	69,075	81,023
Expenses with Time Deposits	(1,738)	(1,554)	(1,588)	(5,090)	(4,735)
Annualized Rate - %	10.1	7.9	7.9	9.9	7.9
Money Market Borrowing	52,730	70,954	75,693	48,097	69,715
Expenses with Money Market Borrowing	(1,640)	(1,795)	(1,952)	(4,679)	(5,387)
Annualized Rate - %	13.0	10.5	10.7	13.2	10.4
Foreign Borrowing	4,115	3,282	3,389	4,101	3,550
Expenses with Foreign Borrowing, Onlending and Banks	(63)	(41)	(104)	(173)	(193)
Annualized Rate - %	6.23	5.10	12.82	5.66	7.32
Onlending	13,196	14,569	16,288	13,066	14,995
Expenses with Onlending	(228)	(233)	(280)	(866)	(760)
Annualized Rate - %	7.09	6.55	7.06	8.93	6.81
Financial and Development Funds + Subordinated Debt	10,443	11,455	11,565	10,200	11,408
Expenses with Financial and Development Funds	(131)	(119)	(114)	(418)	(348)
Annualized Rate - %	5.10	4.23	3.96	5.50	4.08
Foreign Securities	2,647	2,079	1,939	2,847	2,170
Expenses with Foreign Securities	(130)	(35)	(34)	(244)	(113)
Annualized Rate - %	21.18	6.94	7.16	11.56	7.02
Other Liabilities	70,233	76,309	76,393	67,928	75,188
Demand Deposits	31,680	36,531	38,094	31,769	36,821
Other Liabilities	38,553	39,778	38,299	36,160	38,366
Shareholders' Equity + Income Accounts	19,860	22,328	22,946	19,072	22,244
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	284,525	326,951	338,935	273,424	325,723

8.1.5 Management Analysis of the Spread

We carried out a management assessment of the financial intermediation spread, by reconciling the management information on the loan portfolio, deposits and money market borrowing with the accounting information.

The spread was assessed by comparing the Net Interest Income of each funding product and loan with their respective volume. The Net Interest Income is determined by taking into consideration the opportunity cost of each product. In the case of loan product, for example, the Net Interest Income is made up of the financial revenues from the product after deduction of the opportunity costs. In the case of an investment or funding product, the margin is determined by comparing the financial expenses with the respective opportunity revenue.

The opportunity costs and revenues of each product are determined in accordance with their characteristics. As a general rule, the average Selic rate (TMS) is adopted as a reference point for the opportunity cost for the greater part of the products of financial intermediation. There are, however, exceptions such, for example, funding from savings, where the opportunity revenue is hybrid, that is, it is remunerated by the TMS on the free portion, by the rural CDI in the case of the portion invested in rural financing, and by TR+6% a year, in the case of the portion intended for the compulsory deposit. Accordingly, the gross spread of each product is determined by evaluating its effective contribution to the formation of net income, observing the timing of the contracting of the operation.

The table below shows the composition of the average quarterly and semestral spread, while it should be observed that the spread on transactions with individuals – where the risk vs. return ratio is better – has been showing a systematic reduction, because of the downturn in the interest rates.

Table 72. Nominal Spread by Transaction

%

	3Q06	2Q07	3Q07	9M06	9M07
Nominal Spread	1.58	1.62	1.55	4.50	3.98
Loans	2.69	2.60	2.61	8.14	7.19
Individuals	7.07	6.53	6.30	21.57	19.36
Businesses	2.07	1.72	1.75	6.23	5.23
Agribusiness	1.22	1.61	1.61	3.98	4.94
Other Transactions	0.21	0.72	0.90	0.12	0.39
Funding	0.68	0.55	0.55	2.32	1.60
Other	1.58	2.37	1.88	0.99	0.73

Table 73. Compositions of the Transactions

%

	3Q06	2Q07	3Q07	9M06	9M07
Composition (mix)					
Loans	37.90	40.88	40.50	39.7	44.0
Individuals	19.73	19.61	20.24	19.2	18.0
Businesses	39.48	42.01	42.11	39.5	38.5
Agribusiness	38.26	36.49	35.70	38.7	33.2
Other Transactions	2.53	1.89	1.95	2.6	10.2
Funding	46.96	46.28	47.10	50.5	46.5
Other	15.14	12.83	12.40	9.9	9.5

Table 74. Weighted Spread per Transaction

%

	3Q06	2Q07	3Q07	9M06	9M07
Weighted Spread	1.58	1.62	1.55	4.50	3.98
Loans	1.02	1.06	1.06	3.23	3.16
Individuals	0.53	0.52	0.52	1.64	1.54
Businesses	0.31	0.29	0.30	0.98	0.89
Agribusiness	0.18	0.24	0.23	0.61	0.72
Other Transactions	0.00	0.01	0.01	0.00	0.02
Funding	0.32	0.25	0.26	1.17	0.75
Other	0.24	0.30	0.23	0.10	0.07

8.1.6 Spread by Loan Portfolio

The figure below shows the evolution in the spread on loans by portfolio. The graph shows that the spread in the Individual Client portfolio continues the most appealing in relation to the others. With the downslide of interest rates in the last 12 months, the portfolio has been operating at levels lower than that recorded in 3Q06.

It is worth emphasizing that there was a change in the criterion of determination of the management spread of portfolios at the beginning of 2007, particularly as regards the opportunity cost. According to the new rule, the average Selic rate - TMS of the period in which the operation is contracted, and no longer that of the calculation period, will be considered the opportunity cost. Accordingly, it is expected that the volatility brought about by the mismatching that occurs upon the comparison of the rate of application with the rate of funding will be minimized. This new criterion had a more significant influence on the Individual Customer portfolio.

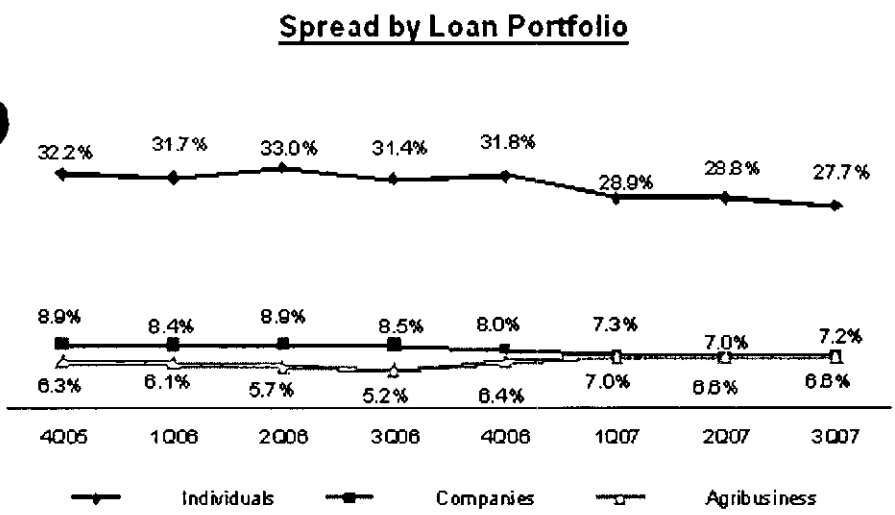


Figure 43. Spread by Loan Portfolio

8.1.7 Average balances of balance sheet accounts and information on interest

The purpose of the information is to make the analysis easier and should be read together with the financial statements. The data related to average volume and balance was calculated based on the average final balances of the months comprising the respective analyzed periods. The data related to the quarterly average rate was likewise calculated based on the earnings and expenses for the period, divided by the average balance or volume determined as mentioned in the item above.

The tables below contain the average balances of revenue generating assets and of expense generating liabilities, other assets and liabilities, the respective amounts referring to the interest income and expenses and the average real rate of return/interest for each period.

Table 75. Average Balance Sheet and Interest Rate Data – Annual Earning Assets (quarterly)

R$ million

	2Q07			3Q07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Earning Assets						
Available Funds in Foreign Currency	1,269	-1	0.4	909	98	50.5
Securities + Interbank Investments on Hedge	118,214	3,167	11.2	125,801	3,355	11.1
Loans + Leasing	132,775	5,728	18.4	136,885	6,265	19.6
Remunerated Compulsory Deposits	16,769	401	9.9	17,823	405	9.4
Total	269,027	9,295	14.8	281,418	10,123	15.2
Non Earning Assets						
Tax Credits	11,965			13,790		
Other Assets	40,120			37,837		
Permanent Assets	5,839			5,890		
Total	57,925			57,517		
TOTAL ASSETS	326,951			338,935		

Table 76. Average Balance Sheet and Interest Rate Data – Annual Earning Assets (nine-month)

R$ million

	9M06			9M07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Earning Assets						
Available Funds in Foreign Currency	312	100	45.1	1,148	105	12.3
Securities + Interbank Investments on Hedge	105,127	10,212	13.2	118,235	9,585	10.9
Loans + Leasing	100,027	15,119	20.8	132,043	17,799	18.4
Remunerated Compulsory Deposits	14,126	1,223	11.7	16,916	1,206	9.6
Total	219,591	26,654	16.5	268,342	28,674	14.5
Non Earning Assets						
Tax Credits	8,578			11,459		
Other Assets	39,706			40,079		
Permanent Assets	5,549			5,843		
Total	53,833			57,381		
TOTAL ASSETS	273,424			325,723		

As seen in the above table, the decreased weighted average rate of performing assets was brought about primarily by the reduced Selic rates over the last 12 months. In addition, the retreating rates charged for loan operations resulted from a combination of factors: a scenario of declining rates, brisk competition, and cheaper consumer credit options (paycheck-based loans), were also responsible for a growing share in this trend.

Table 77. Average Balance Sheet and Interest Rate Data – Interest Bearing Liabilities (quarterly)

R$ million

	2Q07			3Q07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Interest Bearing Liabilities						
Saving Deposits	40,121	(768)	7.9	42,878	(923)	8.9
Interbank Deposits	4,944	(228)	19.6	4,988	(217)	18.6
Time Deposits	80,911	(1,554)	7.9	82,754	(1,588)	7.9
Money Market Borrowing	70,954	(1,795)	10.5	75,893	(1,952)	10.7
Foreign Borrowing	3,282	(41)	5.1	3,389	(104)	12.8
Onlending	14,569	(233)	6.5	16,289	(280)	7.1
Financial and Development Funds + Subordinated Debt	11,455	(119)	4.2	11,665	(114)	4.0
Foreign Securities Borrowing	2,079	(35)	6.9	1,939	(34)	7.2
Total	228,314	(4,771)	8.6	239,596	(5,211)	9.0
Other Liabilities						
Demand Deposits	36,531			38,094		
Other Liabilities	39,778			38,299		
Shareholder's Equity	22,328			22,946		
Total	98,637			99,339		
TOTAL LIABILITIES	326,951			338,935		

A drop of 150 base points is shown in the Bank's average funding costs, which went down from 10.2% in 9M06 to 8.7% in 9M07. This trend originated from a decline in the Bank's key sources of funds, primarily time deposits and open market funding.

Table 78. Average Balance Sheet and Interest Rate Data – Interest Bearing Liabilities (nine-month)

R$ million

	9M06			9M07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Interest Bearing Liabilities						
Saving Deposits	33,412	(2,126)	8.6	40,446	(2,576)	8.6
Interbank Deposits	5,625	(510)	12.3	4,983	(631)	17.2
Time Deposits	69,075	(5,090)	9.9	81,023	(4,735)	7.9
Money Market Borrowing	48,097	(4,879)	13.2	69,715	(5,387)	10.4
Foreign Borrowing	4,101	(173)	5.7	3,550	(193)	7.3
Onlending	13,066	(866)	8.9	14,995	(760)	6.8
Financial and Development Funds + Subordinated Debt	10,200	(418)	5.5	11,409	(348)	4.1
Foreign Securities Borrowing	2,847	(244)	11.6	2,170	(113)	7.0
Total	186,424	(14,105)	10.2	228,291	(14,742)	8.7
Other Liabilities						
Demand Deposits	31,769			36,821		
Other Liabilities	36,160			38,566		
Shareholder's Equity	19,072			22,244		
Total	87,001			97,431		
TOTAL LIABILITIES	273,424			325,723		

The table below shows the appropriation of changes in interest income and expenses due to the change in the average volume of remunerated assets and interest-bearing liabilities and the change in the average interest rate on such assets and liabilities, in the semester and in the quarters under analysis.

The changes in volume and interest rate were calculated based on changes in average balances in the period and the changes in the average interest rates on assets generating income and liabilities generating expenses. The change in the interest rate was calculated by the change in the interest rate in the period multiplied by the average of assets generating income and the average of liabilities generating expenses in the first period. The change in volume was recorded as the difference between the volume of interest in the most recent period and the one in the prior period.

Table 79. Changes in Interest Income and Expenses- Volume and Rate Analysis (quarterly)

R$ million

	3rd Quarter 2007/2006			3rd Quarter 2007/2nd Quarter 2007		
	Average Volume (1)	Average Rate (2)	Net Change (3)	Average Volume (1)	Average Rate (2)	Net Change (3)
Earning Assets	**1,924**	**(766)**	**1,158**	**446**	**383**	**829**
Available Funds in Foreign Currency	76	4	80	(39)	138	99
Securities + Interbank Investments on Hedge	480	(533)	(53)	202	(14)	188
Loans + Leasing	1,437	(307)	1,129	188	349	537
Remunerated Compulsory Deposits	77	(76)	1	24	(19)	5
Interest Bearing Liabilities	**(982)**	**622**	**(360)**	**(245)**	**(195)**	**(441)**
Saving Deposits	(189)	98	(92)	(59)	(96)	(155)
Interbank Deposits	38	(165)	(127)	(2)	11	9
Time Deposits	(219)	369	151	(35)	2	(34)
Money Market Borrowing	(592)	280	(312)	(122)	(35)	(157)
Foreign Borrowing	22	(63)	(41)	(3)	(59)	(63)
Onlending	(53)	1	(52)	(30)	(18)	(47)
Financial and Development Funds + Subordinated Debt	(12)	29	17	(2)	8	6
Foreign Securities Borrowing	12	84	96	2	(1)	1

(1) Net Change - Average Rate
(2) ((Interest Current Period / Balance Current Period) x (Balance Previous Period)- (Interest Previous Period)
(3) Current Interest - Interest for Previous Period

Table 80. Changes in Interest Income and Expenses- Volume and Rate Analysis (semester)

R$ million

	9 month 2006/2007		
	Average Volume (1)	Average Rate (2)	Net Change (3)
Earning Assets	5,209	(3,189)	2,020
Available Funds in Foreign Currency	76	(72)	4
Securities + Interbank Investments on Hedge	1,060	(1,708)	(647)
Loans + Leasing	4,316	(1,636)	2,680
Remunerated Compulsory Deposits	199	(216)	(17)
Interest Bearing Liabilities	**(2,704)**	**2,066**	**(637)**
Saving Deposits	(448)	(2)	(450)
Interbank Deposits	81	(202)	(121)
Time Deposits	(698)	1,054	355
Money Market Borrowing	(1,671)	963	(708)
Foreign Borrowing	30	(50)	(20)
Onlending	(98)	204	106
Financial and Development Funds + Subordinated Debt	(37)	107	70
Foreign Securities Borrowing	35	95	130

(4) Net Change - Average Rate
(5) ((Interest Current Period / Balance Current Period) x (Balance Previous Period)- (Interest Previous Period)
(6) Current Interest - Interest for Previous Period

The table below segregates the set up of this result, from a period to another, by distinguishing the shares in changes in volume, rate and others.

Table 81. Analysis of the Financial Information Results (3Q07 / 3Q06)

R$ million

	3Q06	Volume Variation	Rate Variation	Other Variation	Net Variation	3Q07
Revenue from Financial Intermediation	8.954	8.954	(766)	221	8.410	10.333
Revenue from Interest-Earning Assets	8.965	1.924	(766)		1.158	10.123
Other Revenues	(11)			221		210
Expenses from Financial Intermediation	(6.453)	(982)	622	1.399	1.040	(6.483)
Expenses from Interest-Earning Liabilities	(4.851)	(982)	622		(360)	(5.211)
Required Provision	(1630)					(1.232)
Other Expenses	28			1.399	1.399	(40)
Financial Intermediation Results	2.501	7.972	(144)	1.621	9.449	3.850

Table 82. Analysis of the Financial Information Results (9M07 / 9M06)

R$ million

	9M06	Volume Variation	Rate Variation	Other Variation	Net Variation	9M07
Revenue from Financial Intermediation	27,380	5,209	(3,189)	767	2,787	30,167
Revenue from Interest-Earning Assets	26,654	5,209	(3,189)		2,020	28,674
Other Revenues	726			767		1,493
Expenses from Financial Intermediation	(19,893)	(2,704)	2,066	(13)	(650)	(19,006)
Expenses from Interest-Earning Liabilities	(14,105)	(2,704)	2,066		(637)	(14,742)
Required Provision	(5,686)					(4,149)
Other Expenses	(103)			(13)	(13)	(116)
Financial Intermediation Results	7,486	2,506	(1,123)	754	2,137	11,160

The next table shows the average balance of remunerated assets and the income, net of interest, as well as the comparison between the margin, net of interest and the net profit margin for the periods ended September 2006 and 2007. In the analysed period, it is possible to observe the impact of the interest rate reduction on BB's assets and liabilities.

Table 83. Margin, Net of interest and Profit Margin

R$ million

	3Q06	3Q07	9M06	9M07
Average Earning Assets Balance	227,937	281,418	219,591	268,342
Average Interest Bearing Liabilities Balance	194,431	239,596	186,424	228,291
Net Interest Revenue (1)	4,114	12,549	12,549	13,932
Interest Income	8,965	28,654	28,654	28,674
Interest Expenses	(4,851)	(14,105)	(14,105)	(14,742)
Interest Rate over Average Earning Assets Balance (2)	16.7%	19.8%	16.5%	14.5%
Interest Rate over Average Bearing Liabilities Balance (3)	10.4%	12.1%	10.2%	8.7%
Spread (4)	6.3%	7.7%	6.3%	5.8%
Net Interest Margin (5)	7.4%	9.1%	7.7%	7.0%

(1) Defined as interest income less interest expenses.
(2) Total interest income divided by the average balance of assets generating income.
(3) Total interest expenses divided by the average balance of liabilities generating expenses.
(4) Difference between the average rate of assets generating assets and the average rate of liabilities generating expenses.
(5) Income net of interest divided by the average balance of assets generating income.

8.2 Net Financial Margin

Table 84. Net Financial Margin

R$ million

	Quarterly Flow			Chg. %		Nine-month Flow		Chg. %
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Net Interest Income	4,534	5,208	5,156	13.7	(1.0)	13,252	15,350	15.8
Allowance for Loan Losses (3)	(1,385)	(1,236)	(1,216)	(12.2)	(1.7)	(4,487)	(3,883)	(13.5)
Net Financial Margin	3,149	3,971	3,940	25.1	(0.8)	8,765	11,467	30.8

The net financial margin is obtained by deducting expenses with allowances for loan losses from the Net Interest

Income. In 9M07, these expenses decreased 13.5% as compared to 9M06. This reduction is basically due to the improvement observed in the loan portfolio risk in the period of 2007.

The ratio between expenses of provisions and the average total portfolio - both accumulated in 12 months - went from 5.6% in 3Q06 and 4.1 in 2Q07 to 3.7% in 2Q07. In 3Q07, the ratio between the quarterly provision expenses and the average of the loan portfolio in the period climbed to 0.8%, as opposed to 1.2% in 3Q06.

Table 85. Expenses with Allowance for Loan Losses over Portfolio

R$ million

	2Q07			3Q07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Earning Assets						
Available Funds in Foreign Currency	1,269	-1	0.4	909	98	50.5
Securities + Interbank Investments on Hedge	118,214	3,167	11.2	125,801	3,355	11.1
Loans + Leasing	132,775	5,728	18.4	136,885	6,265	19.8
Remunerated Compulsory Deposits	16,769	401	9.9	17,823	405	9.4
Total	269,027	9,295	14.8	281,418	10,123	15.2
Non Earning Assets						
Tax Credits	11,965			13,790		
Other Assets	40,120			37,837		
Permanent Assets	5,839			5,890		
Total	57,925			57,517		
TOTAL ASSETS	326,951			338,935		

Expenses with Allowance for Loan Losses over Portfolio

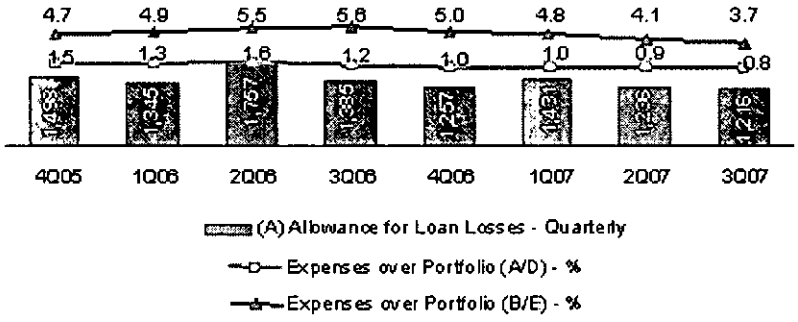


Figure 44. Expenses with Allowance for Loan Losses over Portfolio

The graph below details the allowance for loan losses, segregating the minimum provisions required by CMN Resolution 2,682 from the total booked. An increase can be observed in the volume of provisions required, which climbed from R$ 7,786 million in July, 2007 to R$ 8,084 million in September 2007, an increase of 3.8% in line with the growth of the loan portfolio, which grew 3.4% in the period. Surplus provisions, in the sum of R$ 1,580 million, are aimed fundamentally at bearing future volatilities associated with the loan portfolio.

R$ million

	Sep/06			Jun/07			Sep/07			BI*
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	
AA	17,929	-	15.1	39,371	-	27.1	39,418	-	26.2	24.4
A	33,060	165	27.9	29,432	147	20.3	30,890	154	20.6	40.2
B	34,358	344	29.0	46,513	465	32.0	48,817	488	32.5	17.7
C	18,337	550	15.5	16,546	496	11.4	17,122	514	11.4	9.1
D	6,193	619	5.2	5,113	511	3.5	5,344	534	3.6	2.5
E	1,695	509	1.4	1,993	598	1.4	2,137	641	1.4	1.4
F	916	458	0.8	803	401	0.6	756	378	0.5	0.8
G	990	693	0.8	987	691	0.7	1,086	760	0.7	0.7
H	4,872	4,872	4.1	4,476	4,476	3.1	4,614	4,614	3.1	3.1
Total	118,349	8,209	100.0	145,233	7,786	100.0	150,184	8,084	100.0	100.0
AA-C	103,684	1,059	87.6	131,861	1,108.7	90.8	136,247	1,156	90.7	91.5
D-H	14,665	7,150	12.4	13,372	6,677.5	9.2	13,937	6,927	9.3	8.5

* Preliminary data as of September/2007.

The ratio of Portfolio Net of Allowances (CLP) over the Total Portfolio (CT) expresses the overall evaluation of the weighted portfolio, in accordance with CMN Resolution 2,682. The following chart shows that Banco do Brasil has maintained a quality in its Loan Portfolio that, was higher than the Brazilian Banking Industry (SFN).

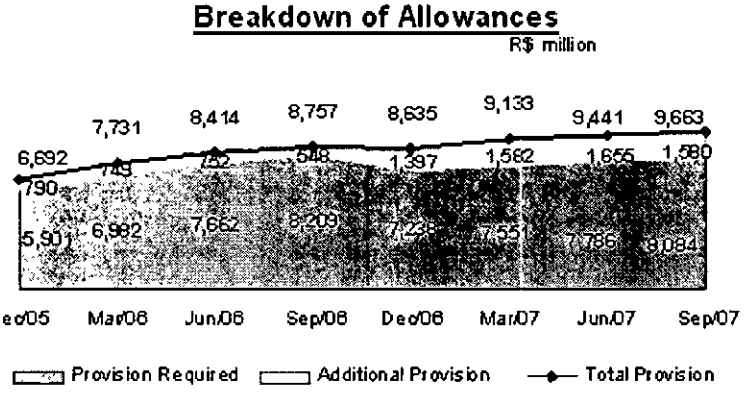


Figure 45. Breakdown of Allowances

Unlike the scenario observed throughout 2006, marked by the widespread process of worsening of risk and renegotiation of transactions of the agribusiness portfolio, in 2007 BB maintains the growth of the portfolio with an improvement in the levels of risk. Hence, those transactions classified as AA-C risks rose from 87.6% in September 2006 to 90.7% in September 2007. The outcome of this improvement was also felt in the reduction of higher risk transactions (D-H ratings), with a 310-base point decline in relation to the same period of previous year.

Table 86. Loan Portfolio by Level of Risk

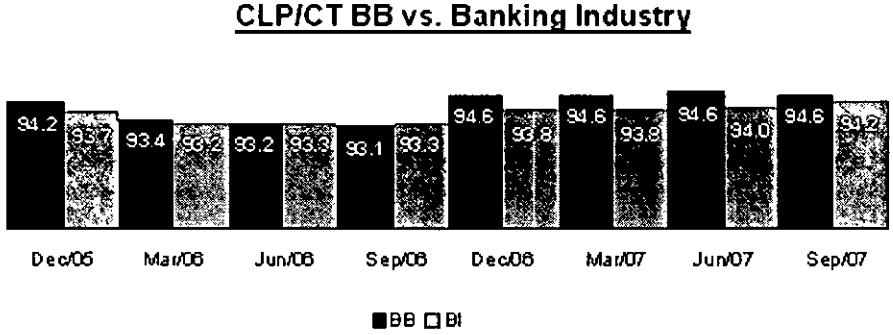


Figure 46. CLP/CT BB vs. Banking Industry

The table below shows the drop in past-due loans in the Loan Portfolio when compared to September 2006. In the third

quarter of 2007 a slight deterioration can be observed in the delinquency ratios when compared with 2Q07 resulting from the extension process of rural debts, authorized by Bacen Resolutions 3,460, 3,479, 3,495 and 3,500.

The aforesaid Bacen Resolutions authorized the maintenance under normal conditions of some types of agricultural loans - installments of agribusiness investment maturing in 2007 and installments maturing in 2007 of operations of extended costing of the harvests of 2003/2004, 2004/2005 and 2005/2006. For the vast majority of cases, the schedule of amortization of loans was altered to the dates established in the Resolutions, currently 10.30.2007 or 12.17.2007 as applicable, in order to not have an inappropriate impact on the delinquency ratios and corresponding levels of accrual of the loan portfolio.

In relation to the agricultural loans with resources from BNDES and Finame Rural contemplated by the resolutions, it was not possible to adopt the procedures of alteration of the schedules utilized for the other operations involved, due to operating characteristics of these products (calculation of charges, accounting and potential equalizations). These operations were maintained in a "waiting period", in order to avoid the inclusion of clients in restrictive files and the deterioration of risk, with the consequent increase of the level of accrual in the portfolio. However, owing to the non-alteration of the schedules of maturity, this set of operations continues to negatively sensitize the delinquency ratios in 3Q07.

As a simulation, if these operations were excluded from past-due loans, the index of Past Due Loans + 15 days would be reduced 80 points basis to 3.9%.

The table below shows the drop in past-due loans in the Loan Portfolio when compared to June 2006.

Table 87. Delinquency Ratio -%

R$ million

	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07
Loan Portfolio	101,789	105,527	113,103	118,349	133,157	140,387	145,233	150,184
Past Due Loans	5,724	6,434	5,884	6,319	5,500	6,008	6,915	7,525
Past Due Loans/Loan Portfolio - %	5.6	6.1	5.2	5.3	4.1	4.3	4.8	5.0
Past Due Loans + 15 days	5,666	6,383	5,681	6,120	5,466	5,962	5,930	7,125
Past Due Loans + 15 days/Loan Portfolio - %	5.6	6.0	5.0	5.2	4.1	4.2	4.1	4.7
Past Due Loans + 60 days	4,039	4,537	4,127	4,455	3,863	3,930	4,111	5,157
Past Due Loans + 60 days/Loan Portfolio - %	4.0	4.3	3.6	3.8	2.9	2.8	2.8	3.4
Past Due Loans + 90 days	3,454	4,011	3,630	3,838	3,382	3,391	3,508	3,986
Past Due Loans + 90 days/Loan Portfolio - %	3.4	3.8	3.2	3.2	2.5	2.4	2.4	2.7
Write-off	762	788	1,076	1,043	1,378	926	918	988
Recovery of Write-offs	(258)	(297)	(233)	(272)	(425)	(346)	(386)	(302)
Net Loss	504	492	843	771	952	580	532	686
Net Loss/Loan Portfolio - % annualized	2.0	1.9	3.0	2.6	2.9	1.7	1.5	1.8
Allowance	6,692	7,731	8,414	8,757	8,635	9,133	9,441	9,863
Allowance/Loan Portfolio - %	6.6	7.3	7.4	7.4	6.5	6.5	6.5	6.4
Allowance/Past Due Loans + 15 days - %	118.1	121.1	148.1	143.1	158.0	153.2	159.2	135.8
Allowance/Past Due Loans + 60 days - %	165.7	170.4	203.9	196.6	223.5	232.4	229.7	187.4
Allowance/Past Due Loans + 90 days - %	193.8	192.7	231.8	228.1	255.3	269.3	269.1	242.4

The graph below shows the ratio between the provision required to the provision for transactions overdue for more than 90 days of the Bank and of SFN (National Financial System). In comparison with SFN, it can be observed that the Bank has a level of provision that is more than sufficient to cover transactions overdue for more than 90 days.

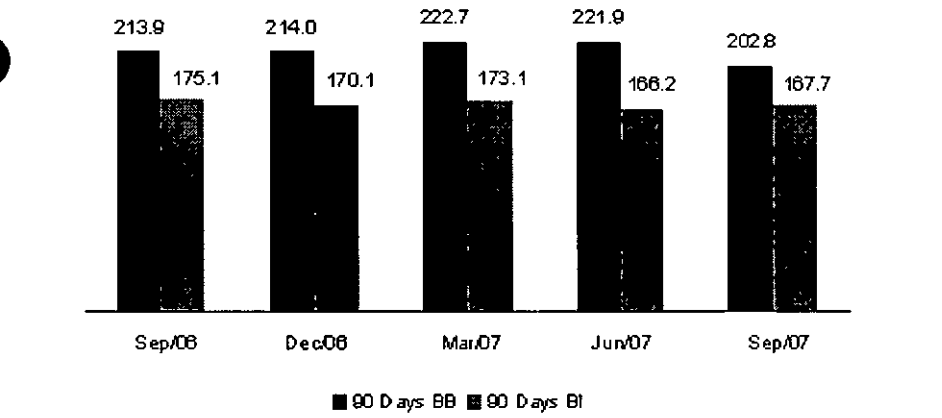


Figure 47. Required Provision / Past Due Loans more than 90 days – BB x BI

Although the Bank maintains a level of provision to cover overdue transactions above the market average, the average risk of the portfolio (Provision required / Portfolio) remained below SFN, pursuant to the following table:

Table 88. Average Portfolio Risk

	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07
Average Risk BB	6,94	5,44	5,38	5,36	5,38
Average Risk BI	6,72	6,25	6,21	6,02	5,76

The illustration below shows the drop in past-due loans in the Loan Portfolio when compared to September 2006. A 30-base point drop took place in twelve months in the comparison between past-due loans and the total loan portfolio. In connection with transactions over 60 days past-due compared to the loan portfolio this improvement was roughly 40 base points more significant.

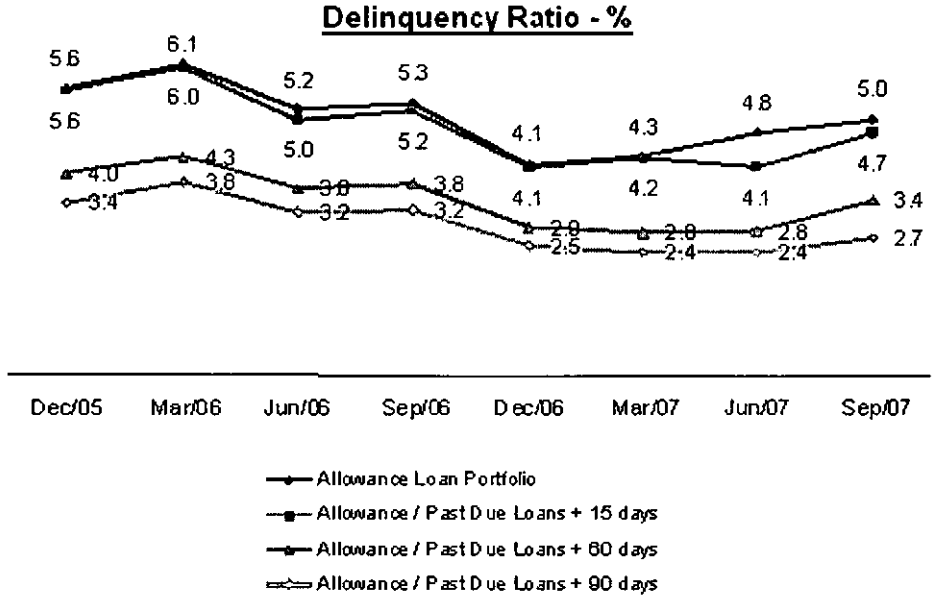


Figure 48. Delinquency Ratio - %

3.2.1 Retail Loan Portfolio

The Retail Loan Portfolio, which was up 29.5% over the same prior-year period and 6.0% over June 2007, exhibited an

improvement of risk in relation to September 2006, due to the growth of consigned loan operations, which have a lower level of risk.

Besides that, since 2005, Banco do Brasil took a series of coordinate measures to reduce the delinquency in its loan operations. The process of collecting and recovering of loans was improved, to optimize the return of borrowed capitals and maintain the customer base. Amongst the measures taken are: automatic renegotiation of the credit through the automatic teller machines and internet; the employees training to recovering of loans; and the changes in collecting focus, from "product" to "customer", with strategies definition directed to each customer profile and its historical relationship with BB.

Table 89. Retail Loan Portfolio by Level Risk

R$ million

	Sep/06			Jun/07			Sep/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	2,835	-	7.6	3,335	-	7.3	3,358	-	6.9
A	5,679	28	15.1	7,254	36	15.8	7,839	39	16.1
B	16,624	166	44.3	21,189	212	46.3	22,604	226	46.5
C	8,468	254	22.6	9,826	295	21.4	10,295	309	21.2
D	1,154	115	3.1	1,360	136	3.0	1,489	149	3.1
E	544	163	1.5	570	171	1.2	603	181	1.2
F	327	164	0.9	390	195	0.9	348	174	0.7
G	300	210	0.8	302	212	0.7	337	236	0.7
H	1,584	1,584	4.2	1,583	1,583	3.5	1,702	1,702	3.5
Total	37,504	2,684	100.0	45,809	2,839	100.0	48,576	3,016	100.0
AA-C	33,596	448	89.6	41,804	543	90.8	44,097	574	90.8
D-H	3,909	2,236	10.4	4,005	2,296	9.2	4,479	2,442	9.2

The quality of the portfolio remained close to that recorded in the previous quarter. The movement of PCLD (Provision for Doubtful Loans) of the retail portfolio is detailed in the table below:

Table 90. Changes in the Allowance - Retail

R$ million

	3Q06	4Q06	1Q07	2Q07	3Q07
Retail Loan Portfolio	37,504	40,435	43,378	45,809	48,576
Initial Allowance	2,552	2,684	2,645	2,682	2,839
1 - Risk Migration	497	383	457	503	600
a) Risk Deterioration	902	843	797	883	977
b) Risk Improvement	(405)	(460)	(340)	(381)	(377)
2 – New Transactions	304	274	270	284	309
3 – Write-offs	(557)	(588)	(591)	(532)	(630)
Total (1 + 2 + 3):	244	69	136	254	279
Other Impacts*	(113)	(107)	(100)	(97)	(103)
Final Allowance	2,684	2,645	2,682	2,839	3,016
Allowance Required by CMN Resolution 2682	2,684	2,645	2,682	2,839	3,016
Allowance Flow - R$ million	689	549	627	690	806
Allowance / Portfolio - %	7.2	6.5	6.2	6.2	6.2
Allowance Flow / Portfolio - %	1.8	1.4	1.4	1.5	1.7

*Amortization, settlement, installments and charges

8.2.2 Commercial Loan Portfolio

The corporate portfolio reflected significant enough growth, of 56.4%, over the last twelve months. This performance was due mainly to the increase in transactions with large corporate groups. Even with this increase, the Corporate Portfolio has been showing successive improvements in the risk profile. By the end of September 2007 the AA - C risk

levels totaled 97.2% of the Portfolio, above the 95.1% witnessed in September 2006. There was also a change in the D-H level loans, which moved from 4.9% in 3Q06 to 2.8% in 3Q07.

Table 91. Commercial Loan Portfolio by Level Risk

R$ million

	Sep/06			Jun/07			Sep/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	4,062	-	24.4	12,633	-	50.8	12,345	-	47.4
A	8,433	32	38.6	5,179	26	20.8	6,087	30	23.4
B	4,600	46	27.6	5,895	59	23.7	6,326	63	24.3
C	736	22	4.4	510	15	2.1	549	16	2.1
D	510	51	3.1	418	42	1.7	463	46	1.7
E	114	34	0.7	69	21	0.3	81	24	0.3
F	63	31	0.4	50	25	0.2	47	24	0.2
G	25	18	0.2	18	12	0.1	31	22	0.1
H	106	106	0.6	106	106	0.4	115	115	0.4
Total	16,649	340	100.0	24,878	306	100.0	26,034	341	100.0
AA-C	15,831	100	95.1	24,218	100	97.3	25,306	110	97.2
D-H	818	240	4.9	660	206	2.7	728	231	2.8

Table 92. Changes in the Allowance – Commercial

R$ million

	3Q06	4Q06	1Q07	2Q07	3Q07
Commercial Loan Portfolio	16,649	21,735	24,087	24,878	26,034
Initial Allowance	**320**	**340**	**361**	**348**	**306**
1 - Risk Migration	18	(22)	(57)	5	47
a) Risk Deterioration	107	112	56	73	115
b) Risk Improvement	(89)	(134)	(113)	(68)	(68)
2 – New Transactions	65	85	99	44	52
3 – Write-offs	(38)	(31)	(42)	(76)	(47)
Total (1 + 2 + 3):	44	32	(0)	(27)	52
Other Impacts*	(23)	(11)	(13)	(16)	(18)
Final Allowance	**340**	**361**	**348**	**306**	**341**
Allowance Required by CMN Resolution 2682	340	361	348	306	341
Allowance Flow - R$ million	59	52	29	34	81
Allowance / Portfolio - %	2.0	1.7	1.4	1.2	1.3
Allowance Flow / Portfolio - %	0.4	0.2	0.1	0.1	0.3

*Amortization, settlement, installments and charges

8.2.3 Agribusiness Loan Portfolio

The agribusiness portfolio grew 20.2% (Sept/06-Sept/07). In September 2007 the loans ranked at risk levels AA-C accounted for 86.2% of the portfolio, above 81.5% in September 2006 and slightly under 86.7% observed in June 2007.

The ratio between provisions required (Resolution 2,682) and the inventory of transactions went from 8.9% in September 2006 to 6.7% in June 2007 and 6.8% in September 2007.

A slight deterioration can be observed in the level of risk of the agribusiness portfolio in comparison with the previous quarter. The uptrend of delinquency ratios as of June 2007 is due to the concentration of maturities of agricultural loans in this period, a situation that could be reverted in the next few months with the consolidation of the extension process of rural debts, authorized by Bacen Resolutions 3,460, 3,479, 3,495 and 3,500, - pursuant to the detailing of item 8.2 Net Interest Income, table 88.

Table 93. Agribusiness Loan Portfolio by Level Risk

R$ million

	Sep/06			Jun/07			Sep/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	4,756	-	11.8	8,768	-	18.0	8,974	-	18.5
A	10,273	51	25.5	12,851	64	26.3	12,474	62	25.7
B	10,236	102	25.4	15,597	156	32.0	15,166	152	31.3
C	7,588	228	18.8	5,053	152	10.4	5,158	155	10.6
D	3,793	379	9.4	2,884	288	5.9	2,917	292	6.0
E	705	212	1.7	1,074	322	2.2	1,180	354	2.4
F	352	176	0.9	217	108	0.4	239	119	0.5
G	558	390	1.4	577	404	1.2	620	434	1.3
H	2,059	2,059	5.1	1,749	1,749	3.6	1,718	1,718	3.5
Total	40,320	3,597	100.0	48,769	3,244	100.0	48,446	3,286	100.0
AA-C	32,853	381	81.5	42,269	372	86.7	41,772	369	86.2
D-H	7,467	3,216	18.5	6,500	2,872	13.3	6,674	2,918	13.8

The following table details the changes in bad debt provisions for the Portfolio Agribusiness.

Table 94. Changes in the Allowance – Agribusiness

R$ million

	3Q06	4Q06	1Q07	2Q07	3Q07
Agribusiness Loan Portfolio	40,320	45,064	46,774	48,769	48,446
Initial Allowance	**3,269**	**3,597**	**2,768**	**3,104**	**3,244**
1 - Risk Migration	(209)	(1,235)	(345)	(164)	(194)
a) Risk Deterioration	689	641	465	425	395
b) Risk Improvement	(897)	(1,876)	(810)	(589)	(589)
2 – New Transactions	971	1,058	790	498	464
3 – Write-offs	(312)	(547)	(132)	(147)	(147)
Total (1 + 2 + 3):	450	(724)	313	186	123
Other Impacts*	(121)	(105)	24	(47)	(80)
Final Allowance	**3,597**	**2,768**	**3,104**	**3,244**	**3,286**
Allowance Required by CMN Resolution 2682	3,597	2,768	3,104	3,244	3,286
Allowance Flow - R$ million	641	(283)	469	286	190
Allowance / Portfolio - %	8.9	6.1	6.6	6.7	6.8
Allowance Flow / Portfolio - %	1.6	(0.6)	1.0	0.6	0.4

*Amortization, settlement, installments and charges

8.2.4 Foreign Trade Loan Portfolio

The foreign trade finance portfolio recorded an increase of 14.6% (Sept/06 – Sept/07). Loans rated at levels of risk AA to C went up from 97.5% in September 2006 to 98.1% in September 2007 and those rated as D-H came down 2.5% to 1.9% in the same period.

Table 95. Foreign Trade Loan Portfolio by Level Risk

R$ million

	Sep/06			Jun/07			Sep/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	1,377	-	13.1	5,743	-	52.2	6,515	-	54.0
A	5,713	29	54.2	2,060	10	18.7	1,880	9	15.6
B	2,149	21	20.4	2,389	24	21.7	2,790	28	23.1
C	1,033	31	9.8	686	21	6.2	662	20	5.5
D	176	18	1.7	62	6	0.6	107	11	0.9
E	10	3	0.1	5	1	0.0	7	2	0.1
F	24	12	0.2	7	3	0.1	9	5	0.1
G	10	7	0.1	15	11	0.1	5	4	0.0
H	40	40	0.4	35	35	0.3	99	99	0.8
Total	10,532	161	100.0	11,004	112	100.0	12,073	177	100.0
AA-C	10,272	81	97.5	10,879	55	98.9	11,846	57	98.1
D-H	260	80	2.5	125	57	1.1	227	120	1.9

The table below demonstrates the effects of the Foreign Trade Loan Portfolio's global risk vis-à-vis provisions, with a 1.5% stability in the provision x portfolio ratio in comparison with the same period of the prior year.

Table 96. Changes in the Allowance - Foreign Trade

R$ milhões

	3Q06	4Q06	1Q07	2Q07	3Q07
Foreign Trade Loan Portfolio	10,532	11,000	11,190	11,004	12,073
Initial Allowance	**163**	**161**	**129**	**120**	**112**
1 - Risk Migration	(27)	(66)	(31)	(24)	38
a) Risk Deterioration	32	40	20	27	84
b) Risk Improvement	(59)	(105)	(51)	(51)	(46)
2 – New Transactions	62	64	37	43	49
3 – Write-offs	(28)	(22)	(10)	(23)	(15)
Total (1 + 2 + 3):	7	(24)	(4)	(4)	71
Other Impacts*	(9)	(8)	(5)	(5)	(6)
Final Allowance	**161**	**129**	**120**	**112**	**177**
Allowance Required by CMN Resolution 2682	161	129	120	112	177
Allowance Flow - R$ million	26	(10)	2	14	80
Allowance / Portfolio - %	1.5	1.2	1.1	1.0	1.5
Allowance Flow / Portfolio - %	0.2	(0.1)	0.0	0.1	0.7

*Amortization, settlement, installments and charges

8.2.5 Foreign Loan Portfolio and Others

The table below shows the risk profile of BB's foreign loan portfolio. In September 2006 the loans ranked at risk levels AA-C accounted for 98.6% of the total portfolio. In September 2007, this share increased to 99.0% of the portfolio.

Table 97. Foreign Loan Portfolio by Level Risk

R$ million

	Sep/06			Jun/07			Sep/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	4,746	-	45.5	8,693	-	71.2	8,038	-	64.0
A	4,828	24	46.3	2,000	10	16.4	2,541	13	20.2
B	544	5	5.2	1,245	12	10.2	1,725	17	13.7
C	188	5	1.8	144	4	1.2	130	4	1.0
D	14	1	0.1	19	2	0.2	17	2	0.1
E	1	0	0.0	1	0	0.0	1	0	0.0
F	1	0	0.0	-	-	0.0	-	-	-
G	-	-	0.0	0	0	0.0	-	-	-
H	127	127	1.2	112	112	0.9	107	107	0.9
Total	10,427	164	100.0	12,214	141	100.0	12,558	143	100.0
AA-C	10,284	35	98.6	12,082	26.8	98.9	12,432	33.9	99.0
D-H	143	129	1.4	132	114.6	1.1	126	109.4	1.0

The table below exhibits the rating by risk of the other loans not classified in the Retail, Commercial, Agribusiness, Foreign Trade and Abroad portfolios. The majority of transactions, 76.4% in September 2007, originated from the loan recovery portfolio.

Table 98. Other Transactions Portfolio

R$ million

	Sep/06			Jun/07			Sep/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	346	-	11.9	265	-	10.4	212		8.5
A	42	0	1.4	42	0	1.6	66	0	2.7
B	213	2	7.3	216	2	8.4	221	2	8.9
C	316	9	10.8	310	9	12.1	313	9	12.5
D	508	51	17.4	367	37	14.4	358	36	14.3
E	318	95	10.9	272	82	10.6	265	79	10.6
F	146	73	5.0	137	69	5.4	112	56	4.5
G	94	66	3.2	71	50	2.8	90	63	3.6
H	934	934	32.0	878	878	34.3	861	861	34.5
Total	2,917	1,231	100.0	2,559	1,127	100.0	2,497	1,106	100.0
AA-C	916	12	31.4	833	12	32.6	812	12	32.5
D-H	2,001	1,220	68.6	1,726	1,115	67.4	1,685	1,094	67.5

8.3.1 Revenues with Account Fees

In 3Q07, revenues from account fees totaled R$ 727 million, an expansion of 10.3% in relation to 3Q06. The share of these revenues in the total of service revenues reached 29.1% in the period. The graph below shows that the revenues from customer relationship fees have shown greater growth than the customer base, revealing that the Bank has managed to tighten its business links with its customers.

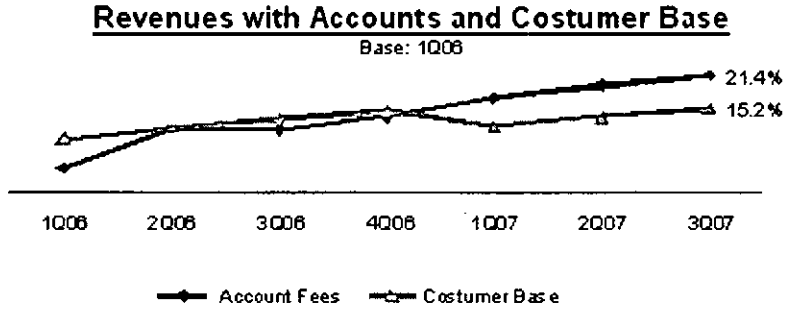


Figure 50. Revenues with Accounts and Costumer Base

BB's had 25.2 million current account holders in September 2007, a number that is 4.7% higher than in the same period of the previous year.

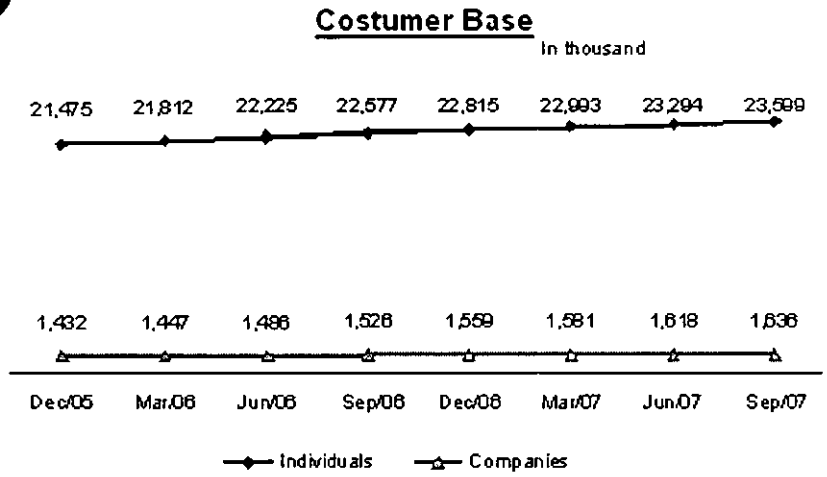


Figure 51. Costumer Base

8.3.2 Asset Management

Until September 2007, the Bank reached R$ 1,262 million in Asset Management fees, a 15.2,% growth in relation to 9M06. Comparing 3Q07 with the previous quarter, growth was 4.2%. The share of these revenues in the total of service revenues reached 17.7% in the quarter.

BB Administração de Ativos – Distribuidora de Títulos e Valores Mobiliários (BB DTVM), a wholly-owned subsidiary of Banco do Brasil, showed growth of 14.5% in the volume of assets under management in the last 12 months, which totaled R$ 206.9 billion. This volume confirms BB's leadership as the largest asset manager in the Country, with a 18.1% market share, according to Anbid's ranking. The market share of BBDTVM has decreased due to greater competition and the penetration of new agents in this market.

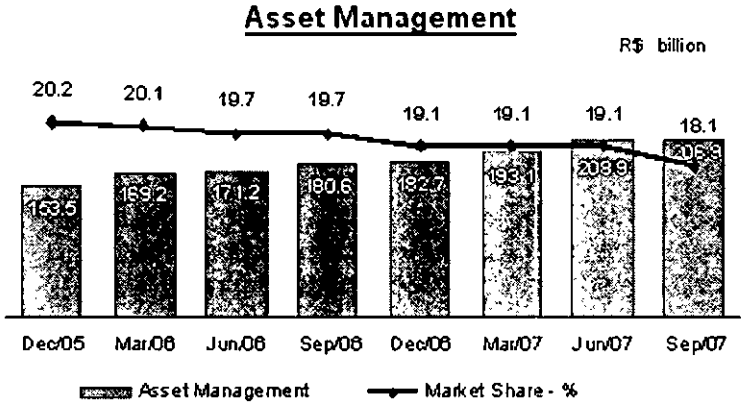


Figure 52. Asset Management

BB DTVM has funds for different kinds of customers. In accordance with the following table, Investment funds and managed portfolios aimed at institutional investors have the largest share in the total registered in September 2007, with 39.4%, followed by individuals and government, which hold 29.4% and 17.4% respectively. It is valid to emphasize the growth of Investment Funds and Managed Portfolios targeting the Foreign Investor and the Government. The first one grew from R$ 5,604 million to R$ 8,832 million (Sept/06 – Sept/07), a 57.6% variation in the period, while the other fund grew from R$ 27,490 million to R$ 36,071 million, a 32.2% increase.

Table 101. Investment Funds and Managed Portfolios by Costumer

R$ million

							Chg.%	
	Sep/06	Share %	Jun/07	Share %	Sep/07	Share %	on Sep/06	on Jun/07
Institutional Investors	73,521	40.7	80,706	38.6	81,502	39.4	10.9	1.0
Individuals	52,756	29.2	60,108	28.8	60,825	29.4	15.3	1.2
Government	27,490	15.2	40,483	19.4	36,071	17.4	31.2	(10.9)
Businesses	21,258	11.8	19,648	9.4	19,635	9.5	(7.6)	(0.1)
Foreign Investors	5,604	3.1	7,906	3.8	8,832	4.3	57.6	11.7
Total	180,629	100.0	208,851	100.0	206,865	100.0	14.5	(1.0)

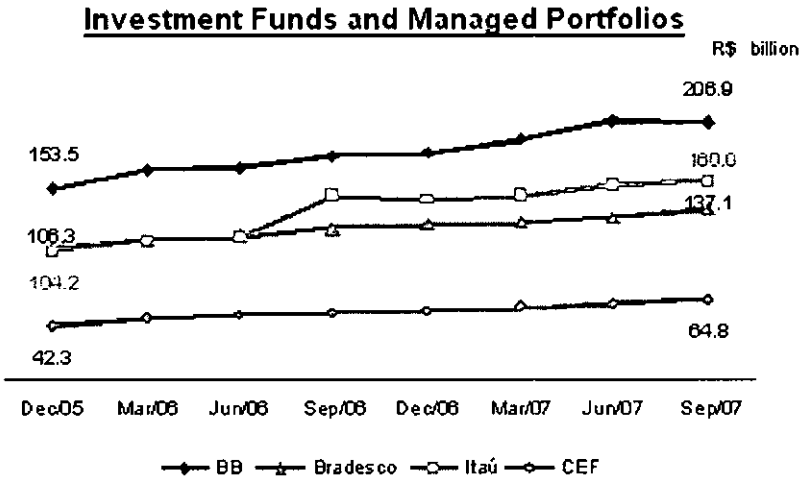


Figure 53. Investment Funds and Managed Portfolios

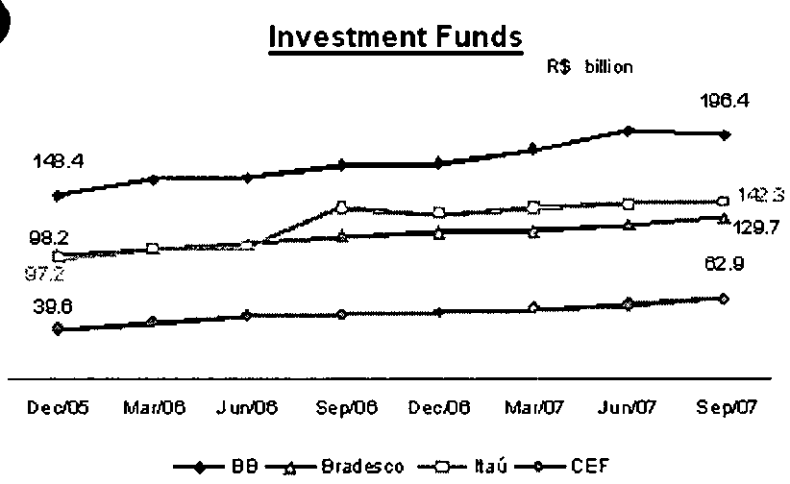


Figure 54. Investment Funds

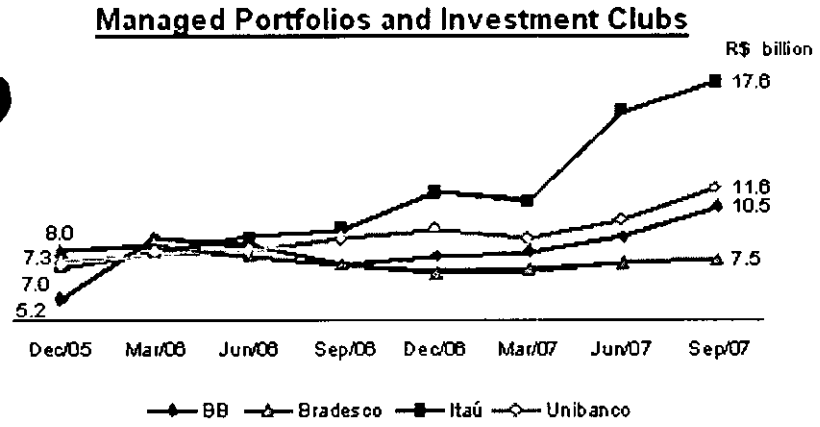


Figure 55. Managed Portfolios and Investment Funds

8.3.3 Cards

Revenue with Cards in the total Service Revenue (RPS) amounted to R$ 208 million in 3Q07. The share of these revenues in the total RPS attained 8.3% in the quarter, practically the same percentage recorded in 2Q07.

Revenues from cards were up 15.0% over 9M06. The main development was the performance of collection of annuities and commission of the issuing bank, with a change of 17.4% in the period, besides revenues from financing, which represent 80% of cards revenues. Revenues from Equity Income raised 47.5% (9M06 – 9M07), representing 12% of total.

Table 102. Services Revenues from Cards

R$ million

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Service Revenues - Cards	186	204	208	12.2	2.2	515	605	17.4
Financing Income	198	224	231	16.3	2.8	583	654	12.3
Equity Income - Visanet	52	89	50	(2.7)	(43.4)	135	198	47.5
Other Income and Other Services	60	43	53	(11.6)	22.4	167	153	(8.8)
Total Revenues	495	560	542	9.4	(3.2)	1,400	1,610	15.0

Banco do Brasil expanded its credit card base by 56.3% in the last 12 months, closing the year with 17.8 million cards at the end of the quarter.

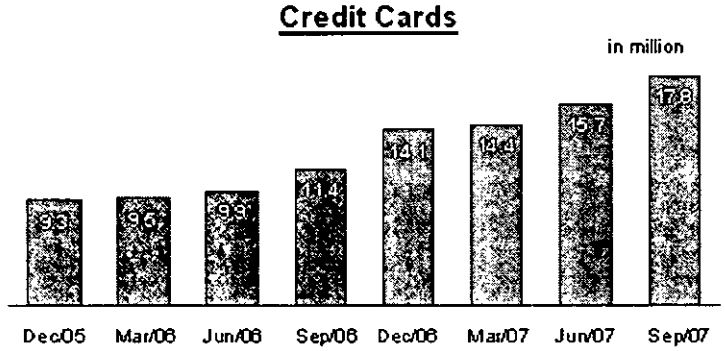


Figure 56. Credit Cards In relation to the turnover from cards, the Bank recorded the sum of R$ 12.3 billion in 3Q07, with R$ 6.8 billion in Credit and R$ 5.5 billion in Debit. In relation to the turnover from credit cards, R$ 5.5 billion originated from the Visa flagship and R$ 1.3 billion from the Mastercard flagship.

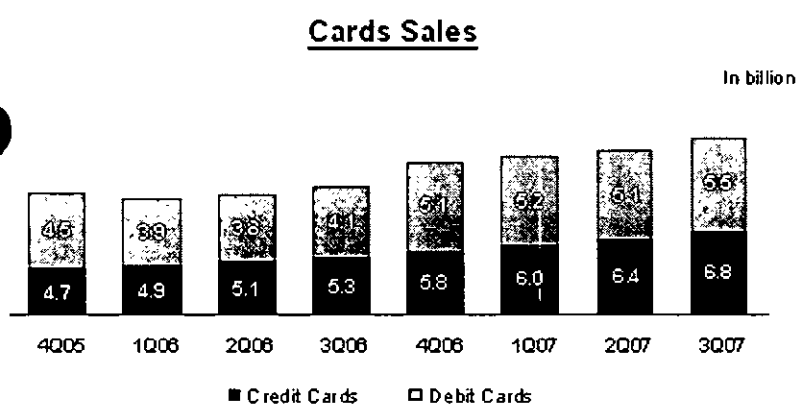


Figure 57. Cards Sales

8.3.4 Billings

Revenues from collections reached R$ 243 million in 3Q07, an increase of 10.2% in relation to the same period of the previous year. The share by these earnings in total Service Provision Revenues rose to 9.7% during the quarter.

The total volume earned grew 16.4% during the 12-month period and rose to R$ 100,522 million by the end of the quarter, of which 70.8% originating from the Bank's wholesale, (corporate, and commercial) segment.

In connection with the number of active agreements, BB had in effect 451 thousand agreements at the end of the quarter, as against 428 thousand in 3Q06, a 5.4% increase in the period.

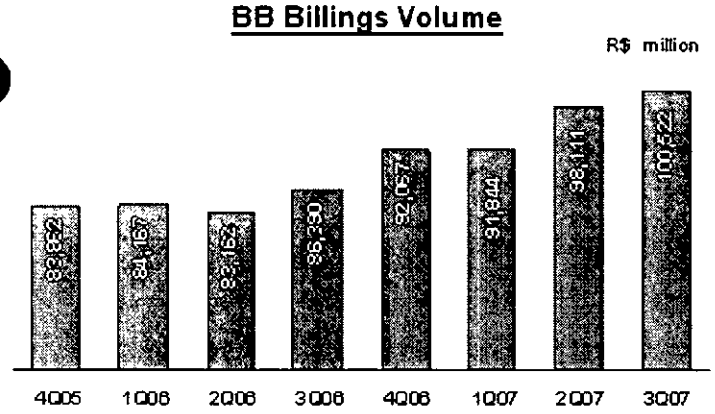


Figure 58. BB Billings Volume

8.4 Commercial Income

Table 103. Commercial Income

R$ million

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Contribution Margin	4,972	5,919	5,963	19.9	0.7	14,121	17,363	23.0
Administrative Expenses	(3,216)	(3,268)	(3,388)	4.7	3.1	(9,624)	(9,748)	1.3
Personnel Expenses	(1,804)	(1,713)	(1,759)	(2.5)	2.7	(5,424)	(5,144)	(5.2)
Other Administrative Expenses	(1,378)	(1,519)	(1,572)	14.1	3.5	(4,091)	(4,492)	9.8
Other Tax Expenses	(34)	(36)	(37)	9.7	3.3	(109)	(110)	1.3
Commercial Income	1,756	2,652	2,595	47.8	(2.2)	4,496	7,617	69.4

Commercial income represents the Bank's business earnings after the deduction of the expenses necessary for carrying on the business. In 9M07, the Bank recorded R$ 7,617 million in Corporate Revenues, as against R$ 4,496 million in 9M06, a 69.4% rise. The increase in net income results from the greater growth of MFB, from the reduction of provision for doubtful loans - PCLD expenses and the increase of RPS, which contributed to the growth of the Margin of contribution. Administrative Expenses were in line with the results observed in 9M06.

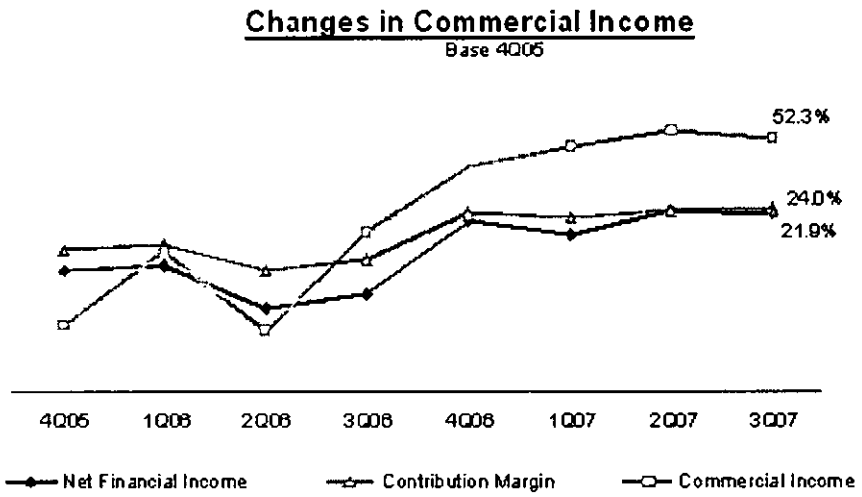


Figure 59. Changes in Commercial Income

8.4.1 Personnel Expenses

Personnel Expenses went from R$ 5,424 million in 9M06 to R$ 5,144 million in 9M07, reduction of 5.2%. Two events not recurring to the net income of 3Q07 were reallocated as Extraordinary Items in the Statement of Income (DRE) of the Bank: the Advance Resignation Plan (PAA) and the restructuring of Cassi - (BB Employee Assistance Fund).

The Early Resignation Plan (PAA) for employees over 50 years of age and with 15 years of contribution to Previ, which had approximately R$ 141 million in 3Q07, value before taxes.

The sum of expenses referring to the Bank's obligations due to the agreement signed for the restructuring of Cassi was R$ 403 million. Upon the opening of personnel expenses, the aforesaid amount before taxes was recorded in "Benefits".

Table 104. Personnel Expenses

R$ million

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Personnel Expenses	(1,804)	(1,712)	(1,759)	(2.5)	2.7	(5,424)	(5,144)	(5.2)
Salaries	(818)	(430)	(827)	1.1	92.5	(2,584)	(2,037)	(21.2)
Benefits	(213)	(142)	(228)	6.9	60.9	(645)	(514)	(20.3)
Social Charges	(378)	(260)	(310)	(17.9)	19.1	(1,180)	(937)	(20.6)
Training	(13)	(17)	(18)	33.7	7.7	(35)	(45)	27.9
Remuneration for Counselors and Directors	(3)	(3)	(3)	4.1	4.6	(10)	(10)	0.7
Administrative Personnel Provisions	(378)	(861)	(373)	(1.5)	(56.7)	(970)	(1,601)	65.1

The number of employees does not include those who are in situations of leaves and absences and those lent to other companies, in such as way as to demonstrate the Bank's real workforce, that is to say, the employees that are effectively contributing towards generating results.

Banco do Brasil closed the 3Q07 with 89,514 collaborators, a workforce 3.6% lower than that recorded in September 2006 and 0.5% higher than recorded in June 2007. The headcount reduction, if compared with the same prior-year period, was motivated by the Advance Resignation Plan (PAA), which created conditions for the socially responsible resignation of employees who had completed the required requisites for obtaining their advanced pension supplement from PREVI (50 year old or qualified to apply for the INSS [social security] benefits, and with 15 years of contributions to

PREVI).

The dismissal of around 6.9 thousand employees due to the incentives of PAA should generate positive impacts on net income as of 2008.

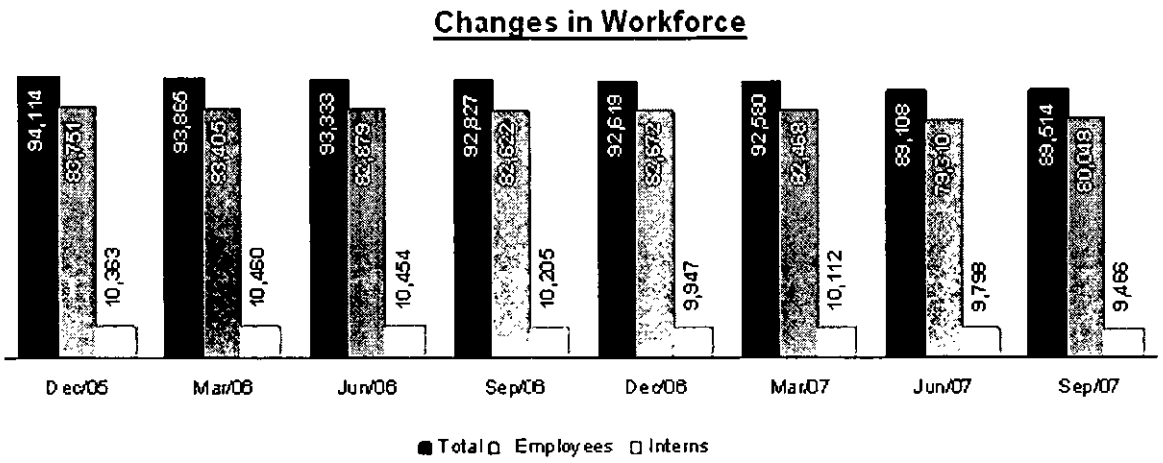


Figure 60. Changes in Workforce

In connection with the distribution of staff members by age, employees between 26 to 35 and those between 36 and 45 years of age have decreased in numbers and increased the number of employees with 25 years old or over 45 years old.

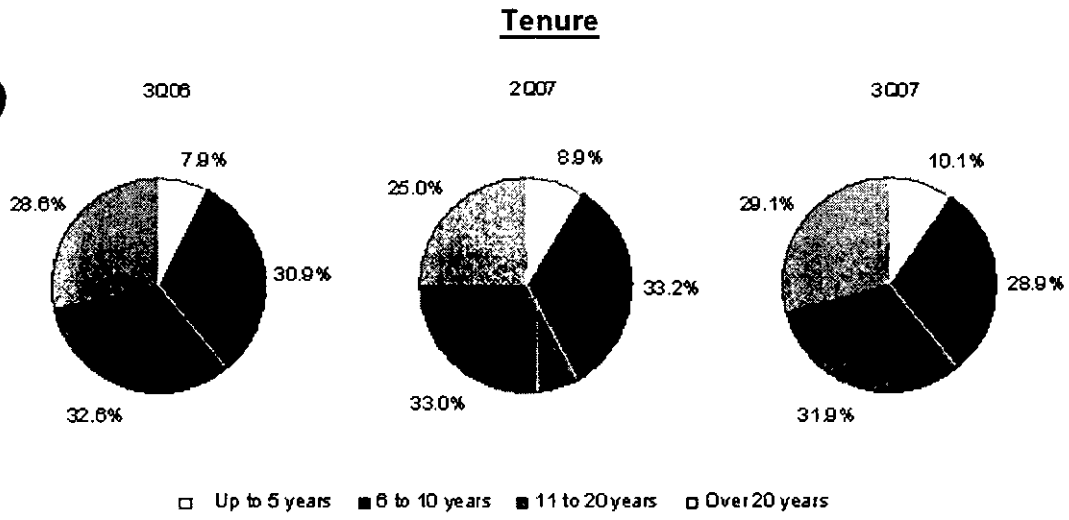


Figure 61. Tenure

In connection with the staff member composition according to years worked in the Bank, it is worth mentioning that 41% have been with the institution for up to 5 years. It can be seen that the participation of employees with over 25 years of service at the Bank dropped 3 percentage points in the 12-month period.

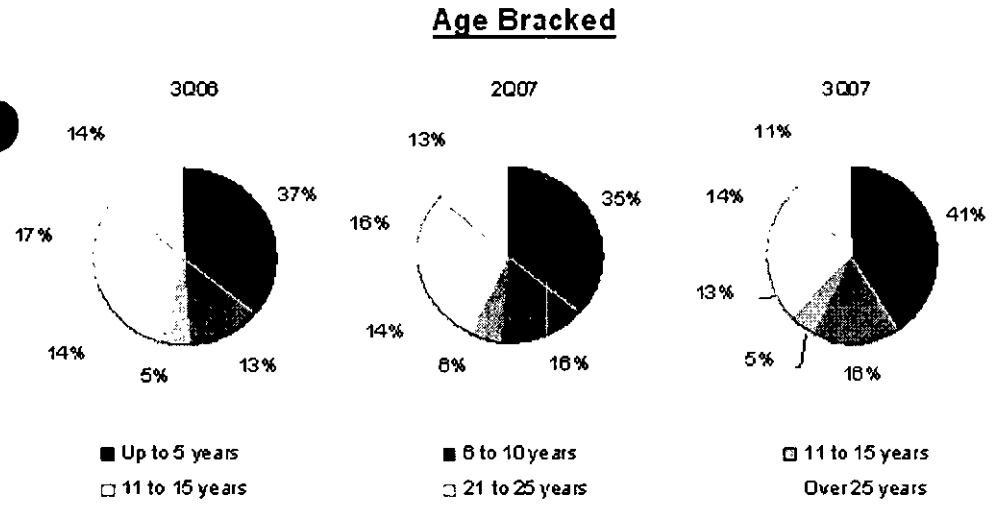


Figure 62. Aged Bracked

The graph below shows the evolution of the degree of education of the Bank employees. As can be seen, the quantity of employees with a graduation, specialization, master's or doctorate course increased in relation to previous quarters, attaining 63.9% of the staff.

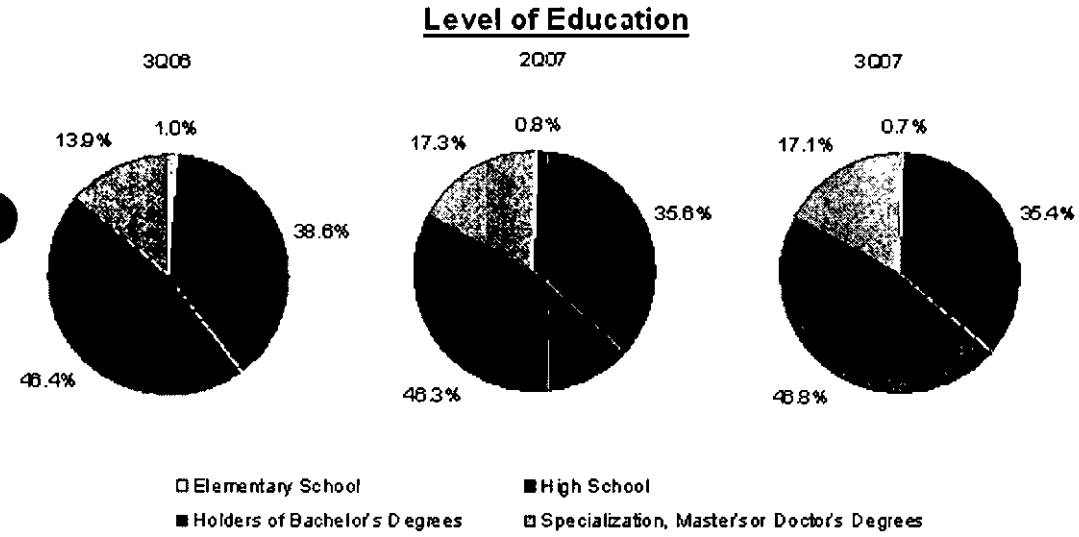


Figure 63. Level of Education

Some BB productivity ratios are shown below.

Productivity Ratios

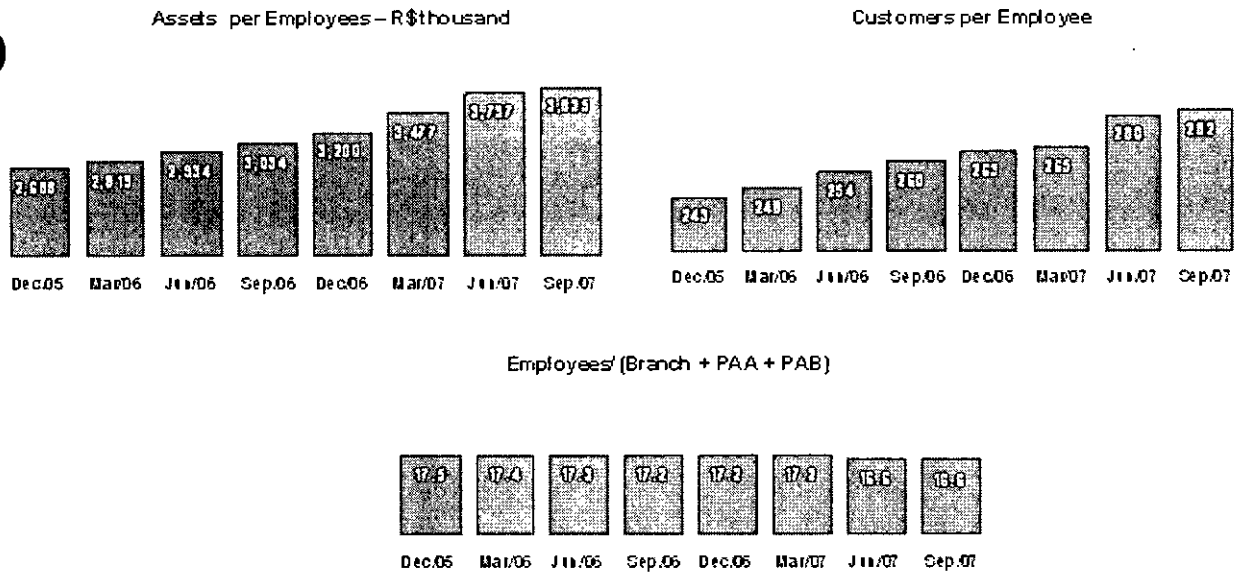


Figure 64. Productivity Ratios

8.4.2 Other Administrative Expenses

Other Administrative Expenses amounted to R$ 4,492 million in 9M07, up 9.8% over 9M06. The greatest changes were those in connection with surveillance, security, transportation and third-party services. A reduction of 10.5% can be verified in expenses with Marketing and Public Relations during the semester. However, in the quarterly analysis, there is an increase of 13.4% in relation to 3Q06, due to the advertising campaigns held over the course in the period.

Table 105. Other Administrative Expenses

R$ million

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Other Administrative Expenses	(1,378)	(1,519)	(1,572)	14.1	3.5	(4,091)	(4,492)	9.8
Telecommunications and Data Processing	(374)	(391)	(399)	6.7	2.1	(1,110)	(1,159)	4.5
Amortization and Depreciation	(177)	(182)	(184)	3.7	1.1	(517)	(546)	5.5
Security, Guard and Transport Services	(214)	(231)	(239)	11.4	3.3	(593)	(689)	16.1
Expenses with Premises and Equipment	(189)	(202)	(195)	2.9	(3.6)	(568)	(596)	5.0
Marketing and Public Relations	(90)	(115)	(103)	13.4	(10.5)	(270)	(281)	4.0
Expenses with Outsourced Services	(129)	(157)	(174)	34.9	10.8	(393)	(469)	19.4
Other Administrative Expenses	(204)	(242)	(279)	37.0	15.4	(641)	(752)	17.3

The items most directly related to the running of the business (Telecommunications and Data Processing, Surveillance, Security and Transport Services, Property and Equipment) added up to R$ 2,444 million in 9M07, showing growth of 7.6% in relation to 9M06, explained, mainly, by the following factors:

- 1.1% expansion in the service network – opening new points of service has a direct implication for an increase in the greater part of the items making up administrative expenses;

- 4.7% increase in the customer base – the increase in the quantity of customers, besides the increase in the points of service, has an influence on the quantity of correspondence sent, data processing, use of the self-service channels, etc; and

- Contractual readjustments and increase in activities.

8.4.5 Productivity – Coverage Ratios

The coverage ratios show the capacity for covering fixed costs using only service revenues.

The rate of coverage of personnel expenses attained 128.8% in 9M07, as opposed to 113.4% in 9M06, due to the increase of 10.8% of service revenue and of 3.8% in personnel expenses in relation to 9M06. The rate of coverage of administrative expenses went from 64.9% in 9M06 to 68.7% in 9M07.

In relation to the quarter, as can be observed in the following figure, the rate of coverage of RPS over Personnel Expenses climbed from 115.8% in 3Q06 to 131.2% in 3Q07, growth of 1,530 base points in the period. In relation to the capacity for coverage of all the administrative expenses, there was an increase from 64.9% in 9M06 to 68.7% in 9M07. The maintenance of higher ratios of coverage stems from strong control over administrative costs as well as the increase of revenues from services.

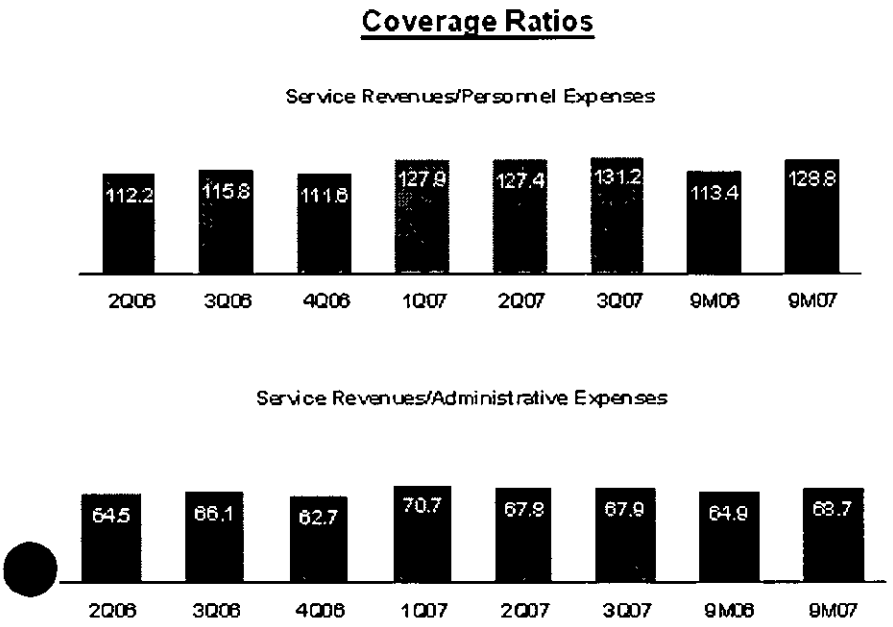


Figure 71. Coverage Ratios

Table 109. Coverage Ratios

R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07***	3Q07	9M06	9M07
Service Revenues	2,103	2,246	2,252	2,287	2,377	2,437	2,498	6,601	7,312
Administrative Expenses	(3,156)	(3,253)	(3,216)	(3,396)	(3,186)	(3,266)	(3,368)	(9,624)	(9,822)
Personnel Expenses	(1,781)	(1,839)	(1,804)	(1,846)	(1,748)	(1,713)	(1,759)	(5,424)	(5,220)
Legal Risk	(126)	(229)	(192)	(251)	(177)	(329)	(310)	(547)	(815)
Legal Claims	(31)	(67)	(51)	(48)	(66)	(128)	(164)	(150)	(358)
Labor Lawsuits	(95)	(162)	(141)	(204)	(111)	(201)	(146)	(397)	(457)
Service Revenues / Personnel Exp.*	112.1	112.2	115.8	111.6	127.9	127.4	131.2	113.4	128.8
Service Revenues / Administ. Exp.**	64.1	64.5	66.1	62.7	70.7	67.8	67.9	64.9	68.7

* In the calculation of this ratio Labor Lawsuits are included.
**In the calculation of this ratio Legal Risk is included (Legal Claims and Labor Lawsuits).
*** In the calculation of Service Revenues / Personnel Expenses in 2Q07 was included Previ Contributions bracked – Plan I and Voluntary Retirement Plan.

Despite the expansion of the service network, necessary to meet the constant increase in the customer base, BB has kept its cost structure compatible with its generation of business, as seen in the graphs below:

Productivity Ratios

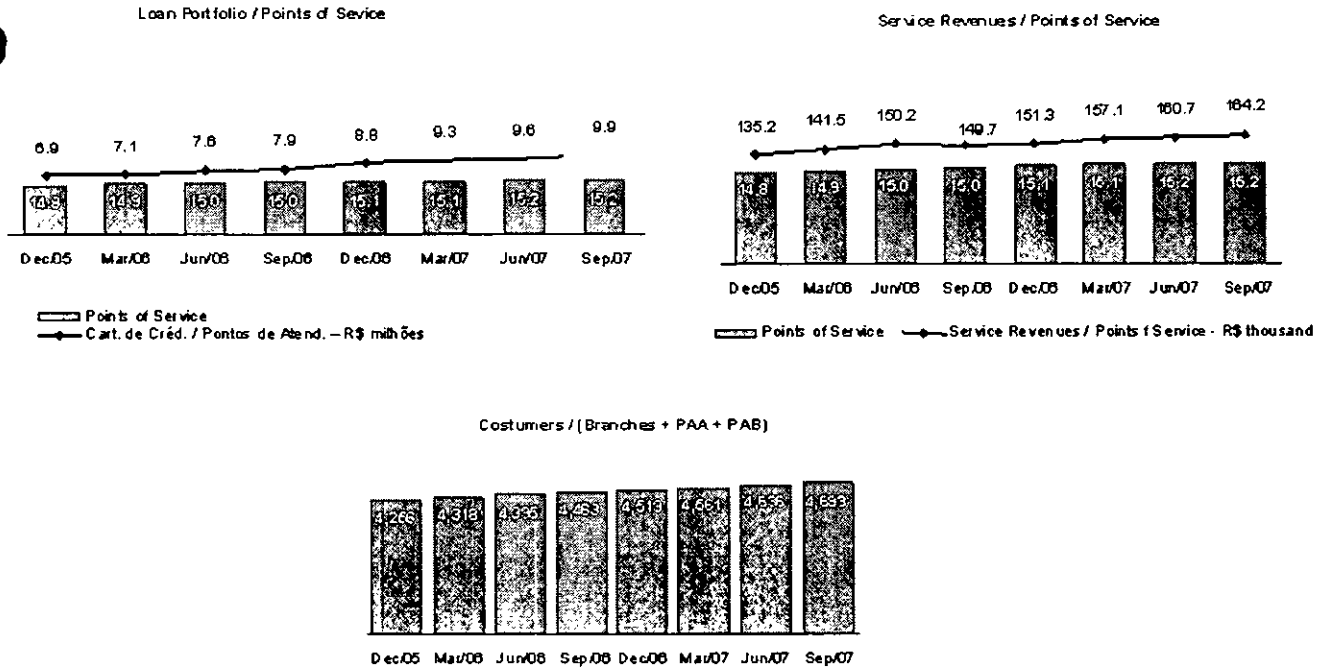


Figure 72. Productivity Ratios

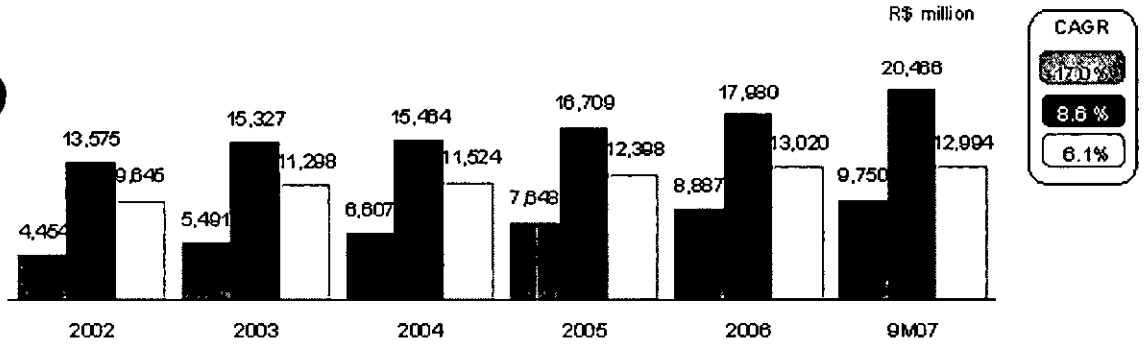


Figure 73. Business vs. Expenses

8.5 Operating Income

Table 110. Operating Income

R$ million

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Commercial Income	1,625	2,652	2,585	59.7	(2.2)	4,366	7,483	71.4
Legal Risk	(192)	(329)	(310)	61.8	(5.7)	(547)	(815)	49.1
Legal Claims	(51)	(128)	(164)	222.4	28.5	(150)	(358)	139.7
Labor Lawsuits	(141)	(201)	(146)	3.5	(27.5)	(397)	(457)	15.0
Other Operating Income (Expenses)	(20)	0	48	(343.2)	-	(198)	162	(181.8)
Equity Interest in Results of Subs. and Affil.	152	160	148	(2.7)	(7.4)	393	499	26.9
FX Other Operating Income/Expenses	(172)	(160)	(100)	(41.9)	(37.3)	(590)	(337)	(42.9)
Other Operating Income	585	727	705	20.5	(3.0)	1,816	2,054	13.1
Other Operating Expenses	(888)	(887)	(805)	(9.3)	(9.2)	(2,537)	(2,525)	(0.5)
Operating Income	1,414	2,323	2,333	65.0	0.4	3,621	6,830	88.6

Operating Income increased 88.6% in relation to 9M06 and 65.0%, in the quarterly flow, in comparison with 3Q06. This performance was due mainly to the downslide of 181.8% (9M06-9M07) in other components of net income. This item exhibited a downslide of 42.9% in the result of other operating income/expenses and an increase of 26.9% in the result of holdings in associated and subsidiary companies.

The change in the heading other operating expenses, compared to 9M06, resulted from the increase in recovery of changes and expenses as refunds for costs by affiliated companies. Additionally, it was also possible to note the positive effects of the Fund's agreement with parity to Previ. In the months of July and January (after the Balance Sheet closing) there is also the reallocation of Other Operating Income to Funding Operations in the Market, due to the reversal of charges with the restatement of savings deposits recorded upon the closing of the semesters.

The table and the graph below show the efficiency attained by Banco do Brasil. The Ratio of Administrative Expenses plus Legal Risk to operating revenues reached 48.2% in 9M07, a 160 basis points reduction in relation to the same period of 2006. Comparing 3Q07 to 3Q06, the rate dropped to 390 base points.

Table 111. Efficiency Ratio

R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	9M06	9M07
A) Administrative Expenses	(3,156)	(3,253)	(3,216)	(3,396)	(3,186)	(3,268)	(3,368)	(9,624)	(9,822)
Personnel Expenses	(1,781)	(1,839)	(1,804)	(1,846)	(1,748)	(1,713)	(1,759)	(5,424)	(5,220)
Other Administrative Expenses	(1,331)	(1,383)	(1,378)	(1,516)	(1,401)	(1,519)	(1,572)	(4,091)	(4,492)
Other Tax Expenses	(44)	(31)	(34)	(33)	(37)	(36)	(37)	(109)	(110)
B) Legal Risk	(126)	(229)	(192)	(251)	(177)	(329)	(310)	(547)	(816)
Legal Claims	(31)	(87)	(51)	(48)	(66)	(128)	(164)	(150)	(359)
Labor Lawsuits	(95)	(162)	(141)	(204)	(111)	(201)	(146)	(397)	(457)
C) Operating Income	6,394	6,254	6,353	6,826	7,018	7,485	7,554	19,001	22,058
Net Interest Income	4,406	4,312	4,403	4,855	4,952	5,208	5,156	13,121	15,216
Service Revenues	2,103	2,246	2,252	2,287	2,377	2,437	2,498	6,601	7,312
Other Operating Income	631	599	585	702	621	727	705	1,816	2,054
Other Operating Expenses	(746)	(903)	(888)	(1,018)	(833)	(887)	(805)	(2,537)	(2,525)
Efficiency Ratio ((A+B) / C) - %	51.3	55.7	53.6	53.4	47.9	48.0	48.7	53.5	48.2

Table 112. Efficiency Ratio Statement - Quarterly

	3Q06	3Q07	Abs. Chg	Chg. %	Effect in the Ratio
Administrative Expenses	(3,407)	(3,678)	(271)	7.9	4.3
Personnel Expenses	(1,804)	(1,759)	45	(2.5)	(0.7)
Other Administrative Expenses	(1,378)	(1,572)	(194)	14.1	3.0
Other Tax Expenses	(34)	(37)	(3)	9.7	0.1
Legal Risk	(192)	(310)	(118)	61.8	1.9
Operating Income	6,353	7,554	1,202	18.9	(8.5)
Net Interest Income	4,403	5,156	753	17.1	(5.7)
Service Revenues	2,252	2,498	246	10.9	(2.0)
Other Operating Income	585	705	(3,698)	20.5	74.7
Other Operating Expenses	(888)	(805)	83	(9.3)	(0.7)
Adm. Exp. and Oper. Inc. (consolidated effect)					(0.7)
Efficiency Ratio	53.6%	48.7%			(5.0)

Table 113. Efficiency Ratio Statement – Nine-month period

	9M06	9M07	Abs. Chg	Chg. %	Effect in the Ratio
Administrative Expenses	(10,171)	(11,237)	(1,066)	10.5	5.6
Personnel Expenses	(5,424)	(5,820)	(396)	7.3	2.1
Other Administrative Expenses	(4,091)	(4,492)	(400)	9.8	2.1
Other Tax Expenses	(109)	(110)	(1)	1.3	0.0
Legal Risk	(547)	(816)	(269)	49.2	1.4
Operating Income	19,001	22,058	3,057	16.1	(7.4)
Net Interest Income	13,121	15,216	2,095	16.0	(5.3)
Service Revenues	6,601	7,312	712	10.8	(1.9)
Other Operating Income	1,816	2,054	238	13.1	(0.7)
Other Operating Expenses	(2,537)	(2,525)	12	(0.5)	(0.0)
Adm. Exp. and Oper. Inc. (consolidated effect)					(0.8)
Efficiency Ratio	53.5%	50.9%			(2.6)

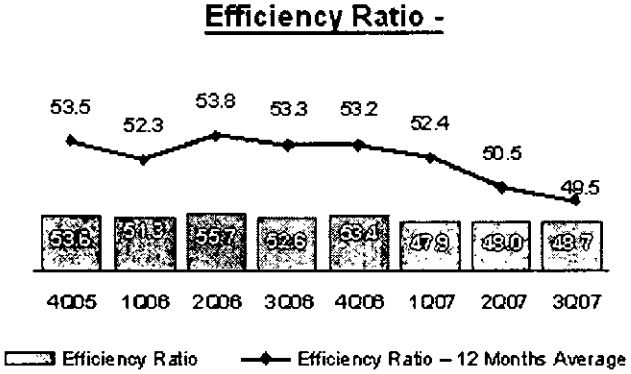


Figure 74. Efficiency Ratio

8.6 Net Income

Table 114. Net Income

R$ milion

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Operating Income	1,414	2,323	2,333	65.0	0.4	3,621	6,830	88.6
Non-Operating Income	23	12	43	89.4	248.4	73	85	16.3
Income Before Taxes	1,436	2,336	2,376	65.4	1.7	3,695	6,915	87.2
Income and Social Contribution Taxes	(488)	(734)	(819)	26.9	(15.7)	(664)	(1,777)	167.8
Interest on Own Capital Tax Benefit	-	112	113	-	0.8	236	335	41.9
Statutory Profit Sharing	(117)	(137)	(175)	49.8	27.4	(613)	(492)	(19.7)
Recurring Income	832	1,464	1,582	90.2	8.1	2,417	4,646	92.2
Non-Recurring Items	76	(396)	(218)	-	(44.9)	2,379	(805)	(133.8)
Previ Parity (7)	-	-	-	-	-	1,362	-	-
Previ – Provision for IR and CS (6)						(463)	-	-
Extraordinary Provision for Credit Risks(8)	-	-	-	-	-	(500)	-	-
Tax Credit Recorded (9)	-	-	-	-	-	1,905	-	-
Recovery of Undue Taxes (10)	115	-	-	-	-	115	-	-
Previ – Provision for IR and CS (7)	(39)	-	-	-	-	(39)	-	-
Previ – Reimbursement Contribution –Plan I (11)	-	76	-	-	-	-	-	-
PAA – Provision for IR and CS(11)	-	(26)	-	-	-	-	-	-
Cassi – Assistance Plan (12)	-	-	(403)	-	-	-	(403)	-
Cassi – Provision for IR and CS (12)	-	-	137	-	-	-	137	-
PAA-Early Retirement Plan(13)	-	(676)	(141)	-	-	-	(817)	-
Previ – Provision for IR and CS (7)	-	230	48	-	-	-	278	-
Permanent Exclusions Tax Benefit (14)	-	-	141	-	-	-	-	-
Net Income	907	1,068	1,364	50.3	27.7	4,796	3,841	(19.9)

In 3Q07, the Bank's net income was R$ 1,364 million, against R$ 907 million in 3Q06, representing a increase of 50.3%. In 9M07, the accumulated net income of R$ 3,841 million was influenced by the restructuring of Cassi, positive extraordinary impact of the suspension of contributions to PREVI - Plan I; and by the effects caused by the Resignation Encouragement Plan- PAA. These extraordinary effects are detailed in chapter 5.3.1 - Details of the Reallocations.

The annualized ratio of Return on Average Shareholders' Equity (ROE) was 26.3% in 3Q07, as opposed to 19.8% in 3Q06. Return on Shareholders' Equity in 9M07, attained 24.0%, as opposed to 35.9% in 9M06, the latter reflecting the high extraordinary impacts observed in the 1st semester of 2006.

In 2007, BB started to adopt the policy for payment of dividends and/or interest on own capital every quarter. In 9M07, the Bank distributed the sum of R$ 1,536 million to the shareholders. In 3Q07 the sum distributed was 546 million.

The IR/LAIR ratio went from 21.6% in 9M06 to 27.7% in 9M07, basically due to the distortions caused by the activation of tax credits on inter-temporal differences observed in 1Q06. In relation to the previous quarter, the rate was lower due to the fiscal benefit of permanent exclusions in the calculation basis of taxes referring to foreign exchange gains that occurred in the period. The amount corresponding to the difference between the rate determined in 9M07 and in 3Q07 was reallocated as extraordinary effect.

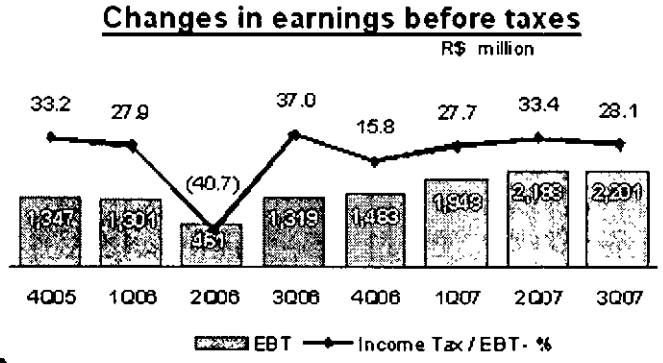


Figure 75. Changes in earning before taxes

Recurring Income

Excluding the extraordinary impacts on the net income of BB, it is possible to observe an increase in recurring income, of 9M07, of 92.2%, in relation to 9M06. In the quarterly flow, there was growth of 8.1% in 3Q07, in relation to 2Q07 and 90.2% in relation to 3Q06. ROE of Recurring Income went up from 17.8% in 9M06 to 29.2% in 9M07.

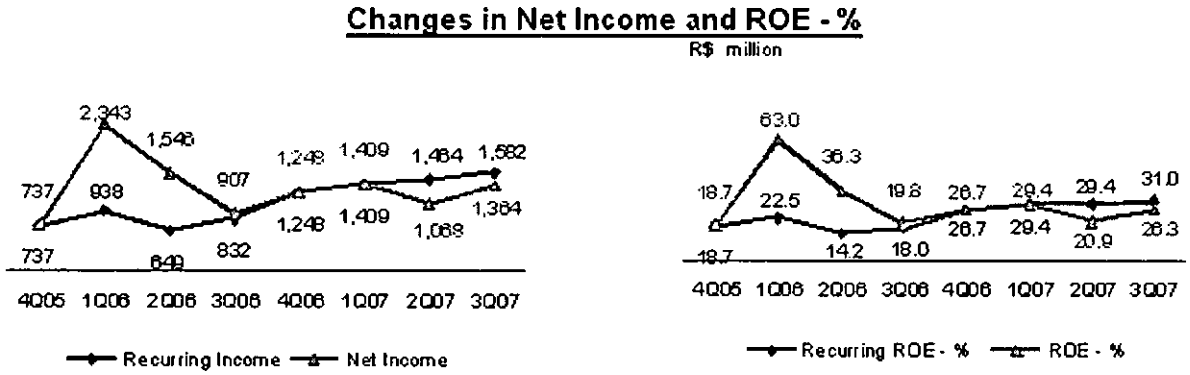


Figure 76. Changes in Net Income and ROE

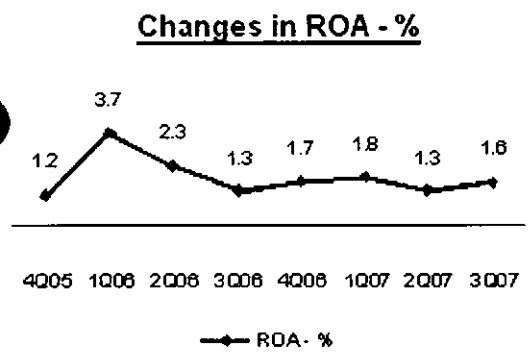


Figure 77. Changes in ROA

Table 115. Return on Equity

R$ million

	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	9M06	9M07
Recurring Income	847	831	1,248	1,409	1,464	1,582	2,417	4,646
Net Income	1,546	907	1,248	1,409	1,068	1,364	4,796	3,841
Average Shareholders' Equity	19,194	19,888	20,478	21,198	21,972	22,685	18,523	21,912
Recurring - ROE - %	14.2	18.0	26.7	29.4	29.4	31.0	17.8	29.2
ROE - %	36.3	19.8	26.7	29.4	20.9	26.3	35.9	24.0

The following figure evidences the growth of the sum of net income, of recurrent income and of dividends/interest on own capital – JCP paid since 2003. As of the 2nd semester of 2005, the Bank began to pay shareholders 40% of its net income. As from 2007, BB adopted the quarterly distribution of JCP.

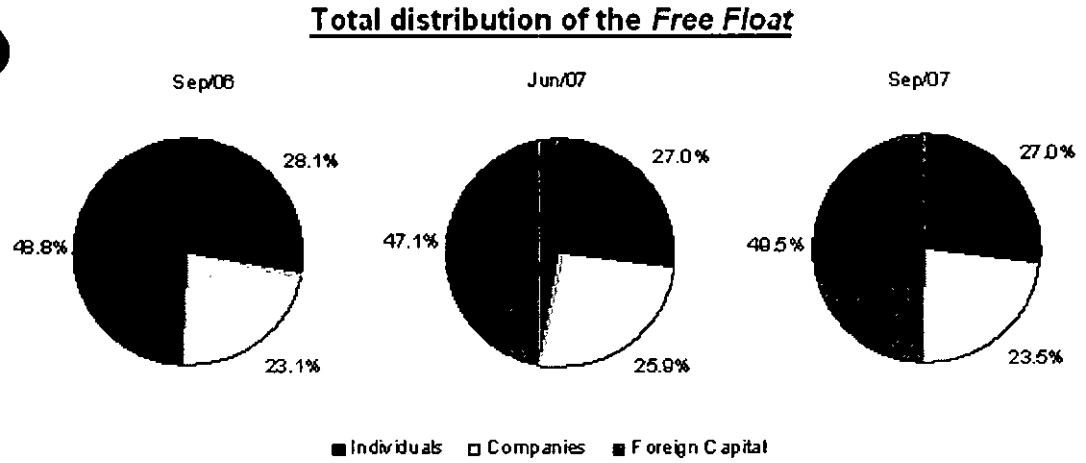


Figure 78. Income and Interest on Equity / Dividends

Table 116. ROE decomposition - Quarterly

	3Q06		2Q07		3Q07	
	NI	RI	NI	RI	NI	RI
Net Interest Income	93.0	92.5	101.9	104.7	99.4	100.9
Allowance for Loan Losses	(30.1)	(30.0)	(24.2)	(24.9)	(23.4)	(23.8)
Service Revenues	49.0	48.7	47.7	49.0	48.2	48.9
Taxes on Revenues	(20.0)	(19.8)	(23.9)	(24.6)	(21.1)	(21.4)
Administrative Expenses	(70.0)	(69.6)	(64.0)	(65.7)	(65.0)	(65.9)
Other Components of Result*	(3.8)	(3.8)	0.0	0.0	0.9	0.9
Recurring Income		18.0		29.4		31.0
Non-recurring Items	1.6		(7.7)		(4.2)	
Net Income	19.8		20.9		26.3	

* Legal risk, Other Operating Income(expenses), Non-operating income, Statutory Profit Sharing.

Table 117. ROE decomposition – Nine-month

	9M06		9M07	
	NI	RI	NI	RI
Net Interest Income	99.3	97.4	98.0	96.6
Allowance for Loan Losses	(33.6)	(33.0)	(24.3)	(24.4)
Service Revenues	48.5	48.5	45.7	46.0
Taxes on Revenues	(14.3)	(14.0)	(20.0)	(20.1)
Administrative Expenses	(72.1)	(70.7)	(61.0)	(61.3)
Other Components of Result*	(2.5)	(2.4)	0.2	0.2
Recurring Income		17.8		29.2
Non-recurring Items	17.8		(5.0)	
Net Income	35.9		24.0	

* Legal risk, Other Operating Income(expenses), Non-operating income, Statutory Profit Sharing.

The Analytical ROE has the aim of showing the behavior of the items that make up the Bank's results. In 9M07, the Net Interest Income (NII), the Service Revenues and the extraordinary items were those that most contributed to the making up of the result, both in the view of Net Income and Recurring Income. Next to expenses, there is a reduction in the share of Administrative Expenses and of Provision for Doubtful Loans (PCLD) in relation to the same period of 2006.

8.7 Net Value Added

The table Net Value Added shows how Banco do Brasil's income is made up of the generation of value from each of the Bank's businesses, and then shows a breakdown of the distribution of these proceeds. The point of view used is the Net Interest Income, which includes financial intermediation revenues and expenses, without allowances for loan losses.

Table 118. Net Value Added

R$ million

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Net interest income	4,403	5,208	5,156	17.1	(1.0)	13,252	15,350	15.8
Income from Non-Financial Products	1,777	1,948	1,994	12.2	2.4	5,183	5,814	12.2
Account Fees	659	716	727	10.3	1.6	1,935	2,147	11.0
Investment Fund Management Fees	380	425	443	16.4	4.2	1,095	1,262	15.2
Loans	213	234	240	12.6	2.3	635	707	11.4
Billings	220	233	243	10.2	4.0	638	700	9.7
Collections	94	101	106	12.4	4.4	273	308	12.5
Credit Cards Fees	186	204	208	12.2	2.2	534	605	13.2
Insurance	25	34	28	12.2	(17.8)	73	86	17.6
Others	1,365	1,389	1,400	2.5	0.8	3,699	4,137	11.8
Insurance – Brokerage	107	113	114	6.6	0.4	314	345	9.8
Insurance – Results	125	163	108	(13.5)	(33.9)	286	413	44.4
Others Service Revenues	368	376	390	6.1	3.7	1,103	1,153	4.6
Equity Interest in Results of Subs,and Affil,	28	(3)	40	46.0		107	86	(19.7)
Other Operational Revenues	716	727	705	(1.5)	(3.0)	1,816	2,054	13.1
Non Operation Income	23	12	43	89.4	248.4	73	85	16.3
Value Added	**7,546**	**8,544**	**8,550**	**13.3**	**0.1**	**22,134**	**25,300**	**14.3**
Distribution of Value Added[1]	**(6,639)**	**(7,476)**	**(7,186)**	**8.2**	(3.9)	**(17,338)**	**(21,459)**	**23.8**
Operational Revenues	(2,273)	(2,123)	(2,021)	(11.1)	(4.8)	(7,023)	(6,407)	(8.8)
Provision for Credit Risk	(1,385)	(1,236)	(1,216)	(12.2)	(1.7)	(4,487)	(3,883)	(13.5)
Other Operational Income	(888)	(887)	(805)	(9.3)	(9.2)	(2,537)	(2,525)	(0.5)
Personnel Expenses	(2,062)	(2,051)	(2,080)	0.9	1.4	(6,435)	(6,093)	(5.3)
Personnel Expenses	(1,945)	(1,914)	(1,905)	(2.0)	(0.5)	(5,821)	(5,601)	(3.8)
Statutory Profits Sharing	(117)	(137)	(175)	49.6	27.4	(613)	(492)	(19.7)
Administrative Expenses	(1,429)	(1,647)	(1,736)	21.5	5.4	(4,241)	(4,850)	14.4
Tax Expenses	(951)	(1,259)	(1,131)	19.0	(10.1)	(2,018)	(3,303)	63.7
Taxes on Sale	(429)	(489)	(476)	10.8	(2.7)	(1,245)	(1,416)	13.7
Other Tax Expenses	(34)	(36)	(37)	9.7	3.3	(109)	(110)	1.3
Income and Social Contribution Taxes	(488)	(734)	(619)	26.9	(15.7)	(664)	(1,777)	167.6
Extraordinary Items	76	(396)	(218)	(387.8)	(44.9)	2,379	(805)	(133.8)
Value Added to Shareholders	**907**	**1,068**	**1,364**	**50.3**	**27.7**	**4,796**	**3,841**	**(19.9)**

8.8 Gross Value Added

Another way of analyzing the distribution of the value added among the Bank's various stakeholders is shown in the table below. Financial intermediation revenues are included in the value added, while intermediation expenses are included in the distribution of the value added to the Bank's different creditors.

Table 119. Gross Value Added

R$ million

	Quarterly Flow			Chg.%		Nine-month Flow		Chg.%
	3Q06	2Q07	3Q07	on 3Q06	on 2Q07	9M06	9M07	on 9M06
Net interest income	9,096	10,016	10,267	12.9	2.5	27,198	29,933	10.1
Income from Non-Financial Products	1,777	1,948	1,994	12.2	2.4	5,183	5,814	12.2
Account Fees	659	716	727	10.3	1.6	1,935	2,147	11.0
Investment Fund Management Fees	380	425	443	16.4	4.2	1,095	1,262	15.2
Loans	213	234	240	12.6	2.3	635	707	11.4
Billings	220	233	243	10.2	4.0	638	700	9.7
Collections	94	101	106	12.4	4.4	273	308	12.5
Credit Cards Fees	186	204	208	12.2	2.2	534	605	13.2
Insurance	25	34	28	12.2	(17.8)	73	86	17.6
Other	1,365	1,389	1,400	2.5	0.8	3,699	4,137	11.8
Insurance - Brokerage	107	113	114	6.6	0.4	314	345	9.8
Insurance – Results	125	163	108	(13.5)	(33.9)	286	413	44.4
Other Service Revenues	368	376	390	6.1	3.7	1,103	1,153	4.6
Equity Interest in Results of Subs, and Affil	28	(3)	40	46.0	(1,412.2)	107	86	(19.7)
Other Operational Revenues	716	727	705	(1.5)	(3.0)	1,816	2,054	13.1
Non Operation Income	23	12	43	89.4	248.4	73	85	16.3
Value added	**12,239**	**13,353**	**13,661**	**11.6**	**2.3**	**36,080**	**39,884**	**10.5**
Distribution of Value Added'	**(11,331)**	**(12,284)**	**(12,297)**	**8.5**	**0.1**	**(31,284)**	**(36,043)**	**15.2**
Financial Intermediation Expenses	(4,693)	(4,809)	(5,111)	8.9	6.3	(13,946)	(14,584)	4.6
Operational Expenses	(2,273)	(2,123)	(2,021)	(11.1)	(4.8)	(7,023)	(6,407)	(8.8)
Provision for Credit Risk	(1,385)	(1,236)	(1,216)	(12.2)	(1.7)	(4,487)	(3,883)	(13.5)
Other Operational Expenses	(888)	(887)	(805)	(9.3)	(9.2)	(2,537)	(2,525)	(0.5)
Personnel Expenses	(2,062)	(2,051)	(2,080)	0.9	1.4	(6,435)	(6,093)	(5.3)
Personnel Expenses	(1,945)	(1,914)	(1,905)	(2.0)	(0.5)	(5,821)	(5,601)	(3.8)
Statutory Profits Sharing	(117)	(137)	(175)	49.6	27.4	(613)	(492)	(19.7)
Administrative Expenses	(1,429)	(1,647)	(1,736)	21.5	5.4	(4,241)	(4,850)	14.4
Tax Expenses	(951)	(1,259)	(1,131)	19.0	(10.1)	(2,018)	(3,303)	63.7
Taxes on Sale	(429)	(489)	(476)	10.8	(2.7)	(1,245)	(1,416)	13.7
Other Tax expenses	(34)	(36)	(37)	9.7	3.3	(109)	(110)	1.3
Income and Social Contribution Taxes	(488)	(734)	(619)	26.9	(15.7)	(664)	(1,777)	167.6
Extraordinary Items	76	(396)	(218)	(387.8)	(44.9)	2,379	(805)	(133.8)
Value Added for the Shareholders	**907**	**1,068**	**1,364**	**50.3**	**27.7**	**4,796**	**3,841**	**(19.9)**

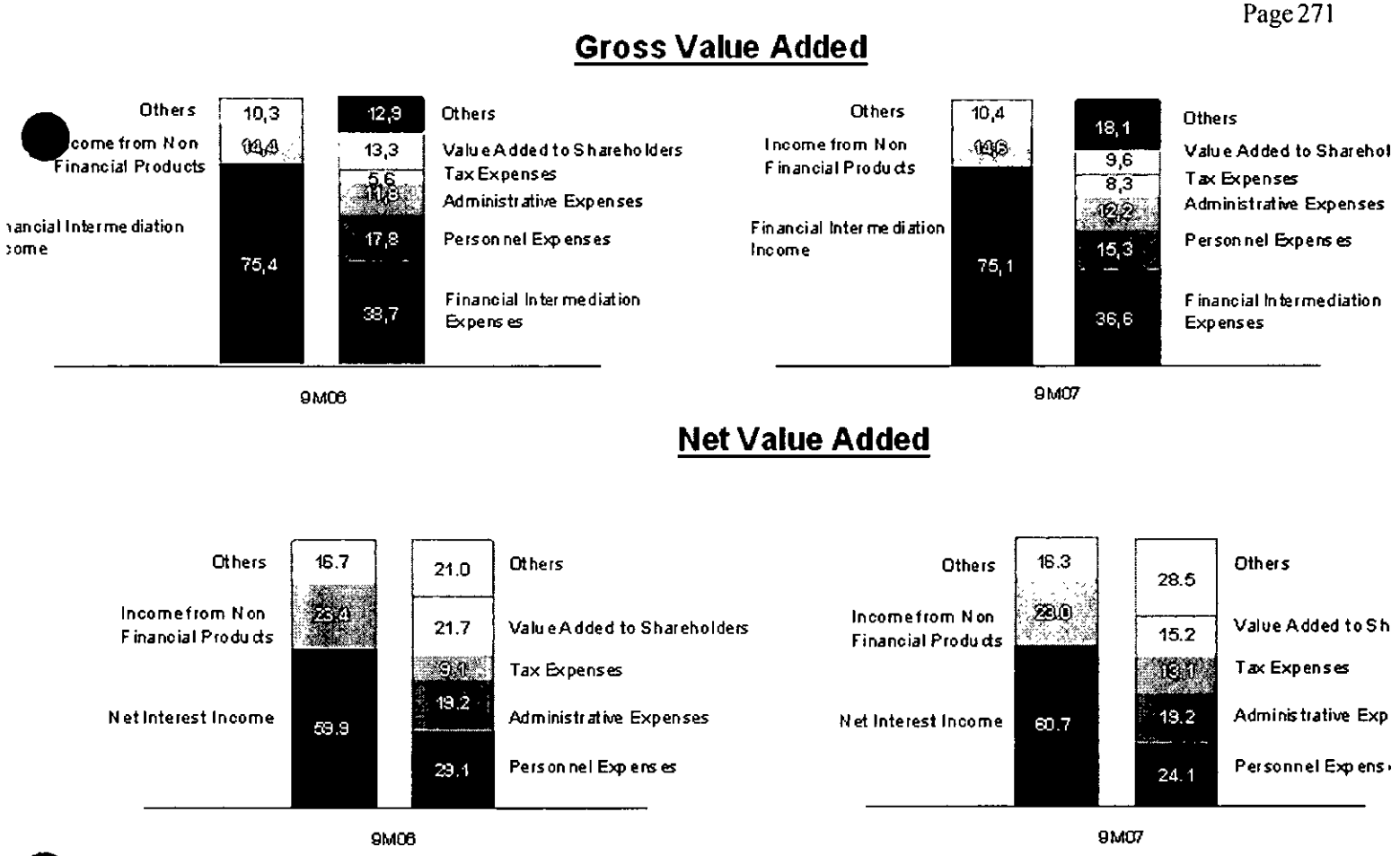


Figure 79. Net Value Added

Figure 80. Gross Value Added

8.9 Insurance, Pension Plans and Capitalization

Banco do Brasil, through BB Banco de Investimentos, a wholly-owned subsidiary, has a participating interest in several companies in the areas of insurance, pension plans and capitalization, offering a broad range of non-banking products. The table below details BB's holdings in these companies, together with the line of business in which they work:

Table 120. Insurance, Pension Plans and Capitalization

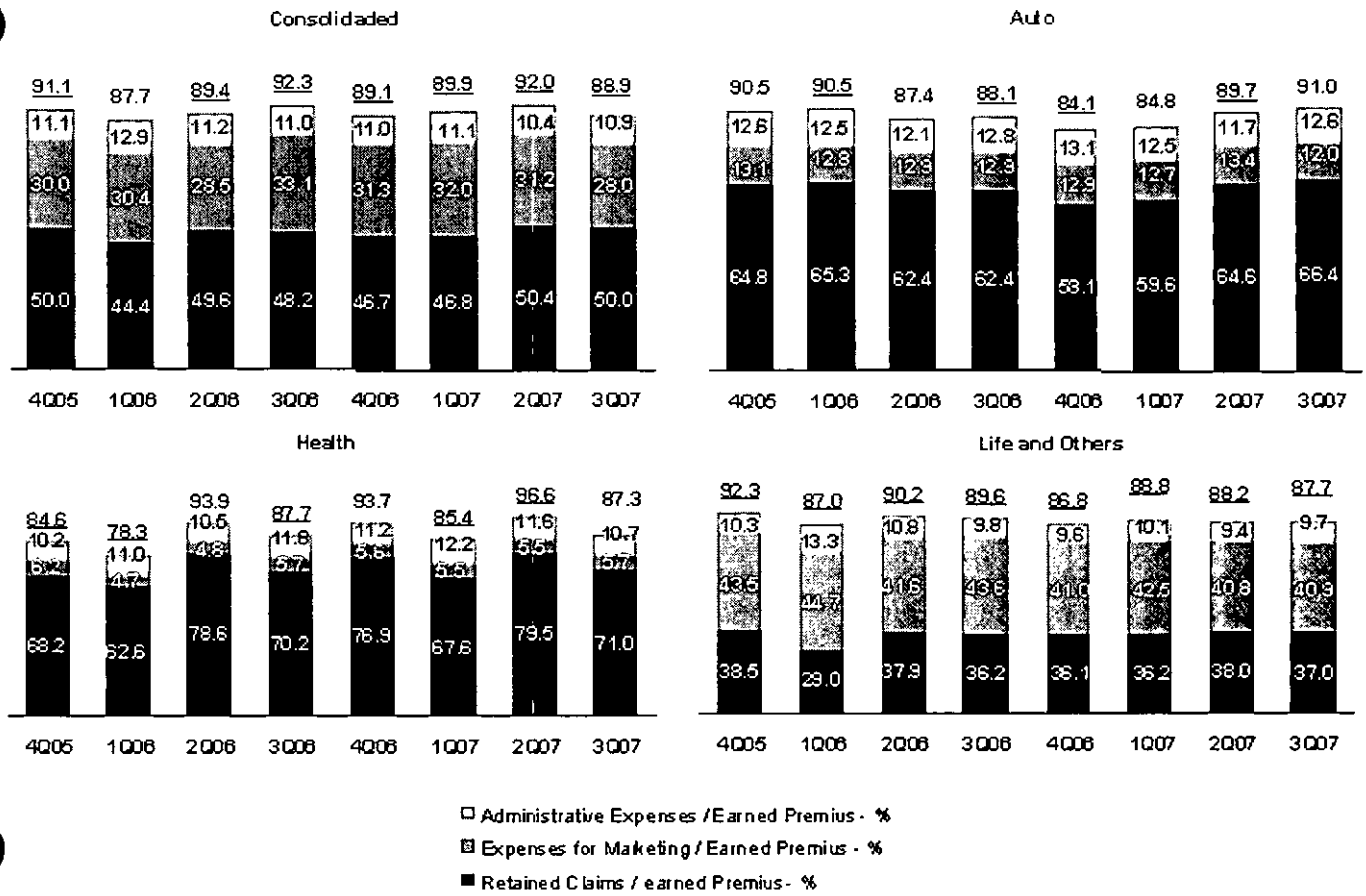
Company	Share %	Business	Partnership
BrasilVeículos	70.00	Car Insurance	Sul América Seguros
Cia. De Seguros Aliança do Brasil S.A.	70.00	Life Insurance and Others	Aliança da Bahia
Brasilprev	49.99	Pension Plans	Principal Financial Group e Sebrae
Brasilcap	49.99	Capitalization	Icatu Hartford, Sul América e Aliança da Bahia
Brasilsaúde	49.92	Health Insurance	Sul América Seguros

The Statement of Income by Branch of Activity referring to 9M07 is presented below to facilitate the understanding of the process and to improve the transparency of the insurance, pension and capitalization business.

8.9.1 Income Statement by Line of Business Table 121. Income Statement by Line of Business.**9.2 Combined Ratio**

The combined ratio shows the percentage of earned premiums used up by operating expenses in the insurance business (retained claims, expenses with marketing and administrative expenses). The consolidated combined ratio came from 92.3% in 3Q06 to 88.9% in 3Q07.

Combined Ratio



9M07	Insurance				Pension Plans	Capitalization	Consolidated
	Auto	Health	Life and Other	Total			
ev, from Insurance Pension Plans and Capitalization	654,681	96,000	935,350	1,686,031	2,287,085	1,355,254	5,328,370
Retained Insurance Premiums	654,681	96,000	935,350	1,686,031	-	-	1,686,031
Revenues from Pension Plans	-	-	-	-	2,287,085	-	2,287,085
Revenues from Capitalization	-	-	-	-	-	1,355,254	1,355,254
[redacted]s in Technical Provisions	50,915	-	15,413	66,329	(1,451,178)	(1,189,090)	(2,573,939)
[redacted]nce	50,915	-	15,413	66,329	-	-	66,329
Pension Plans	-	-	-	-	(1,451,178)	-	(1,451,178)
Capitalization	-	-	-	-	-	(1,189,090)	(1,189,090)
enefits and Redemption Expenses	-	-	-	-	(805,358)	-	(805,358)
arned Premiums	630,402	96,000	950,763	1,677,165	-	-	1,677,165
ross Inc, from Pension Plans and Capitaliz,	-	-	-	-	30,550	166,164	196,714
etained Claims	(400,724)	(70,358)	(352,778)	(823,861)	-	-	(823,861)
larketing Expenses	(80,132)	(5,381)	(326,794)	(412,308)	(41,395)	(88,980)	(542,683)
Insurances	(80,132)	(5,381)	(326,794)	(412,308)	-	-	(412,308)
Pension Plans	-	-	-	-	(41,395)	-	(41,395)
Capitalization	-	-	-	-	-	(88,980)	(88,980)
dministrative Expenses	(77,345)	(10,396)	(92,405)	(180,145)	(111,476)	(34,573)	(326,195)
ocial Contribution	-	-	-	-		(6,286)	(6,286)
ommercial Income	72,201	9,865	178,786	260,851	(122,321)	36,325	174,854
ther Operating Income (Expenses)	(34,574)	(5,555)	(66,655)	(106,784)	107,147	(7,586)	(7,223)
inancial Income	48,766	4,602	71,507	124,876	244,352	59,999	429,227
Financial Revenues	56,259	5,599	105,994	167,852	1,186,968	263,089	1,617,909
Financial Expenses	(7,493)	(997)	(34,487)	(42,976)	(942,617)	(203,089)	(1,188,682)
perating Income	86,393	8,912	183,638	278,943	229,178	88,738	596,858
lon-operating Income	(7)	(3,167)	(21)	(3,195)	12	8,744	5,561
ncome before Taxes	86,386	5,746	183,617	275,748	229,190	97,482	602,420
Income and Social Contribution Taxes	(21,998)	(1,741)	(53,376)	(77,115)	(72,263)	(29,762)	(179,140)
Profit Sharing	(3,203)	(993)	(3,800)	(7,996)	(3,516)	-	(11,513)
Interest on Capital		3,167		3,167	(2,407)		761
let Income/ (Loss)	61,185	6,177	126,441	193,804	151,005	67,720	412,528
nterests of Other Shareholders	(18,356)	(3,094)	(37,932)	(59,382)	(75,517)	(33,867)	(168,766)
ther Investment Changes	69	270	(1)	339	608	2,246	3,193

9M07	Insurance				Pension Plans	Capitalization	Consolidated
[redacted]	Auto	Health	Life and Other	Total			
Equity Income Result	42,899	3,354	88,508	134,761	76,140	36,099	247,000
Service Revenues – Commission	83,285	5,111	220,887	309,284	14,481	21,481	345,246
Service Revenues – BB Fees	-	-	143,795	143,795	36,033	67,761	247,588
Service Revenues – Assets Management	2,982	371	6,244	9,598	49,121	26,989	85,707
Insurance Value Added	129,166	8,836	459,434	597,437	175,775	152,330	925,542

Figure 81. Combined Ratio

9.1 Summarized Balance Sheet

Table 127. Balance Sheet - Assets

R$ million

	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07
ASSETS	**252,977**	**264,635**	**273,836**	**281,615**	**296,356**	**321,898**	**332,968**	**342,398**
Current and long-term assets	**247,397**	**259,111**	**268,189**	**276,073**	**290,562**	**316,063**	**327,065**	**336,486**
Available funds	5,828	4,056	5,068	4,559	4,749	5,511	4,724	4,366
Short-term interbank investments	28,996	35,744	29,758	29,492	29,088	41,185	51,614	51,419
Open market investments	8,050	21,839	19,910	12,814	17,490	30,512	39,961	42,938
Interbank deposits	20,946	13,905	9,848	16,678	11,598	10,673	11,653	8,481
Marketable securities	66,470	68,631	70,677	73,766	73,108	73,350	72,071	74,126
Securities for trading	3,077	4,327	5,568	5,205	7,494	7,361	10,856	14,046
Securities available for sale	37,832	38,815	39,781	43,180	40,641	40,711	39,379	38,466
Securities held to maturity	25,275	25,069	24,865	24,934	24,409	24,263	20,589	20,029
Financial derivatives	287	421	463	448	564	1,016	1,247	1,585
Interbank accounts	24,404	24,912	26,208	26,655	28,180	29,844	30,759	31,503
Central Bank deposits	23,419	21,970	23,743	24,494	26,967	26,998	28,711	29,199
Compuls. dep, on demand, Dep & float	9,494	7,934	10,931	9,703	11,209	10,507	11,902	10,768
Compulsory dep, on savings dep,	13,925	14,036	12,812	14,792	15,758	16,492	16,809	18,430
Others	985	2,942	2,465	2,161	1,213	2,846	2,048	2,304
Interdepartmental accounts	121	12	22	33	136	33	32	73
Loans	85,942	88,306	94,893	99,474	113,858	120,020	125,502	129,487
Public sector	3,730	3,442	3,193	3,951	4,384	4,782	4,631	4,643
Private sector	88,551	92,191	99,688	103,854	117,840	124,106	129,975	134,184
(Allowance for loan losses)	(6,339)	(7,327)	(7,988)	(8,331)	(8,366)	(8,868)	(9,104)	(9,341)
Leasing	20	30	14	32	11	45	22	26
Leasing and sub-leasing receivables	752	822	909	993	1,018	1,079	1,068	1,095
Public sector	99	106	106	110	105	113	100	93
Private sector	653	716	803	884	913	966	968	1,002
(Unearned lease income)	(708)	(768)	(870)	(933)	(979)	(1,011)	(1,024)	(1,047)
(Allowance for lease losses)	(24)	(24)	(25)	(29)	(28)	(23)	(22)	(23)
Other receivables	35,108	36,811	40,862	41,258	40,482	45,022	41,263	43,992
Receivable on guarantees honored	160	156	150	147	51	53	49	47
Foreign exchange portfolio	9,156	9,130	10,454	10,433	9,456	15,116	9,892	11,538
Income receivable	237	183	212	240	280	294	298	317
Trading and brokerage of securities	46	66	84	49	114	151	159	191
Specific credits	610	627	644	663	681	700	719	738
Special operations	1	1	1	1	1	1	1	1
Tax credits	6,687	8,905	9,223	9,311	8,604	8,642	13,746	13,881
Atuarial Assets	3,869	3,865	3,065	2,744	2,652	2,556	2,460	2,364
Warrants Deposits Receivable	11,692	12,251	12,800	13,213	13,699	14,129	5,628	5,857
Other credits	5,558	8,678	7,664	8,128	8,657	7,284	9,166	9,915
(Provision or doubtful receivables)	(2,908)	(3,186)	(3,436)	(3,672)	(3,713)	(3,904)	(856)	(856)
(With loan characteristics)	(328)	(380)	(401)	(397)	(240)	(242)	(315)	(300)
(Without loan characteristics)	(2,580)	(2,806)	(3,035)	(3,275)	(3,472)	(3,662)	(541)	(556)
Other assets	509	608	688	805	951	1,055	1,079	1,495
Statutory profit sharing	0	0	0	0	0	0	0	0
Others	319	310	320	314	294	289	271	254
(Provision for possible losses)	(185)	(177)	(176)	(171)	(162)	(153)	(148)	(152)
Prepaid expenses	374	475	544	662	819	919	955	1,393
Permanent assets	**5,580**	**5,524**	**5,646**	**5,542**	**5,794**	**5,835**	**5,903**	**5,912**
Investments	1,045	1,030	1,087	998	1,109	1,176	1,262	1,276
Investm, in assoc. and subsidiary co,	999	982	1,040	950	1,057	1,121	1,207	1,233
Other investments	231	229	128	128	129	128	127	108
(Provision for losses)	(184)	(181)	(80)	(80)	(77)	(73)	(71)	(65)
Property and equipment	3,119	3,015	2,932	2,825	2,862	2,782	2,715	2,657
Land and buildings in use	2,235	2,246	2,276	2,267	2,286	2,314	2,328	2,337
Other property and equipment in use	4,326	4,310	4,308	4,298	4,253	4,240	4,257	4,305
(Accumulated depreciation)	(3,442)	(3,542)	(3,653)	(3,739)	(3,677)	(3,772)	(3,870)	(3,985)
Leased assets	812	895	1,031	1,139	1,228	1,305	1,362	1,430
Leases assets	992	1,103	1,272	1,413	1,541	1,664	1,748	1,845
(Accumulated depreciation)	(180)	(208)	(241)	(274)	(313)	(358)	(387)	(415)
Deferred charges	604	584	596	580	594	571	563	550
Organization and expansion costs	1,149	1,159	1,210	1,238	1,302	1,325	1,365	1,402
(Accumulated amortization)	(545)	(575)	(614)	(658)	(708)	(754)	(802)	(852)

Table 128. Balance Sheet - Liabilities

R$ million

	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Sep/07
LIABILITIES AND SHAREHOLDERS' EQUITY	**252,977**	**264,635**	**273,836**	**281,615**	**296,356**	**321,898**	**332,968**	**342,398**
Current and long-term assets	**236,003**	**245,295**	**254,529**	**261,295**	**275,470**	**300,147**	**310,562**	**319,226**
Deposits	137,658	139,195	139,939	144,902	158,841	160,663	164,545	172,180
Demand deposits	35,802	31,878	31,363	32,448	40,059	35,588	36,841	38,712
Savings deposits	32,844	32,975	33,215	34,447	36,714	38,942	40,831	43,831
Interbank deposits	5,383	5,262	5,855	5,579	4,878	5,026	5,146	5,603
Time deposits	63,495	68,948	69,377	72,271	76,900	80,860	81,427	83,640
Investment deposits	134	131	129	157	289	247	300	394
Money market borrowing	30,508	42,758	51,496	44,309	49,283	67,639	74,719	74,845
Own portfolio	23,122	31,249	29,559	31,038	31,916	31,985	41,880	29,537
Third-party portfolio	7,386	11,509	20,567	12,871	16,867	31,354	32,539	40,859
Others			1,370	400	445	4,300	300	4,450
Funds from acceptances and securities placed	3,166	2,789	2,603	2,467	2,304	2,099	1,487	1,616
Foreign securities	3,166	2,789	2,603	2,467	2,304	2,099	1,487	1,616
Interbank accounts	980	1,477	2,037	1,644	1,166	2,038	1,697	1,929
Receipts and payments pending settlement	979	1,476	2,036	1,643	1,163	2,036	1,695	1,926
Correspondent banks	1	1	1	1	3	2	2	3
Interdepartmental accounts	1,973	1,273	1,388	1,618	2,397	1,913	1,318	1,497
Third-party funds in transit	1,883	1,183	1,369	1,599	2,281	1,896	1,293	1,470
Internal transfers of funds	89	89	19	19	116	16	25	27
Borrowing	4,858	4,031	3,930	4,332	3,737	4,574	3,354	2,981
Foreign borrowing	4,858	4,031	3,930	4,332	3,737	4,574	3,354	2,981
Domestic onlending – official institutions	13,370	13,053	12,431	13,348	14,335	13,950	15,240	16,528
Federal Treasury	4,157	4,053	3,067	3,035	2,989	3,077	3,141	3,132
National Development Bank (BNDES)	3,908	3,960	4,210	4,308	4,658	4,716	4,843	5,121
Fed, Prog. for Cap, Equip, Finan, (FINAME)	4,750	4,720	4,975	5,364	6,004	5,748	6,759	7,516
Other institutions	556	320	180	641	684	410	498	759
Foreign onlending	0	0	0	0	0	0	4	0
Financial derivatives	571	1,446	1,156	3,432	3,511	1,969	2,052	2,475
Other accounts payable	42,918	39,274	39,548	45,242	39,895	45,301	46,145	45,174
Collection of taxes and contributions	344	3,258	2,245	1,923	181	2,109	1,851	1,917
Foreign exchange portfolio	17,500	10,687	8,521	14,859	10,013	14,946	14,166	11,600
Stockholders and statutory distributions	1,169	229	2,093	639	1,165	767	763	1,056
Taxes and social security	1,599	1,503	2,479	3,107	2,672	1,656	2,427	2,827
Trading and brokerage of securities	58	127	81	106	140	237	168	195
Financial and development funds	1,932	1,981	1,982	1,821	1,902	1,946	2,006	1,847
Special operations	-	1,102	1,098	1,103	1,085	1,041	978	932
Perpetual Securities	2	2	2	2	2	2	2	2
Subordinated Debt	7,840	8,095	8,409	8,685	8,995	9,265	9,574	9,829
Actuarial liabilities	3,277	3,291	3,308	3,326	3,485	3,530	3,562	3,932
Other liabilities	9,196	12,290	9,332	9,670	10,255	9,802	10,648	11,037
Deferred income	**125**	**131**	**128**	**122**	**129**	**113**	**100**	**107**
Shareholders' equity	**16,850**	**19,209**	**19,178**	**20,197**	**20,758**	**21,638**	**22,305**	**23,065**
Capital	10,797	10,797	11,913	11,913	11,913	11,913	12,711	12,711
(Unpaid Capital)	-	-	-	-	-	-	-	-
Capital reserves	5	5	356	356	356	356	-	0
Revaluation reserves	23	23	23	23	7	6	6	6
Revenue reserves	6,020	6,020	6,787	6,787	8,101	7,858	9,145	8,933
Mark-to-market – securities and derivatives	130	146	99	210	382	417	443	384
Retained earnings (accumulated losses)	-	1	-	1	-	-	-	1
(Treasury shares)	(126)	(126)	-	-	-	-	-	-
Income accounts	-	2,343	-	907	-	1,088	-	1,031

9.2 Summarized Corporate Law Income Statement

Table 129. Summarized Corporate Law Income Statement

R$ million

	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07
Financial Intermediation Income	**8,104**	**9,394**	**9,031**	**8,954**	**9,404**	**9,708**	**10,125**	**10,333**
Loans	5,036	5,095	5,339	5,361	5,816	6,101	6,069	6,517
Leasing	36	38	40	47	48	50	45	49
Securities	3,333	3,521	3,283	3,405	3,274	3,043	3,167	3,355
Financial Derivatives	(229)	(139)	(181)	(199)	(118)	34	318	(149)
Foreign Exchange Portfolio	(501)	452	158	(64)	(5)	81	125	155
Compulsory Investments	429	427	392	405	389	400	401	405
Financial Intermediation Expenses	**(6,216)**	**(6,556)**	**(6,884)**	**(6,453)**	**(6,085)**	**(6,418)**	**(6,105)**	**(6,483)**
Money Market Funds	(3,976)	(3,984)	(4,365)	(4,402)	(4,237)	(4,388)	(4,416)	(4,753)
Borrowing, Assignments and Onlending	(482)	(502)	(533)	(421)	(395)	(410)	(393)	(498)
Allowance for Loan Losses	(1,757)	(2,071)	(1,985)	(1,630)	(1,454)	(1,621)	(1,296)	(1,232)
Gross Income from Financial Intermediation	**1,888**	**2,838**	**2,148**	**2,501**	**3,319**	**3,290**	**4,020**	**3,850**
Other Operating Income (Expenses)	**(569)**	**(1,873)**	**(44)**	**(972)**	**(1,719)**	**(1,192)**	**(2,297)**	**(2,062)**
Service Revenues	2,001	2,103	2,246	2,252	2,287	2,377	2,437	2,498
Personnel Expenses	(2,012)	(1,876)	(2,001)	(1,945)	(2,050)	(1,859)	(2,513)	(2,449)
Other Administrative Expenses	(1,498)	(1,362)	(1,450)	(1,498)	(1,564)	(1,467)	(1,647)	(1,736)
Taxes	(432)	(454)	(437)	(463)	(471)	(489)	(525)	(513)
Equity Int. in the Results of Subs. and Affil.	307	(154)	172	163	87	36	(63)	50
Other Operating Revenues	605	1,464	1,719	1,162	812	1,124	1,575	1,363
Other Operating Expenses	458	(1,595)	(292)	(643)	(821)	(915)	(1,561)	(1,274)
Operating Income	**1,319**	**965**	**2,104**	**1,528**	**1,600**	**2,098**	**1,724**	**1,789**
Non-operating Income	28	26	25	23	47	31	12	43
Income Before Taxes	**1,347**	**991**	**2,129**	**1,551**	**1,646**	**2,128**	**1,736**	**1,831**
Income and Social Contribution Taxes	(447)	1,542	(277)	(527)	(235)	(539)	(530)	(293)
Statutory Profit Sharing	(163)	(190)	(307)	(117)	(164)	(180)	(137)	(175)
Net Income	**737**	**2,343**	**1,546**	**907**	**1,248**	**1,409**	**1,068**	**1,364**

9.3 Income Statement with Reallocations

Table 130. Income Statement with Reallocations

R$ million

	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07
Financial Intermediation Income	**8,856**	**8,892**	**9,210**	**9,096**	**9,487**	**9,650**	**10,016**	**10,267**
Loans	5,036	5,095	5,339	5,361	5,816	6,101	6,069	6,517
Leasing	36	38	40	47	48	50	45	49
Securities	3,333	3,521	3,283	3,405	3,274	3,043	3,167	3,355
Financial Derivatives	(229)	(139)	(181)	(199)	(118)	34	318	(149)
Foreign Exchange Portfolio	(501)	452	158	(64)	(5)	81	125	155
Compulsory Investments	429	427	392	405	389	400	401	405
FX Gain(Loss)on Foreign Investments	166	(266)	38	11	(27)	(154)	(223)	(100)
Other Op, Inc, of a Fin, Intermed, Nature	587	(237)	141	131	110	96	114	34
Financial Intermediation Expenses	**(4,458)**	**(4,486)**	**(4,898)**	**(4,693)**	**(4,631)**	**(4,798)**	**(4,809)**	**(5,111)**
Money Market Funds	(3,976)	(3,984)	(4,365)	(4,272)	(4,237)	(4,388)	(4,416)	(4,613)
Borrowing ,Assignments and Onlending	(482)	(502)	(533)	(421)	(395)	(410)	(393)	(498)
Net Interest Income	**4,398**	**4,406**	**4,312**	**4,403**	**4,855**	**4,852**	**5,208**	**5,156**
Allowance for Loan Losses	(1,498)	(1,345)	(1,757)	(1,385)	(1,257)	(1,431)	(1,236)	(1,216)
Net Financial Margin	**2,900**	**3,061**	**2,555**	**3,018**	**3,598**	**3,422**	**3,971**	**3,940**
Service Revenues	2,001	2,103	2,246	2,252	2,287	2,377	2,437	2,498
Taxes on Revenues	(393)	(409)	(407)	(429)	(438)	(451)	(489)	(476)
Contribution Margin	**4,509**	**4,755**	**4,394**	**4,841**	**5,448**	**5,347**	**5,919**	**5,963**
Administrative Expenses	(3,268)	(3,156)	(3,253)	(3,216)	(3,396)	(3,186)	(3,268)	(3,368)
Personnel Expenses	(1,802)	(1,781)	(1,839)	(1,804)	(1,846)	(1,748)	(1,713)	(1,759)
Other Administrative Expenses	(1,428)	(1,331)	(1,383)	(1,378)	(1,516)	(1,401)	(1,519)	(1,572)
Other Tax Expenses	(39)	(44)	(31)	(34)	(33)	(37)	(36)	(37)
Commercial Income	**1,241**	**1,600**	**1,141**	**1,625**	**2,052**	**2,161**	**2,652**	**2,595**
Legal Risk	(281)	(126)	(229)	(192)	(251)	(177)	(329)	(310)
Legal Claims	(70)	(31)	(67)	(51)	(48)	(66)	(128)	(164)
Labor Lawsuits	(211)	(95)	(162)	(141)	(204)	(111)	(201)	(146)
Other Operating Income(Expenses)	359	(9)	(169)	(20)	(201)	113	0	48
Eq,Interest in Resul, Subs, and Affil,	134	106	135	152	115	191	160	148
FX Other Operating Income/Expenses	224	(115)	(304)	(172)	(316)	(77)	(160)	(100)
Other Operating Income	1,036	631	599	716	702	755	727	705
Other Operating Expenses	(812)	(746)	(903)	(888)	(1,018)	(833)	(887)	(805)
Operating Income	**1,319**	**1,465**	**743**	**1,414**	**1,600**	**2,098**	**2,323**	**2,333**
Non-Operating Income	28	26	25	23	47	31	12	43
Income Before Taxes	**1,347**	**1,491**	**768**	**1,436**	**1,646**	**2,128**	**2,336**	**2,376**
Income and Social Contribution Taxes	(447)	(363)	186	(488)	(235)	(539)	(734)	(619)
Intereston Own Capital Tax Benefit	252	-		-	232	109	112	113
Statutory Profit Sharing	(163)	(190)	(307)	(117)	(164)	(180)	(137)	(175)
Recurring Income	**737**	**938**	**647**	**832**	**1,248**	**1,409**	**1,464**	**1,582**
Non-Recurring Items	-	1,405	899	76	-	-	(396)	(218)
Previ Parity	-		1,362	-	-	-	-	-
Previ – Provision for IR and CS	-		(463)					
Extraordinary Provision for Credit Risks	-	(500)	-	-	-	-	-	-
Tax Credit Recorded	-	1,905	-	-	-	-	-	-
Recovery of Undue Taxes	-	-	-	115	-	-	-	-
Previ – Provision for IR and CS	-	-		(39)	-	-	-	-
Previ – Reimbursement Contribution – Plan I	-	-	-	-	-	-	76	-
PAA – Provision for IR and CS	-	-	-	-	-	-	(26)	-
Cassi – Assistance Plan	-	-	-	-	-	-	-	(403)
Cassi – Provision for IR and CS	-	-	-	-	-	-	-	137
PAA–Early Retirement Plan	-	-	-	-	-	-	(676)	(141)
Previ – Provision for IR and CS	-	-	-	-	-	-	230	48
Permanent Exclusions Tax Benefit	-	-	-	-	-	-	-	141
Net Income	**737**	**2,343**	**1,546**	**907**	**1,248**	**1,409**	**1,068**	**1,364**

9.4 Analytical Spread

Table 131. Analytical Spread

Average Balances in R$ million

	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07
Remunerated Assets	**197,940**	**212,862**	**217,974**	**227,937**	**237,760**	**254,583**	**269,027**	**281,418**
Available Funds in Foreign Currency	**403**	**245**	**487**	**202**	**470**	**1,266**	**1,269**	**909**
Income from Avail. Funds in Foreign Currency	14	5	78	18	19	8	(1)	98
Annualized Rate - %	14.4	8.1	81.0	39.5	16.9	2.6	(0.4)	50.5
Securities + Interbank Investments	**94,116**	**104,469**	**103,116**	**107,795**	**104,239**	**110,690**	**118,214**	**125,801**
Securities Income excluding Hedges	3,333	3,521	3,283	3,408	3,271	3,043	3,167	3,355
Annualized Rate - %	14.9	14.2	13.4	13.3	13.2	11.5	11.2	11.1
Loans + Leasing	**89,416**	**94,194**	**100,391**	**105,495**	**117,874**	**126,469**	**132,775**	**136,885**
Loans + Leasing Income	4.814	4.837	5.146	5.136	5.439	5.805	5.728	6.265
Annualized Rate - %	23.3	22.2	22.1	20.9	19.8	19.7	18.4	19.6
Remunerated Compulsory Deposit	**13,255**	**13,955**	**13,979**	**14,444**	**15,177**	**16,157**	**16,769**	**17,823**
Income from Compulsory Deposits	429	427	392	405	389	400	401	405
Annualized Rate - %	13.6	12.8	11.7	11.7	10.6	10.3	9.9	9.4
Tax Credits	**6,720**	**7,352**	**9,122**	**9,260**	**9,091**	**8,621**	**11,965**	**13,790**
Other Assets	**37,668**	**38,856**	**38,502**	**41,762**	**40,749**	**42,281**	**40,120**	**37,837**
Permanent Assets	**5,392**	**5,496**	**5,585**	**5,566**	**5,703**	**5,799**	**5,839**	**5,890**
TOTAL ASSETS	**247,720**	**264,566**	**271,182**	**284,525**	**293,303**	**311,283**	**326,951**	**338,935**
Remunerated Liabilities	**160,413**	**177,933**	**186,906**	**194,431**	**198,150**	**216,965**	**228,314**	**239,596**
Savings Deposits	**32,313**	**33,121**	**33,038**	**34,076**	**35,668**	**38,339**	**40,121**	**42,878**
Expenses with Savings Deposits	(705)	(653)	(641)	(700)	(704)	(761)	(768)	(783)
Annualized Rate - %	9.0	8.1	8.0	8.5	8.1	8.2	7.9	7.5
Interbank Deposits	**5,442**	**5,058**	**5,948**	**5,868**	**5,211**	**5,017**	**4,944**	**4,988**
Expenses with Interbank Deposits	(127)	(202)	(218)	(90)	(372)	(188)	(226)	(217)
Annualized Rate - %	9.6	16.9	15.5	6.3	31.8	15.8	19.6	18.6
Time Deposits	**61,725**	**67,376**	**68,494**	**71,357**	**76,619**	**79,404**	**80,911**	**82,754**
Expenses with Time Deposits	(1.790)	(1.555)	(1.797)	(1.738)	(1.649)	(1.592)	(1.554)	(1.588)
Annualized Rate - %	12.1	9.6	10.9	10.1	8.9	8.3	7.9	7.9
Money Market Borrowing	**32,715**	**41,962**	**49,599**	**52,730**	**49,654**	**62,499**	**70,954**	**75,693**
Expenses with Money Market Borrowing	(1.217)	(1.450)	(1.589)	(1.640)	(1.425)	(1.641)	(1.795)	(1.952)
Annualized Rate - %	15.7	14.6	13.4	13.0	12.0	10.9	10.5	10.7
Foreign Borrowing	**4,532**	**4,174**	**4,016**	**4,115**	**3,817**	**3,980**	**3,282**	**3,389**
Exp, with Foreign Borr, Onlending and Banks	(66)	(56)	(54)	(63)	(44)	(48)	(41)	(104)
Annualized Rate - %	5.98	5.46	5.51	6.23	4.73	4.95	5.10	12.82
Onlending	**12,681**	**13,310**	**12,692**	**13,196**	**13,942**	**14,126**	**14,569**	**16,289**
Expenses with Onlending	(287)	(291)	(347)	(228)	(232)	(247)	(233)	(280)
Annualized Rate - %	9.37	9.04	11.39	7.09	6.84	7.17	6.55	7.06
Fin, and Develop, Funds + Subord, Debt	**9,571**	**9,900**	**10,258**	**10,443**	**10,707**	**11,108**	**11,455**	**11,665**
Expenses with Fin, and Develop, Funds	(129)	(155)	(132)	(131)	(118)	(115)	(119)	(114)
Annualized Rate - %	5.50	6.41	5.25	5.10	4.47	4.20	4.23	3.96
Foreign Securities	**1,432**	**3,033**	**2,862**	**2,647**	**2,533**	**2,491**	**2,079**	**1,939**
Expenses with Foreign Securities	(114)	(58)	(55)	(130)	31	(44)	(35)	(34)
Annualized Rate - %	35.67	7.94	7.88	21.18	(4.85)	7.29	6.94	7.16
Other Liabilities	**70,256**	**68,788**	**64,763**	**70,233**	**74,256**	**72,861**	**76,309**	**76,393**
Demand Deposits	31,694	31,616	32,010	31,680	35,645	35,240	36,531	38,094
Other Liabilities	38,561	37,172	32,753	38,553	38,611	37,621	39,778	38,299
Shareholders' Equity + Income Accounts	**17,052**	**17,845**	**19,513**	**19,860**	**20,897**	**21,457**	**22,328**	**22,946**
TOTAL LIAB, AND SHAREHOLDERS' EQ,	**247,720**	**264,566**	**271,182**	**284,525**	**293,303**	**311,283**	**326,951**	**338,935**

Average Balances in R$ million

	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07
Financial Intermediation Income	**8,856**	**9,759**	**9,668**	**9,553**	**10,076**	**10,176**	**10,630**	**10,938**
Income from Remunerated Assets	8,627	8,789	8,899	8,965	9,117	9,256	9,295	10,124
Income from Financial Derivatives	(229)	(139)	(181)	(199)	(118)	34	318	(149)
FX Gain (Loss) on Foreign Investments	166	(266)	38	11	(27)	(154)	(223)	(100)
Other FX Operations	(515)	447	80	(82)	(23)	73	126	57
Other Operating Income	550	631	599	585	702	621	727	705
Recovery of Write-offs	258	297	233	272	425	346	386	302
Financial Intermediation Expenses	**(4,458)**	**(4,486)**	**(4,898)**	**(4,562)**	**(4,631)**	**(4,664)**	**(4,809)**	**(5,111)**
Expenses with Remunerated Liabilities	(4,435)	(4,420)	(4,833)	(4,721)	(4,514)	(4,635)	(4,771)	(5,071)
Expenses with FGC on Demand Deposits	(15)	(16)	(16)	(13)	(8)	(9)	(9)	(9)
Expenses with Debt Assumption Contracts	(8)	(7)	(6)	(10)	(1)	(5)	(4)	(4)
Other Expenses	-	(43)	(44)	161	(108)	(15)	(25)	(26)
Net Interest Income	**4,398**	**4,406**	**4,312**	**4,534**	**4,855**	**4,986**	**5,208**	**5,156**
Assets – Permanent Assets	**241,188**	**259,070**	**265,598**	**278,959**	**287,600**	**305,484**	**321,112**	**333,045**
Remunerated Assets	**197,940**	**212,862**	**217,974**	**227,937**	**237,760**	**254,583**	**269,027**	**281,418**
Finan. Interm. Inc. / (Assets – Perman. Assets)	3.7	3.4	3.5	3.3	3.3	3.2	3.1	3.1
Finan. Inter. Inc. / (Assets – Perm. Assets) – Ann.	15.5	14.5	14.6	13.7	13.9	13.2	13.1	12.9
Finan. Inter. Exp. / (Assets – Permanent Assets)	1.8	1.7	1.8	1.6	1.8	1.5	1.5	1.5
Finan. Inter. Exp./(Assets – Perm. Assets) – Ann.	7.6	7.1	7.6	6.7	6.6	6.2	6.1	6.3
GFM / (Assets – Permanent Assets)	1.8	1.7	1.6	1.6	1.7	1.6	1.6	1.5
GFM / (Assets – Permanent Assets) – Ann.	**7.5**	**7.0**	**6.7**	**6.7**	**6.9**	**6.7**	**6.6**	**6.3**
Finan. Intermed. Income / (Remunerated Assets)	4.5	4.2	4.2	4.0	4.0	3.8	3.7	3.6
Finan. Intermed. Inc. / (Remun. Assets) – Ann.	19.1	17.8	18.0	16.9	16.9	16.0	15.7	15.4
Finan. Intermed. Expenses / (Remun. Assets)	2.3	2.1	2.2	2.0	1.9	1.8	1.8	1.8
Finan. Interm. Expen.s / (Remun. Assets) – Ann.	9.3	8.7	9.3	8.2	8.0	7.5	7.3	7.5
GFM / (Remunerated Assets)	2.2	2.1	2.0	2.0	2.0	2.0	1.9	1.8
GFM / (Remunerated Assets) – Ann.	**9.2**	**8.5**	**8.2**	**8.2**	**8.4**	**8.1**	**8.0**	**7.5**

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Ricardo Borges de Araújo Rosa

(D3) MD&A 2nd Quarter 2007 Presentation (Presentation, Economic Environment, Securities, Corporate Governance, Other Information, Summarized Financial Statements, Balance Sheet Analysis, Risk Management, Analysis of Results and Financial Statements)

Presentation

The Performance Analysis report presents the economic/financial situation of Banco do Brasil (BB). Geared toward market analysts, stockholders and investors, this quarterly report addresses topics such as the economic environment, the performance of BB instruments and corporate governance practices adopted by the bank. In addition, there are separate analyses of the capital structure and the results.

The reader will also find tables with historical series, from 8 periods, of the summarized balance sheet, the summarized corporate law income statement, the income statement with reallocations, the analytic spread, and other information on profitability, productivity, quality of the loan portfolio, capital structure, capital market, and structural data.

The Balance Sheet Analysis comprises a more detailed study of the main components of the balance sheet such as the securities portfolio, the loan portfolio, tax credits, market borrowings, amongst others.

The Analysis of Results shows, step by step, the items of the reallocated statement of income. The corporation's income statement is submitted to these reallocations with the aim of permitting better understanding of the results, making the historical series more comparable and facilitating accurate forecasts from this data.

This report also presents the financial statements and the explanatory notes for the quarter under analysis.

Aiming to optimize the approval of accounts and the transparency of the Company's data, we have started a new chapter on Risk Management in this edition. The structure and the process for risk management at BB as well as the analysis of market, liquidity and credit risks are presented in this section. Finally, we address the Company's capital structure, emphasizing the initiatives in progress to adapt to the demands of Basel II.

1 – Economic Environment

In the first half of 2007, the international panorama continued to favor the flow of funds to emerging markets, in spite of transitory turbulence observed in stock markets with respect to uncertainties regarding the economic performance and monetary policy of the United States and the high oil price quotations and volatility.

In this global environment, the continuity of favorable development of national economic bases resulted in upgrades of Brazil's sovereign risk, reinforcing the perspective that the time for the Country's investment grade rating by top rating agencies is getting close.

Notwithstanding the appreciation of the domestic currency, the dynamism of exports continued robust, attaining historically high levels and permitting the occurrence of record trade balances. In turn, the growth in imports contributed toward the increase in the level of investments in production - via acquisition of machinery and equipment - and toward maintaining the inflation rate below the central value of the target set by the National Monetary Council (4.5% for this year). As a result, the process for easing the monetary policy which began in September 2005 continued throughout this semester, with a reduction of 125 base points in the basic interest rate (from 13.25% in December 2006 to 12.0% in June 2007).

The easing of the monetary policy, the generation of primary fiscal surpluses and the increased dynamism of the economy implied maintaining the gradual reductions in the public indebtedness in proportion to the GDP.

The downward trend for interest rates, the lengthening of loan/financing maturities and the continuous recovery of salaries and jobs have been the main factors that have sustained the expansion of consumption and of credit. This environment and the prospects of greater growth of the economy in coming years have encouraged investments, producing a scenario of strong growth of domestic demand without price pressures that threaten attaining the target for inflation.

Table 1. Main Macroeconomic Indicators

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	2Q06	1Q07	2Q07	1H06	1H07	12 months
GDP – Change %*	-0.4	0.8	-	-	-	-
International Reserves**	62.7	109.5	147.1	-	-	-
Country Risk***	240	167	160	-	-	-
Ptax Dollar Sale	(0.4)	(4.1)	(6.1)	(7.5)	(9.9)	(11.0)
Accumulated IGP-DI FGV	1.1	0.9	0.6	1.3	1.4	4.0
Accumulated IGP-M FGV	0.7	1.1	0.3	1.4	1.5	3.9
Accumulated IPCA–IBGE	0.1	0.9	0.8	1.5	2.1	3.7
Accumulated Selic	3.6	3.0	2.9	7.8	6.0	13.2
Accumulated TR (exBTN)	0.5	0.5	0.4	1.0	0.9	2.0
TJLP – IBGE	8.15	6.50	6.50	-	-	-
Ptax Dollar Sale *	2.1643	2.0504	1.9262	-	-	-

* Deseasonalized variance (quarter over previous quarter)
** Amount accumulated in the year up to the end of the period (in US$ billion)
*** Closing Rate
Source: Economática

We can observe satisfactory growth of the Brazilian economy in the table above, through some of the indicators. We can emphasize the good pace of expansion of international reserves, an important indicator for an economy to be able react to an international crisis, and the shrinking of the country risk, which renewed its historical floor in 1H07 several times.

SELIC showed a decrease in June 2007 in relation to the end of the first quarter. The behavior of SELIC is reflected mainly in securities income and in the expenses with the remuneration of time deposits and money market borrowing.

The dollar ended the semester quoted at R$ 1.9262, against R$ 2.0504 in 1Q07. In view of its risk management policy of working with low foreign exchange exposure, the volatility of the foreign exchange rate only brings about residual effects in the Bank's results. The IGP-DI and IGP-M price variation indexes showed a greater change in the 12-month period, while the IPCA rate reflected a lower change over the period.

2.1 Shares

At the end of the semester, Banco do Brasil's capital stock was R$ 11,912,895,138.17 and consisted of 2,475,949,269 common shares, represented in dematerialized form and without any nominal value. The largest shareholder is the National Treasury, with 68.7% of the capital, followed by Caixa de Previdência dos Funcionários do Banco do Brasil (Previ) with 11.4%, and BNDESPar, the equity investment company of the National Bank for Economic and Social Development, which holds 5.0% of the capital. The others shares are spread out in the market (14.8%).

Table 2. Shareholding Breakdown

			%
Shareholders	2Q06	1Q07	2Q07
Federal Treasury	70.9	68.7	68.7
Previ	11.4	11.4	11.4
BNDESPar	2.9	5.0	5.0
Free Float	14.8	14.8	14.8
Individuals	4.5	4.0	4.0
Companies	3.6	3.9	3.9
Foreign Capital	6.8	6.9	6.9
Total	100.0	100.0	100.0

In the first week of June 2007, Banco do Brasil split its shares in the proportion of 1:3. Accordingly, there was a transformation both in its share basis and in the value of its instruments. This measure was aimed at making the price of the instrument more appealing to investors.

Table 3. Quantity of Shares

Quantity of Shares	Mar/07	Jun/07
BBAS3 (ON)	825,316,423	2,475,949,269
Total	825,316,423	2,475,949,269

BB's shareholder base is characterized by the great number of shareholders with a small share in the capital. As can be seen in the table below, 332,642 shareholders (94.85%) account for 1.1% of the capital, while 18,054 shareholders (5.15%) hold 98.9% of the total shares.

Table 4. Shareholders by Range of Shares Owned

Range of shares owned	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
1 to 10 shares	177,347	59.10%	689,368	0.03%
11 to 50 shares	69,318	23.10%	2,668,647	0.11%
51 to 100 shares	18,905	6.30%	2,569,170	0.10%
101 to 1,000 shares	28,808	9.60%	21,262,016	0.86%
Over 1,000 shares	5,702	1.90%	2,448,740,068	98.90%
Total	300,079	100.00%	2,475,949,269	100.00%

Table 5. Free Float by Range of Shares Owned

Range of shares owned	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
1 to 10 shares	177,347	59.10%	689,368	0.19%
11 to 50 shares	69,318	23.10%	2,668,647	0.73%
51 to 100 shares	18,905	6.30%	2,569,170	0.70%
101 to 1,000 shares	28,808	9.60%	21,262,016	5.78%
Over 1,000 shares	5,699	1.90%	340,347,113	92.60%
Total	300,076	100.00%	367,556,314	100.00%

With regard to the tax residence of the investors, it is to be noted that the number of shareholders resident in Brazil is 299,562, and they hold 93.0% of the total number of shares, while the number of foreign shareholders is 517, and they hold 0.17% of the total number of shares. In June 2006 the foreigners held 6.7% of the total number of shares of the Bank, as opposed to 7.0% of the total in June 2007.

Table 6. Tax Residence of the Investors

June 2007	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
Brazil	299,562	99.83	2,302,727,282	93.0
Abroad	517	0.17	173,221,987	7.0
Total	300,079	100.0	2,475,949,269	100.0

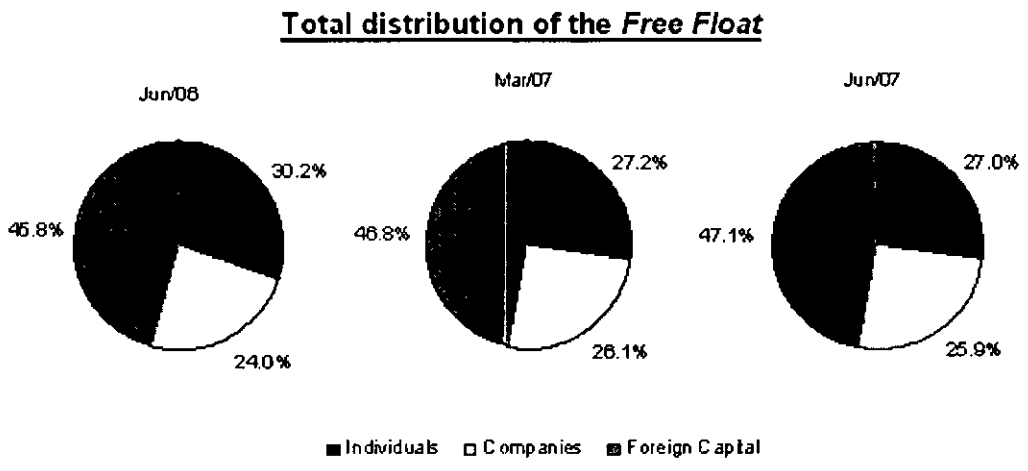


Figure 1. Total distribution of the Free Float

With regard to the total of the Bank's shares that are well spread out on the market (14.8%), i.e. the free float, the

predominance of foreign capital (47.1%) is apparent. This is followed by Individuals (27.0%) and Companies (25.9%).

The largest part of the free float, 88.1% (323.6 million shares), is under custody of the Brazilian Clearing and Depository Corporation (CBLC) and is distributed as shown in the following figure. It can be observed that in June 2006 foreign investors held 51.6% of the total number of marketable shares at CBLC, followed by individuals, with 37.9%. The Bank recorded growth in the share of legal entities in June 2007, which rose from 10.5% in 2Q06 to 17,7% in 2Q07, while foreign capital had its share reduced.

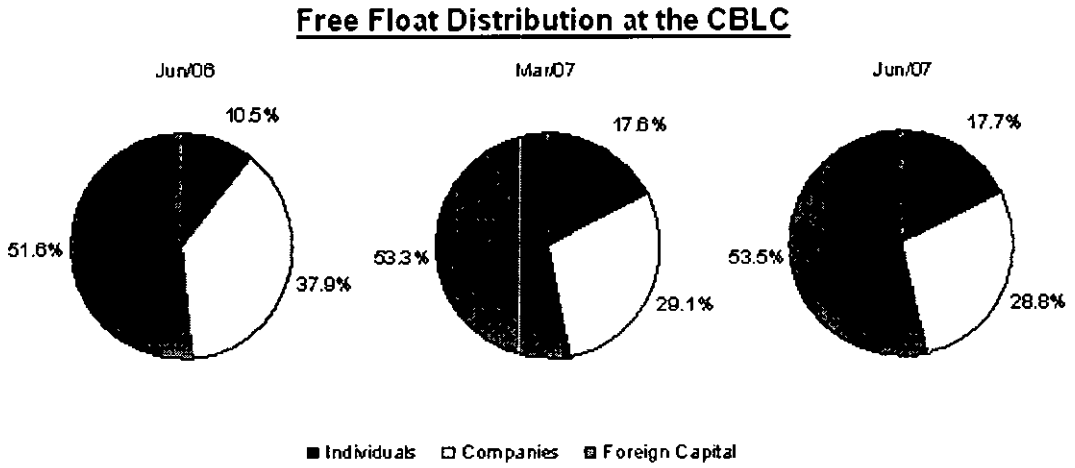


Figure 2. Free Float Distribution at the CBLC

Equity Held by Foreign Investors

In an extraordinary meeting held on April 19, 2006, the National Monetary Council (CMN) approved a proposal for an increase in foreign interest in capital stock of Banco do Brasil S.A. from the current 5.6% to 12.5% to be forwarded to the President of the Republic. The increase in equity held by foreign investors was approved through a presidential decree (with no number) on May 31, 2006, in accordance with the provisions of article 52 of the Temporary Constitutional Provisions Act.

From 2002 onwards, a notable increase has been observed in the share of foreigners participating in the Bank's capital. With the Stock Public Offer and "B" Bonus Subscription made last year, the equity held by foreign investors increased significantly from 3.4% in 2005 to 7.0% at the end of the first semester, representing 47.1% of the free float.

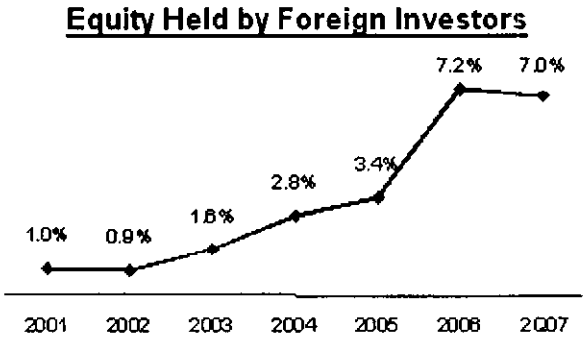


Figure 3. Equity Held by Foreign Investors

2.2 Warrants

In 1996, on the occasion of BB's capital increase, three series of warrants were issued: A, B, and C, maturing in 2001, 2006, and 2011, respectively. The exercise price for these warrants was established at R$ 8.50, with readjustment by the IGP-DI on a "pro rata" basis.

The breakdown of the warrant holders in June, 2006 and June, 2007 is shown in the following table:

Table 7. Breakdown of the Warrant Holders

%

	2Q06	2Q07
Individuals	38.1	34.5
Companies	45.0	50.6
Foreign Capital	16.9	14.9
Total	100.0	100.0

"C" Warrants showed the following characteristics in June 30, 2007:

Table 8. C Series Warrants

Series	Code	Exercise Date	Number	Exercise Price R$	Quotation in R$
C Bonds	BBAS 13	03.31 to 06.30.2011	27,028,746	22.53	58.85

In a simulation, considering the total of 2,475.9 million shares, the potential dilution in the Bank's capital is 3.4%, based on the assumption that until 2011 there will be no additional capital increases and that all the C bonuses will be exercised by or before maturity.

Conversion:
1 Warrant = 3.131799 shares
Total Shares = 2,475,949,269

Table 9. Expected Dilution of Capital

Warrants	Qty. Warrants	Qty. Shares	Dilution of Capital - %
C Series	27,028,746	84,648,600	3.4

2.3 Performance of the Shares

Market

The stock exchange represented the best financial investment during the second quarter of the current year. Even with some adjustments during the above mentioned period, Bovespa renewed its historical record of points on 20 occasions, ending the quarter with an expressive valuation of 18.75%, at 54,392 points.

In April, the good performance of the stock market was influenced mainly by the favorable prospects for the global economy. In the North American market, the disclosure of corporate results of 1T07, which were higher than expected, contributed to the good performance of the markets, as it reflects the healthy condition of the global economy. The following factors collaborated in the domestic scenario: the reduction of the SELIC rate by 0.25 of a percent point, to 12.50% per annum, the continuity of the downslide of the Brazil risk and the constant valuation of the real against the dollar.

The behavior of international markets and the data of the Brazilian economy continued to influence the financial market in May. In the USA, despite signs of a slowdown in the economy, inflation remained under control and unemployment continued at stable rates. In Brazil the positive indicators, with economic activity showing signs of acceleration, and inflation under control, made it possible to adopt an expansionist monetary policy, with cuts interest rates.

In the last month of 2Q07, the scenario for maintaining the positive outlook was consolidated. The meetings for deciding interest rates in Brazil and in the USA behaved as expected by economic agents. The disclosure of indicators showing that the global economy has managed to get through the period of decreases in growth rates in the United States without losing dynamism contributed to this good performance in the foreign scenario. In the domestic sphere, the good news came with the review of the GDP for the 1st quarter (+4.3%) and with the trade balance surplus, with an accumulated balance of US$ 20.6 billion. Furthermore, the rating agencies have been evaluating Brazil positively,

bringing it close to the level of investment grade countries.

BB shares

BB shares closed the quarter quoted at R$ 27.89. In the YTD in 12 months shares and "C" bonuses have recorded valuations of 79.6% and 132.4%, respectively, while Ibovespa climbed 48.9%, according to the following graph.

Range of shares owned	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
1 to 10 shares	177,347	59.10%	689,368	0.03%
11 to 50 shares	69,318	23.10%	2,668,647	0.11%
51 to 100 shares	18,905	6.30%	2,599,170	0.10%
101 to 1,000 shares	28,808	9.60%	21,262,016	0.86%
Over 1,000 shares	5,702	1.90%	2,448,740,068	98.90%
Total	300,079	100.00%	2,475,949,269	100.00%

Figure 4. BB Shares and "C" Bonds vs. Ibovespa

Participation in Ibovespa

The Bovespa Index (Ibovespa) is an index that represents the Brazilian stock market, and is composed of papers that were traded in at least 80% of the trading sessions. From this, the Tradability Index is determined, composed of the financial volume and the quantity traded of each paper transacted, which determines the ranking of the paper's share in the market. Out of the total number of papers, the 80% with the highest Tradability index are determined and they then represent the Ibovespa index.

The evolution of the participation of the bank stock in Ibovespa can be verifired in the graph bellow. In the first prior for the near quarter (Sep/07 – Dec/07) the bank occupies the 16th position against the 26th position in the current quarter. The Public Offering and the stock split (1:3) contributed to the increase in the liquidity allowing the access of small investors.

Range of shares owned	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
1 to 10 shares	177,347	59.10%	689,368	0.19%
11 to 50 shares	69,318	23.10%	2,668,647	0.73%
51 to 100 shares	18,905	6.30%	2,599,170	0.70%
101 to 1,000 shares	28,808	9.60%	21,262,016	5.78%
Over 1,000 shares	5,699	1.90%	340,347,113	92.60%
Total	300,076	100.00%	367,556,314	100.00%

Figure 5. BBAS3 Share in Ibovespa

The Bank's number of trades and the financial volume traded were higher in 2Q07 than the same period of the previous year. The increase observed in the current quarter was fundamentally due to the splitting of the shares of Banco do Brasil. With the lower price, their appeal increased, allowing small investors also to participate in the traded volume.

The daily average number traded in 2Q07 was 1,187, as opposed to 720 in 2Q06. During the year the average quantity attained the maximum number of 1,697 transactions in June. In comparison with May 2007, the last month without the influence of the split, there was a 55% increase in transactions.

June 2007	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
Brazil	299,562	99.83	2,302,727,282	93.0
Abroad	517	0.17	173,221,987	7.0
Total	300,079	100.0	2,475,949,269	100.0

Figure 6. Average amount traded in BBAS3

In relation to the average daily amount traded, the Bank totaled R$ 51.5 million in 2Q07, against R$ 23.9 in 2Q06. During the year, the average volume attained the maximum point of R$ 62.9 million in June 2007, an immediate consequence of the performance from splitting its shares.

%

	2Q06	2Q07
Individuals	38.1	34.5
Companies	45.0	50.6
Foreign Capital	16.9	14.9
Total	100.0	100.0

Figure 7. Average financial volume - BBAS3

Market Ratios

The P/L ratio, which indicates a time estimate, in years, for investors to recover the capital invested in the purchase of shares, assuming the full distribution of company profits; attained 14.91x in June 2007, as opposed to 6.34x in June 2006.

The net income per share of the Bank reached R$ 0.43 in 2Q07, against R$ 0.62 in 2Q06.

The Price/equity value per share (VPA) ratio in Jun 2007 denotes that the Bank's shares are traded more than three times the VPA, i.e., the Bank is worth 310% of the amount of Stockholders' Equity at Bovespa.

Market capitalization reached R$ 69,054 million at the end of June 2007, against R$ 41,249 million in the same period of the previous year. The capitalization of the free float recorded R$ 10,251 million, 67.4% higher than the R$ 6,123 million in June 2006.

During a meeting held on March 19, 2007, the Board of Directors approved the setting, for the year 2007, of the payout rate equivalent to the minimum percentage of 40% of net income, complying with the policy for payment of dividends and/or interest on own capital on a quarterly basis, pursuant to article 43 of the Bank's Bylaws. In this manner, in 1H07 the Bank distributed the sum of R$ 990.9 million to its shareholders, with R$ 651.9 million as interest on own capital and R$ 339 million as dividends, which represents the amount of R$ 0.400197 per share in the period. The Dividend Yield of 2Q07, determined based on the division of the dividend distributed in the quarter by the market value of the Bank, attained 0.6%.

The graph below shows the behavior of the main multiples of the Bank over the last quarters.

Series	Code	Exercise Date	Number	Exercise Price R$	Quotation in R$
C Bonds	BBAS 13	03.31 to 06.30.2011	27,028,746	22.53	58.85

Figure 8. Market Ratios

3 – Corporate Governance

The first federal company to join Novo Mercado da Bovespa, a segment that groups the institutions with the most stringent corporate governance practices, Banco do Brasil seeks to adopt management principles that serve as a reference for the market. To this effect, the by-laws of BB establish practices that ensure the balance of rights among stockholders, the sustainability of business, the transparency of management acts, the settling of accounts with stockholders and society, and ethics in its relationship with its audiences.

BB's management bodies are the Board of Directors, advised by the Audit Committee, and the Executive Board, made up of the Board of Officers (president and seven vice-presidents) and by 22 statutory directors. The Bank also has a permanent Board of Auditors.

At any level of the Bank, decisions are taken collectively. With the purpose of involving all 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 guarantee agility, quality and security for the decision taking.

The Bank held 14 meetings with analysts from the capital market at the Apimec regional offices during the semester. Another 58 meetings were also held with investors and analysts in Brazil, in addition to international conferences; 3 road shows and 4 events in the United States and in Europe; besides 4 conference calls of results with analysts (2 in

Portuguese and 2 in English).

In relation to changes in the administrative staff, it is worth emphasizing the effective appointment, in April, of the then interim president of Banco do Brasil, Antonio Francisco de Lima Neto. Lima Neto has been an employee of BB since 1979 and has occupied the following positions, amongst others: Vice-president of Retail and Distribution, Provisional Vice-president of International Business and Wholesale and Director of the Commercial area.

In June, the Board of Directors approved the call for a General Meeting of Shareholders to discuss statutory alterations, creating two new vice-presidencies with the objective of boosting the potential of BB´s admission in new retail business and refining the Company's performance in the agribusiness and government markets.

In the relationship with shareholders what merits special mention in the period is the setting of the payout of 40% of net income, in compliance with the policy for payment of dividends and/or interest on own capital with quarterly periodicity, and the splitting of shares in the proportion of 1:3, making the share price more appealing to investors.

It is also worth mentioning the release, divulged in April by BB and by Banco do Estado de Santa Catarina S.A. (Besc), on the studies that the National Treasury and the Treasury Department of the State Government of Santa Catarina are conducting with regards to the takeover of Besc and of Besc S.A. Crédito Imobiliário (Bescri) by Banco do Brasil.

Table 11. Summarized Balance Sheet – Assets

R$ million

	Balance			Chg.%	
	Jun/06	Mar/07	Jun/07	on Jun/06	on Mar/07
ASSETS	273,836	321,898	332,968	17.6	3.4
Current and Long-term Assets	268,189	316,063	327,065	17.9	3.5
Available Funds	5,068	5,511	4,724	8.7	(14.3)
Short-term Interbank Investments	29,758	41,185	51,614	38.4	25.3
Securities	70,877	73,350	72,071	3.8	(1.7)
Securities Available for Trading	5,568	7,361	10,856	32.2	47.5
Securities Available for Sale	39,781	40,711	39,379	2.3	(3.3)
Securities Held to Maturity	24,865	24,263	20,589	(2.4)	(15.1)
Financial Derivatives	463	1,016	1,247	119.3	22.8
Interbank Accounts	26,208	29,844	30,759	13.9	3.1
Deposits with the Central Bank	23,743	26,998	28,711	13.7	6.3
Compulsory Deposits on Demand Deposits and Float	10,931	10,507	11,902	(3.9)	13.3
Compulsory Deposits on Savings Deposits	12,812	16,492	16,809	28.7	1.9
Other	2,465	2,846	2,048	15.5	(28.0)
Intrabank Accounts	22	33	32	50.0	(2.2)
Loans	94,893	120,020	125,502	26.5	4.6
Public Sector	3,193	4,782	4,631	49.8	(3.2)
Private Sector	99,668	124,106	129,975	24.5	4.7
(Allowance for Loan Losses)	(7,988)	(8,868)	(9,104)	11.0	2.7
Leasing	14	46	22	227.4	(50.2)
Leasing and Subleasing Receivables	909	1,079	1,068	18.7	(0.9)
(Unearned Lease Income)	(870)	(1,011)	(1,024)	16.2	1.3
(Allowance for Lease Losses)	(25)	(23)	(22)	(9.3)	(5.2)
Other Receivables	40,862	45,022	41,263	10.2	(8.3)
Receivable on Guarantees Honored	150	53	49	(64.5)	(7.4)
Foreign Exchange Portfolio	10,454	15,116	9,892	44.6	(34.6)
Income Receivable	212	294	298	38.9	1.2
Trading and Brokerage of Securities	84	151	159	79.1	5.5
Specific Credits	644	700	719	8.7	2.7
Specific Operations	1	1	1	0.0	0.0
Tax Credits	9,223	8,642	13,746	(6.3)	59.1
Actuarial Assets	3,066	2,568	2,460	(19.8)	(3.8)
Warrants Deposits Receivable	12,800	14,129	5,628	(56.0)	(60.2)
Other Credits	7,664	7,284	9,166	19.6	25.8
(Provision or Doubtful Receivables)	(3,436)	(3,904)	(856)	13.6	(78.1)
(With Loan Characteristics)	(401)	(242)	(315)	(39.6)	30.3
(Without Loan Characteristics)	(3,035)	(3,662)	(541)	20.7	(85.2)
Other Assets	688	1,055	1,079	53.4	2.2
Interest in Companies	0	0	0	(5.3)	(3.9)
Other Assets	320	289	271	(9.8)	(6.0)
(Provision for Possible Losses)	(176)	(153)	(148)	(13.3)	(3.2)
Prepaid Expenses	544	919	955	69.0	3.9
Permanent Assets	5,646	5,835	5,903	3.3	1.2
Investments	1,087	1,178	1,262	8.2	7.3
Property and Equipment	2,932	2,782	2,715	(5.1)	(2.4)
Leasing Assets	1,031	1,305	1,362	26.6	4.3
Deferred Charges	596	571	563	(4.3)	(1.2)

Table 12. Summarized Balance Sheet - Liabilities

R$ million

	Balance			Chg.%	
	Jun/06	Mar/07	Jun/07	on Jun/06	on Mar/07
LIABILITIES AND SHAREHOLDER'S EQUITY	273,836	321,898	332,968	21.6	3.4
Current and Long-term Liabilities	254,529	300,147	310,562	22.0	3.5
Deposits	139,939	160,863	164,545	17.6	2.4
Demand Deposits	31,363	35,588	36,841	17.5	3.5
Savings Deposits	33,215	38,942	40,831	22.9	4.9
Interbank Deposits	5,855	5,028	5,148	(12.1)	2.4
Time Deposits	69,377	80,860	81,427	17.4	0.7
Investment Deposits	129	247	300	132.2	21.1
Money Market Borrowing	51,496	67,639	74,719	45.1	10.5
Funds from Acceptances and Securities Placed	2,603	2,099	1,487	(42.9)	(29.2)
Foreign Securities	2,603	2,099	1,487	(42.9)	(29.2)
Interbank Accounts	2,037	2,038	1,697	(16.7)	(16.7)
Intrabank Accounts	1,388	1,913	1,318	(5.0)	(31.1)
Borrowing	3,930	4,574	3,354	(14.7)	(26.7)
Foreign Borrowing	3,930	4,574	3,354	(14.7)	(26.7)
Domestic Onlending – Official Institutions	12,431	13,950	15,240	22.6	9.2
National Treasury	3,067	3,077	3,141	2.4	2.1
BNDES	4,210	4,716	4,843	15.0	2.7
Finame	4,975	5,748	6,759	35.9	17.6
Other Institutions	180	410	498	176.7	21.5
Foreign Onlending	0	0	4	789.7	789.7
Financial Derivatives	1,156	1,969	2,052	77.6	4.2
Other Accounts Payable	39,548	45,301	46,145	16.7	1.9
Collection of Taxes and Contributions	2,245	2,109	1,851	(17.6)	(12.2)
Foreign Exchange Portfolio	8,521	14,946	14,166	66.2	(5.2)
Shareholder and Statutory Distributions	2,083	767	763	(63.6)	(0.6)
Taxes and Social Security	2,479	1,656	2,427	(2.1)	46.6
Trading and Brokerage of Securities	81	237	168	107.8	(29.2)
Financial and Development Funds	1,982	1,946	2,006	1.3	3.1
Perpetual Securities	1,098	1,041	978	(11.0)	(6.1)
Special Operations	2	2	2	(0.6)	(0.3)
FCO (Subordinated Debt)	8,409	9,265	9,574	13.9	3.3
Actuarial Liabilities	3,308	3,530	3,562	7.7	0.9
Other Liabilities	9,332	9,802	10,648	14.1	8.6
Unearned Income	128	113	100	(21.7)	(11.5)
Shareholders' Equity	19,178	21,638	22,305	16.3	3.1
Capital	11,913	11,913	12,711	6.7	6.7
(Unpaid Capital)	-	-	-	-	-
Capital Reserves	356	356	-	(100.0)	(100.0)
Revaluation Reserves	23	6	6	(72.5)	(1.4)
Revenue Reserves	6,787	7,868	9,145	34.7	16.4
Mark-to-Market – Securities and Derivatives	99	417	443	346.6	6.2
Retained Earnings (Accumulated losses)	-	-	-	-	-
(Treasury Shares)	-	-	-	-	-
Income Accounts	-	1,088	-	-	-

Table 13. Summarized Corporate Law Income Statement

R$ million

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Financial Intermediation Income	9,031	9,708	10,125	12.1	4.3	18,426	19,833	7.6
Loans	5,339	6,101	6,069	13.7	(0.5)	10,434	12,171	16.6
Leasing	40	50	45	11.6	(10.0)	78	95	21.3
Securities	3,283	3,043	3,167	(3.5)	4.1	6,804	6,210	(8.7)
Financial Derivatives	(181)	34	318	(275.8)	827.4	(320)	353	(210.3)
Foreign Exchange Portfolio	158	81	125	(21.1)	54.8	610	205	(66.3)
Compulsory Investments	392	400	401	2.3	0.3	819	800	(2.2)
Financial Intermediation Expenses	(6,884)	(6,418)	(6,105)	(11.3)	(4.9)	(13,440)	(12,523)	(6.8)
Money Market Funds	(4,365)	(4,388)	(4,416)	1.2	0.6	(8,349)	(8,804)	5.4
Borrowing, Assignments and Onlending	(533)	(410)	(393)	(26.3)	(4.1)	(1,035)	(803)	(22.4)
Allowance for Loan Losses	(1,985)	(1,621)	(1,296)	(34.7)	(20.0)	(4,056)	(2,917)	(28.1)
Gross Income from Financial Intermediation	2,148	3,290	4,020	87.2	22.2	4,986	7,310	46.6
Other Operating Income (Expenses)	(44)	(1,192)	(2,297)	5,174.4	92.7	(1,917)	(3,489)	82.0
Service Revenues	2,246	2,377	2,437	8.5	2.5	4,349	4,814	10.7
Personnel Expenses	(2,001)	(1,859)	(2,513)	25.6	35.2	(3,877)	(4,372)	12.8
Other Administrative Expenses	(1,450)	(1,467)	(1,647)	13.6	12.3	(2,812)	(3,114)	10.7
Taxes	(437)	(489)	(525)	20.1	7.4	(891)	(1,014)	13.8
Equity Int. in the Results of Subs. and Affil.	172	39	(63)	(136.6)	(273.2)	18	(27)	(247.6)
Other Operating Revenues	1,719	1,121	1,575	(8.4)	40.2	3,183	2,699	(15.2)
Other Operating Expenses	(292)	(915)	(1,561)	433.9	70.5	(1,887)	(2,476)	31.2
Operating Income	2,104	2,098	1,724	(18.1)	(17.8)	3,069	3,821	24.5
Non-operating Income	25	31	12	(50.3)	(59.8)	51	43	(16.1)
Income Before Taxes	2,129	2,128	1,736	(18.5)	(18.4)	3,120	3,864	23.9
Income and Social Contribution Taxes	(277)	(539)	(530)	91.8	(1.7)	1,265	(1,070)	(184.5)
Statutory Profit Sharing	(307)	(180)	(137)	(55.3)	(23.9)	(496)	(317)	(36.1)
Net Income	1,546	1,409	1,068	(30.9)	(24.2)	3,888	2,477	(36.3)

5.3 Income Statement with Reallocations

Table 14. Income Statement with Reallocations

R$ million

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Financial Intermediation Income	9,210	9,650	10,016	8.8	3.8	18,102	19,666	8.6
Loans	5,339	6,101	6,069	13.7	(0.5)	10,434	12,171	16.6
Leasing	40	50	45	11.6	(10.0)	78	95	21.3
Securities	3,233	3,043	3,167	(3.5)	4.1	6,804	6,210	(8.7)
Financial Derivatives	(181)	34	318	(275.8)	827.4	(320)	353	(210.3)
Foreign Exchange Portfolio	158	81	125	(21.1)	54.8	610	205	(66.3)
Compulsory Investments	392	400	401	2.3	0.3	819	800	(2.2)
FX Gain (Loss) on Foreign Investments (1)	38	(154)	(223)	(692.3)	44.7	(228)	(377)	65.3
Other Op. Inc. of a Fin. Intermed. Nature (2)	141	96	114	(19.2)	18.9	(96)	210	(319.6)
Financial Intermediation Expenses	(4,898)	(4,798)	(4,809)	(1.8)	0.2	(9,384)	(9,606)	2.4
Money Market Funds	(4,365)	(4,388)	(4,416)	1.2	0.6	(8,349)	(8,804)	5.4
Borrowing, Assignments and Onlending	(533)	(410)	(393)	(26.3)	(4.1)	(1,035)	(803)	(22.4)
Net Interest Income	4,312	4,852	5,208	20.8	7.3	8,718	10,060	15.4
Allowance for Loan Losses (3)	(1,757)	(1,431)	(1,236)	(29.6)	(13.6)	(3,102)	(2,667)	(14.0)
Net Financial Margin	2,555	3,422	3,971	55.4	16.1	5,616	7,393	31.6
Service Revenues	2,246	2,377	2,437	8.5	2.5	4,349	4,814	10.7
Taxes on Revenues (4)	(407)	(451)	(469)	20.3	8.4	(816)	(940)	15.3
Contribution Margin	4,394	5,347	5,919	34.7	10.7	9,149	11,267	23.1
Administrative Expenses	(3,253)	(3,186)	(3,268)	0.5	2.6	(6,408)	(6,454)	0.7
Personnel Expenses (7) (8)	(1,839)	(1,748)	(1,713)	(6.9)	(2.0)	(3,620)	(3,461)	(4.4)
Other Administrative Expenses	(1,383)	(1,401)	(1,519)	9.9	8.5	(2,713)	(2,920)	7.6
Other Tax Expenses (4)	(31)	(37)	(36)	16.8	(4.4)	(75)	(73)	(2.5)
Commercial Income	1,141	2,161	2,652	132.3	22.7	2,741	4,813	75.6
Legal Risk (5)	(229)	(177)	(329)	43.5	86.3	(355)	(505)	42.3
Legal Claims	(67)	(66)	(128)	90.0	93.9	(99)	(194)	97.0
Labor Lawsuits	(162)	(111)	(201)	24.2	81.7	(257)	(311)	21.3
Other Operating Income (Expenses)	(169)	113	0	(100.3)	(99.8)	(178)	113	(163.8)
Eq. Interest in Result. Subs. and Affil. (1)	135	191	160	18.8	(16.0)	241	351	45.7
FX Other Operating Income/Expenses	(304)	(77)	(160)	(47.5)	106.0	(418)	(237)	(43.3)
Other Operating Income (2)	599	755	727	21.3	(3.7)	1,230	1,483	20.5
Other Operating Expenses (2)	(903)	(833)	(887)	(1.8)	6.5	(1,849)	(1,720)	4.3
Operating Income	743	2,098	2,323	212.6	10.7	2,208	4,421	100.3
Non-operating Income	25	31	12	(50.3)	(59.8)	51	43	(16.1)
Income Before Taxes	768	2,128	2,336	204.2	9.7	2,259	4,464	97.6
Income and Social Contribution Taxes (7) (8)	186	(539)	(734)	(493.9)	36.1	(177)	(1,273)	621.1
Interest on Own Capital Tax Benefit		109	112	(52.3)	3.0	236	222	(6.1)
Statutory Profit Sharing	(307)	(180)	(137)	(55.3)	(23.9)	(486)	(317)	(36.1)
Recurring Income	647	1,409	1,464	126.2	3.9	1,586	2,923	84.4
Non-Recurring Items	899	-	(396)	(144.0)	-	2,303	(446)	(119.4)
Previ Parity (6)	1,362	-	-	-	-	1,362	-	-
Previ – Provision for IR and CS (6)	(463)	-	-	-	-	(463)	-	-
Previ – Reimbursement Contribution - Plan I (7)			76				-	
Previ - Provision for IR and CS (7)			(26)				-	
PAA – Early Retirement Plan (8)			(676)				(676)	
PAA - Provision for IR and CS (8)			230				230	
Net Income	1,546	1,409	1,068	(30.9)	(24.2)	3,889	2,477	(36.3)

5.3.1 Details of Reallocations

The adjustments made in the statement of income to arrive at the Reallocated Statement of Income are described in detail below. The adjustments do not change the final result, since they only intend to arrange revenue and expense items more coherently, considering the performance dynamics of a financial institution. Basically, these adjustments were intended to:

a) allow the financial margin recorded in the period to reflect, effectively, the gain from all the remunerated assets, seeking to inform the market the spread achieved from the division of this margin by the assets, except the permanent assets. For this, it was necessary to:

· include in the financial margin the income recorded in Other Operating Income that had financial intermediation characteristics and which was derived from remunerated assets recorded in the Balance Sheet under Other Assets;
· identify the foreign exchange gain/(loss) on financial assets and liabilities abroad in the period in a specific financial margin item (financial equity);

· keep in financial margin, amounts related to negative foreign exchange adjustments that were recorded in Other Operating Income and Expenses to avoid inverting the balance of accounts of a financial intermediation nature.

b) segregate the impacts of extraordinary events in order to demonstrate recurring income of the Bank in the period.

Reallocations in the Net Interest Income

(1) The foreign exchange gain (loss) on foreign financial equity is reallocated from equity interest in the results of subsidiaries and affiliates for inclusion in the financial margin. This adjustment is required to maintain the equilibrium and coherence of the analysis of the spread, since assets and liabilities previously included in permanent assets are included in other balance sheet items after consolidation. The spread would be improperly decreased without reallocation.

(2) The reallocations of Other Operating Income/Expenses to Other Operating Income of a Financial Intermediation Nature are detailed below:

Table 15. Reallocations – Other Operating Income / Expenses

R$ million

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Income from Special Operations	19	12	14	(26.1)	20.6	34	26	(25.4)
Income from Specific Credits	18	19	19	9.7	2.9	34	38	10.7
FX Readjustment	105	66	81	-	-	(164)	146	-
FX Readjustment Income	(278)	338	815	-	141.0	528	1,153	118.2
FX Readjustment Expense	383	(273)	(734)	-	169.3	(693)	(1,006)	45.3
Total	141	96	114	-	-	(96)	210	-

Reallocations in the net financial margin

(3) The expense with the Allowance for Loan Losses includes loans without characteristics of financial intermediation, so this part of the allowance is reallocated to Other Operating Expenses.

Reallocations in the contribution margin

(4) Considering the model used for the income statement, tax expenses on revenues were reallocated and included in the contribution margin.

Reallocations in the operating result

(5) The expenses with Legal Claims and Labor Lawsuits were separated in the Income Statement with Reallocations, into a group called Legal Risk. It aims to provide a better analysis of the administrative expenses and give more transparency to this type of risk.

Extraordinary Items

(6) Positive extraordinary effect in 2Q06, in the amount of R$ 899 million, net of taxes, resulting from the signing of the agreement concerning Fundo de Paridade Previ (parity fund), the subject matter of a Significant Event on 06.03.2006

(7) Positive extraordinary impact of R$ 50.2 million in 2Q07, net of taxes, referring to the reimbursement of contributions to Previ - Benefit Plan nº 1, made in the first quarter of 2007, as part of an agreement executed between BB and entities representing the employees on the use of the surplus referring to Benefit Plan nº 1, which establishes the suspension of contributions to Previ, and which is to be reviewed every twelve months.

(8) Negative extraordinary impact of R$ 446 million in 2Q07, net of taxes, corresponding to expenses with the Early Retirement Plan (PAA) for employees over 50 years of age and with 15 years of contribution to Previ, to which had approximately 7 thousand employees adhered.

6.1 Breakdown

Banco do Brasil is the largest financial institution in Brazil, with total assets of R$ 332,968 million. In the last 12 months, BB increased its assets by 21.6%.

Remunerated Assets had a growth of 27.0% in 12 months. The figure below shows a slight fall in relative share of remunerated assets in the Bank's total assets, which went down from 79.5% to 83.0% (Jun/06 - Jun/07). This was mainly a result of the increase of loans in June 2007, which was up 32.3% over June 2006 and 4.6% over March 2007.

With regard to the liabilities, a increase is to be seen in the relative share of Remunerated Liabilities from 69.1% to 70.2% (Jun/06 – Jun/07). This movement is largely due to the increase of Funds Obtained in the Open Market, which was up 31.3% and 10.5% over June 2006 and March 2007, respectively.

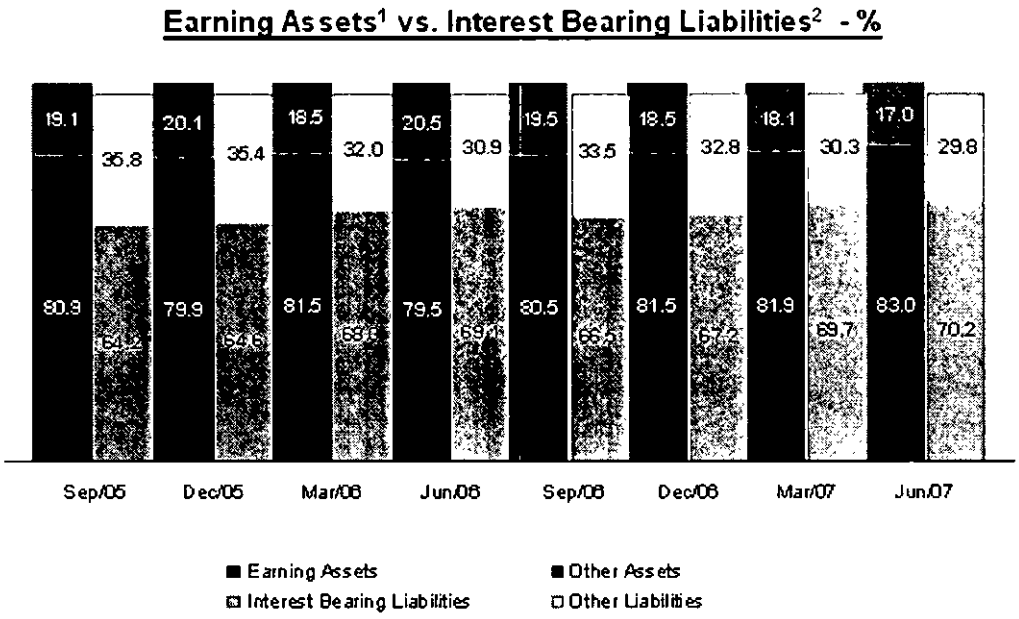


Figure 9. Earning Assets vs. Interest Bearing Liabilities

6.2 Analysis of Assets

In the 12-month period, Securities showed a decrease in the participation of Total Assets, going down from 25.8% to 21.6%. The total balance of TVM (Securities) ended the semester at R$ 72,071 million, as opposed to R$ 70,677 million in 2Q06 and R$ 73,350 in March 2007.

The growth of loans and leasing stands out, with their balance net of allowances increasing 32.3% in relation to 2Q06, reaching R$ 125,524 million. The relative share of these operations climbed from 34.7% in June 2006 and from 37.3% in March 2007 to 37.7% in June 2007.

The increase in the relative participation of Liquidity Assets (except securities) from 12.2% to 16.8% (Jun/06 – Jun/07) is due, mainly, to the increase of 100.7% in deposits received under security repurchase agreements.

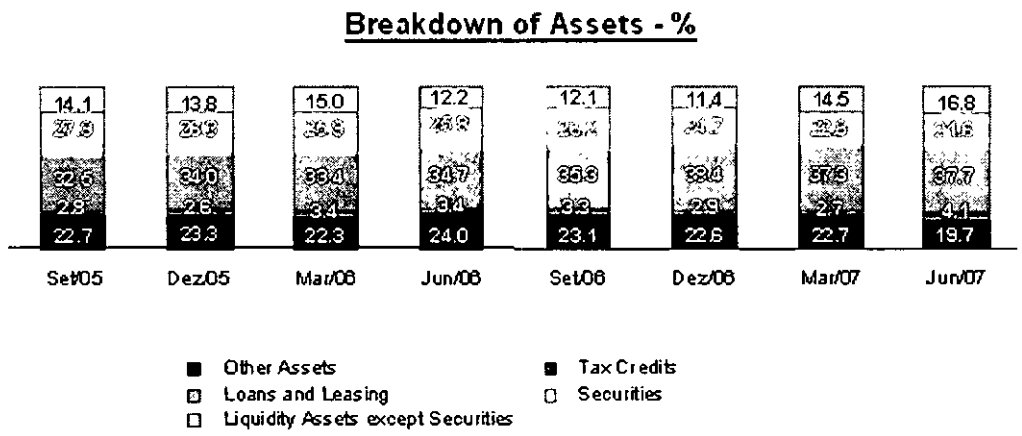


Figure 10. Breakdown of Assets

Table 16. Breakdown of Assets

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Total Assets	245,511	252,977	264,636	273,836	281,615	296,356	321,898	332,968
Liquidity Assets except Securities	34,628	34,824	39,800	33,433	34,051	33,837	46,695	56,051
Securities	68,610	66,470	68,631	70,677	73,766	73,108	73,350	72,071
Loans and Leasing	79,798	85,961	88,338	94,906	99,505	113,869	120,064	125,524
Tax Credits	6,815	6,687	8,905	9,223	9,311	8,604	8,642	13,746
Other Assets	55,660	59,035	58,962	65,597	64,982	66,939	73,147	65,576

6.3 Liquidity Analysis

One way of measuring the liquidity of a financial institution consists in determining the difference between Liquidity Assets and Liquid Liabilities. An analysis of the graphic below reveals an increase of 3.1% in this index when compared to June 2006. Accordingly, the Bank's liquidity is R$ 44.1 billion, which is a comfortable situation.

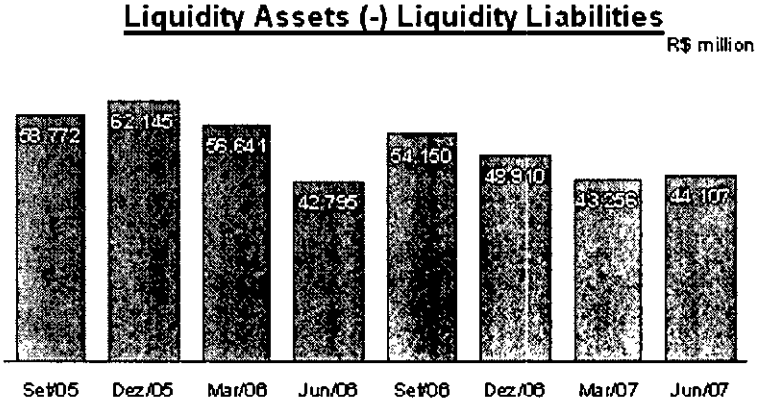


Figure 11. Liquidity Assets (-) Liquidity Liabilities

The liquidity balance exhibits growth of 3.1% over June 2006 and of 2.0% over March 2007, in spite of the expressive growth of Money Market Borrowing due to the increase in deposits received under security repurchase agreements. Funds Obtained in the Market climbed from R$ 51.496 million to R$ 74,719 million, an increase of 45.1% in the period (Jun/06 - Jun/07).

Table 17. Liquidity Balance

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Liquidity Assets (A)	100,646	98,036	104,660	100,146	104,038	103,071	115,921	123,972
Available Funds	4,939	5,828	4,056	3,674	4,569	4,749	5,511	4,437
Interbank Investments	29,690	28,996	35,744	29,758	29,492	29,088	41,185	51,614
Securities(except linked to Bacen)	66,018	63,212	64,860	66,713	69,986	69,235	69,226	67,921
Liquidity Liabilities (B)	41,874	35,891	48,019	57,352	49,888	54,162	72,865	79,865
Interbank Deposits	5,885	5,383	5,262	5,856	5,579	4,878	5,026	5,146
Money Market Borrowing	35,989	30,508	42,758	51,496	44,309	49,283	67,839	74,719
Liquidity Balance (A - B)	58,772	62,145	56,641	42,795	54,150	48,910	43,256	44,107

6.4 Securities Portfolio

In June 2007, the Securities Portfolio showed an increase of 2.0% in relation to the same period of the previous year. Most of the growth of the portfolio occurred in the category of Marketable Securities, which went from R$ 5,568 million to R$ 10,856 million in the period, corresponding to a growth of 95.0%. On the other hand, there was a reduction of 17.2% in the category of Securities Held to Maturity.

It is worth emphasizing the slight change in the Portfolio profile in comparison with June 2006, with an increase of the relative share of securities classified in the Marketable Securities category in the whole TVM portfolio and reduction of the share of securities classified in the Held to Maturity category, pursuant to the following table.

Table 18. Securities Portfolio by Category

R$ million

	Balances								Share %	
	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07	Jun/06	Jun/07
Securities	68,610	66,470	68,531	70,677	73,766	73,108	73,350	72,071	100.0	100.0
Available for Trading	2,722	3,077	4,327	5,568	5,205	7,494	7,361	10,856	7.9	15.1
Available for Sale	39,075	37,832	38,815	39,781	43,180	40,841	40,711	39,379	56.3	54.6
Held to Maturity	26,106	25,275	25,069	24,865	24,934	24,409	24,263	20,589	35.2	28.6
Financial Derivatives	707	287	421	463	448	564	1,016	1,247	0.7	1.7

In the following table, the concentration in securities with a maturity of between 0 and 5 years can be seen. In June 2007 these securities accounted for 88.4% in the total amount, which was lower than the 89.3% share for the same period of the prior year.

Table 19. Securities Portfolio by Maturities - Market Value

R$ million

	Up to 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total
	Balance	Share %	Balance	Share %	Balance	Share %	Balance	Share %	
Sep/05	16,926	25.1	42,510	63.1	7,232	10.7	651	1.0	67,320
Dec/05	17,116	26.0	41,900	63.7	6,189	9.4	567	0.9	65,771
Mar/06	18,159	26.7	42,585	62.6	6,379	9.4	873	1.3	67,977
Jun/06	21,931	31.3	40,565	57.9	6,661	9.5	842	1.2	70,008
Sep/06	22,707	31.0	42,017	57.4	7,535	10.3	938	1.3	73,197
Dec/06	24,057	33.2	42,039	58.0	5,164	7.1	1,217	1.7	72,476
Mar/07	22,430	30.9	42,910	59.2	5,292	7.3	1,676	2.3	72,309
Jun/07	26,707	36.8	37,351	51.5	5,217	7.2	1,527	2.1	70,801

In the chart below we note a decrease in securities maturing after 5 years as compared to June 2006, and an increase in securities maturing up 1 year.

Securities Portfolio with Maturities between 0 and 5 years and after 5 years

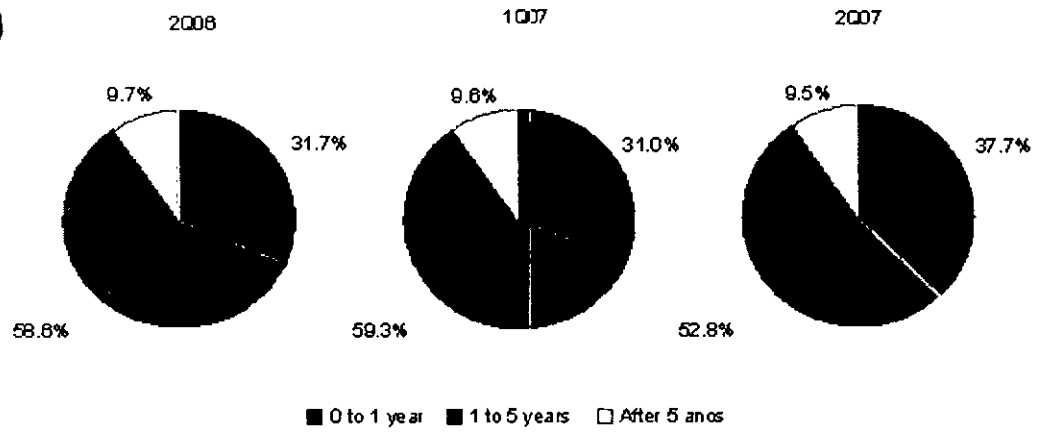


Figure 12. Securities Portfolio with Maturities between 0 and 5 years and after 5 years

6.5 Loan Portfolio

Banco do Brasil has maintained its unchallenged leadership in lending in Brazil, with a 16.6% market share in the Financial System , against 15.7% in June, 2006.

The evolution in loans from the Brazilian Financial System (SFN) was 21.4% (June 2006 - June 2007), accounting for 32.3% of the PIB in June 2007, against 29.3% in the same period of the previous year. The Bank's total loan portfolio increased 28.4% in the same period. In relation to the previous quarter, credit in the Brazilian Banking Industry grew 5.3%, while BB grew 3.5%.

Operations with legal entities were up 35.3% in relation to June 2006 and 2.1% in relation to March 2007. Operations with SMEs grew 28.8% in relation to June 2006 and 10.0% in relation to March 2007.

Loans to individuals grew 29.0% (jun/06-jun/07). In relation to March 2007, operations with individuals exhibited growth of 6.8%, with an emphasis on consigned loans and vehicle financing operations.

The balance of agribusiness were 22.2% higher than in June 2006 and 4.3% higher than in March 2007, due to the release of funds for the 2006/2007 crop.

Table 20. Loan Portfolio

R$ million

				Chg.%	
	Jun/06	Mar/07	Jun/07	on Jun/06	on Mar/07
Brazil	103,209	128,070	133,019	28.9	3.9
. Individuals	21,637	26,130	27,904	29.0	6.8
. Businesses	41,658	55,166	56,345	35.3	2.1
- MSE	16,605	19,448	21,390	28.8	10.0
- Other	25,053	35,718	34,956	39.5	(2.1)
. Agribusiness	39,914	46,774	48,769	22.2	4.3
Foreign	9,894	12,318	12,214	23.5	(0.8)
Total	113,103	140,387	145,233	28.4	3.5

Table 21. Individuals and Business Customers Loan Portfolio

R$ million

	Retail	Wholesale	Agribusiness	Other	Total
Brazil	48,036	35,480	48,769	734	133,019
Individuals	27,455	1	38,577	448	66,481
Business Customers	20,580	35,479	10,192	286	66,538
Foreign	-	-	-	12,214	12,214
Total	48,036	35,480	48,769	12,948	145,233

3 Source: Bacen Press Release (Jun07)

Of the total of loan transactions, 31.5% are loans to the retail segment, 17.1% to the wholesale segment, 33.6% to agribusiness and 7.6% to the foreign trade segment. The portfolio abroad, represents 8.4% of the total. The figure below shows the distribution of the Bank's loan portfolio composition by segment in the period of 12 months.

Breakdown of the Loan Portfolio

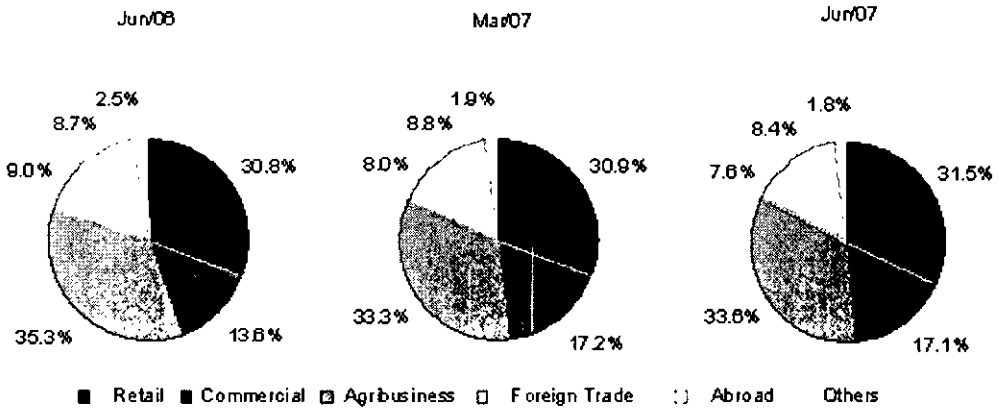


Figure 13. Breakdown of Loan Portfolio

Table 22. Loan Portfolio by Segment

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Total Portfolio	94,685	101,789	105,527	113,103	118,349	133,157	140,387	145,233
Retail	30,899	30,987	32,415	34,855	37,504	40,435	43,378	45,809
Commercial	12,714	13,878	14,914	15,418	16,649	21,735	24,087	24,878
Agribusiness	31,247	35,709	37,054	39,914	40,320	45,064	46,774	48,769
Foreign Trade	8,713	9,623	9,695	10,183	10,532	11,000	11,190	11,004
Abroad	8,539	9,177	8,872	9,894	10,427	12,181	12,318	12,214
Other	2,773	2,415	2,578	2,838	2,917	2,741	2,842	2,559

6.5.1 Retail Loan Portfolio

The Retail Loan Portfolio comprises the products intended, mainly, for Individuals and Micro and Small Businesses. In June 2007, the portfolio reached a balance of R$ 45,809 million, which represents an increase of 31.4% in relation to the same period of the previous year and 5.6% in relation to March 2007.

Table 23. Retail Loan Portfolio

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Direct Consumer Credit (CDC)	11,920	11,981	12,839	14,468	15,968	16,909	18,595	20,275
CDC Crédito em Consignação	3,286	3,810	4,695	6,040	7,366	8,296	9,343	10,173
CDC Veículo	202	188	247	426	635	894	1,287	1,722
Receivables	6,842	6,922	6,857	6,804	6,946	7,235	7,539	7,755
BB Giro Rápido (WCL)	3,973	3,893	4,146	4,262	4,266	4,310	4,560	4,760
Giro	176	191	300	746	1,649	2,800	2,850	2,809
Credit Cards	2,218	2,489	2,625	2,676	2,836	3,080	3,196	3,450
Overdraft Accounts	2,666	2,227	2,585	2,572	2,407	2,211	2,660	2,647
Others	2,904	3,283	3,264	3,327	3,432	3,899	3,976	4,114
Total	30,699	30,987	32,415	34,855	37,504	40,435	43,378	45,809

Loans to Individuals – Banco do Brasil meets the credit needs of individuals through mass distributed products. BB's credit scoring system calculates pre-approved limits for Direct Consumer Finance (CDC), overdraft account, and credit cards, based on a series of customer information.

Direct Consumer Finance transactions showed a 40.1% growth in relation to June 2006, and 9.0% in relation to March 2007, reaching R$ 20,275 million, with an average value per transaction of R$ 2,368.78 at the end of June 2007. CDC has the highest relative share in the Retail portfolio, with 44.3% in June 2007, as opposed to 41.5% in relation to June 2007.

The increase was basically due to the growth of Payroll Loans, which went up from R$ 6,040 million in June 2006 to R$ 10,173 million in June 2007, growing 68.4% in the period. It's worth pointing out that this modality represents 50.2% of Direct Consumer Finance portfolio of the Bank. The Direct Consumer Finance can be contracted by the Internet, Automated teller machines and in the branch network. Besides that, it combines low operational costs with credit that is well spread out.

In 2006, the Bank restructured its vehicle-financing portfolio, which went from R$ 426 million in June 2006 to R$ 1,722 million in June 2007, corresponding to growth of 304.2%. In comparison with 1Q07, CDC Veículo increased by 33.8%. In September 2006, the Bank entered into a partnership agreement with the Localiza Group, permitting the financing by BB of the sale of used cars of Localiza and its affiliates to checking account holders and non-checking account holders of BB. Of the total of CDC Veículo in 2Q07, R$ 216.8 million originated from the partnerships.

In June 2007, 52.7% of the individual customers had accounts with a credit limit. Overdraft account transactions ended the 2Q07 with a balance of R$ 2,647 million, a 2.9% increase in relation to the same prior-year period.

The balance of Credit Card showed an increase of 28.9% (Jun/06 – Jun/07), with a balance of R$ 3,450 million. Banco do Brasil expanded its credit card base by 59.1% in the last 12 months, growing from 9.9 million to R$ 15.7 million (Jun/06 – Jun/07).

Loans to SMEs - Transactions intended for micro and small businesses accounted for 42.8% of the Retail Portfolio in June 2007, against 45.9% registered in the same period of previous year. The balance of these transactions was R$ 19,600 million, a 22.5% increase in relation to June 2006 and 2.9% in relation to Mar 2007.

Table 24. MSB Credit Products

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Receivables	6,842	6,922	6,857	6,804	6,946	7,235	7,539	7,755
BB Giro Rápido	3,973	3,893	4,146	4,262	4,266	4,310	4,560	4,760
Proger Urbano Emp.	2,172	2,327	2,442	2,639	2,849	3,062	3,258	3,869
Giro	176	191	300	746	1,649	2,800	2,850	2,809
Others	823	1,195	1,214	1,547	2,349	921	846	407
Total	13,986	14,528	14,757	15,999	18,058	18,328	19,053	19,600

Transactions based on receivables totaled R$ 7,755 million in June 2007, a 14.0% increase in relation to the same period of the previous year and a 2.9% increase in relation to March 2007. The main products intended for this segment are Receivables, Accounting for over 89.1% of the total.

BB Giro Rápido offers financing for working capital without red tape and without requiring tangible collateral. The

transaction is divided into a part with an overdraft account and another for working capital, paid in installments over 12 months. At the end of June 2007, this line of credit reached a balance of R$ 4,760 million, a 11.7% increase (Jun/06 – Jun/07).

The Proger Urbano Empresarial transactions use funding from the Worker's Support Fund (FAT) to finance projects or investment with the respective working capital, which provides for the generation of employment and income in urban areas. These transactions showed an increase of 46.6% (Jun/06 – Jun/07), ending the period with a balance of R$ 3,869 million.

Loans for the lower income population - With the Federal Government's decision to expand the financial services industry to the population with a lower income and to microentrepreneurs, Law 10,735/03 was passed, which makes provisions about the channeling of resources equivalent to 2% of demand deposits taken by financial institutions towards microcredit transactions, at an interest rate of up to 2% a month.

The wholly-owned subsidiary Banco Popular do Brasil (BPB) was created to operate in this segment, with a structure separate from BB Multiple Bank, in order to guarantee the transparency of the process, besides the adequacy of products, processes, loan policy and operating costs.

Banco Popular ended the semester with its network of banking correspondents present in 1,263 municipalities, with R$ 42 million in loans granted in the year, which corresponds to approximately, 228 thousand loan operations, with an average amount of R$ 185 and balance on hand of R$ 43.4 million.

Since its creation in 2004, BPB have already granted more than R$ 370 million in credit. With the support of the partner Civil Society Organizations of Public Interest (CSOPI), Banco Popular carried out a total 1082 operations to encourage entrepreneurship and the generation of income in the sphere of the National Program of Targeted Productive Microcredit (NPTPM).

Table 25. BPB Highlights

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Assets - R$ thousand	158,715	134,412	152,960	154,212	147,070	147,508	161,200	152,425
Deposits - R$ thousand	85,151	85,337	95,075	105,033	105,875	106,946	105,949	106,107
Loan Portfolio* - R$ thousand	48,726	53,817	56,129	49,015	44,338	44,054	42,746	26,542

*Including Provision for Credit Risk

6.5.2 Commercial Loan Portfolio

The Commercial Loan Portfolio covers the products intended mainly for medium and large-sized companies and corporate customers. Banco do Brasil has adopted a segmentation model that has the objective of perfecting the management of this customer base, dividing them into the sectors of Industry, Commerce, and Services, and into the medium, large, and corporate segments. The model helps to attain a better knowledge of the specific needs of each company and seeks to develop, diversify and achieve a return from the business. In June 2007, the portfolio reached a balance of R$ 24,878 million, an increase of 61.4% (Jun/06 - Jun/07) and 3.3% in relation to March 2007.

Table 26. Commercial Loan Portfolio

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Working Capital – Others	4,606	4,399	5,500	5,878	6,927	11,062	13,148	13,139
Investment Finance	3,376	3,515	3,629	3,823	4,060	4,778	5,017	5,716
Receivables	2,811	3,398	3,183	2,897	3,015	3,239	3,093	2,959
Overdraft Accounts	1,847	1,878	1,825	1,827	1,642	1,503	1,524	1,662
Others	74	688	776	895	1,005	1,154	1,305	1,402
Total	12,714	13,878	14,914	15,418	16,649	21,735	24,087	24,878

The product that stands out most in this portfolio is Working Capital – Others, reaching a 52.8% of the total portfolio, an increase of 123.6% (Jun/06 – Jun/07), closing the year with R$ 13,139 million.

The investment transactions comprise, in the main, lines of credit intended for the expansion or modernization of production, via the acquisition of machines and equipment, including freight vehicles. The balance of these transactions

grew 45.7% (Jun/06 – Jun/07) and 13.9% in relation to March 2007, to reach R$ 5,716 million in June 2007.

Receivable operations closed the month of June 2007 with a balance of R$ 2,959 million, a 2.1% increase in relation to the same period of previous year and a reduction of 4.3% in relation to March 2007. These are short term transactions and present a low credit risk for the Bank. For the companies, they mean an excellent alternative for working capital financing and an opportunity for boosting their sales, offering longer terms for their customers.

6.5.3 Agribusiness Loan Portfolio

Agribusiness is one of the main sectors of the Brazilian economy, of fundamental importance to the growth of the Country. In its role as an agent of public policies, Banco do Brasil represents a link between the government and the rural producer, acting as the largest financier of Brazilian agribusiness in all its segments and in all stages of the productive chain, from the small farmer to the large agroindustrial companies.

The Brazilian Trade Balance has increased as a result of the positive contribution from agribusiness. The trade balance of this sector generated a US$ 22.8 billion surplus in 1H07, growing 23.8% in relation to 1H06.

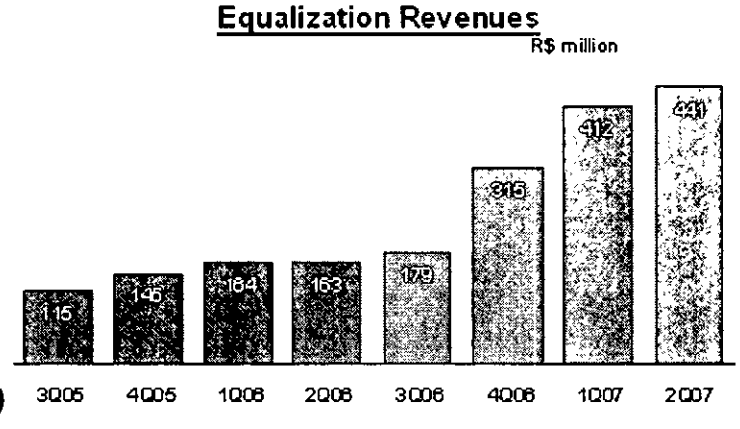


Figure 17. Equalization Revenues

Up to December 2006, the series corresponding to the installments paid to the Bank as equalization was determined with a basis on management information. As of 1Q07, said series was realigned with a basis on information obtained from accounting, aiming to evidence the true impact of this type of revenue on the Bank's income.

Accordingly, we can observe an increase of R$ 278.0 million in the installments paid to the Bank by way of compensation in 2Q07 in relation to 2Q06 and of R$ 29.0 million in relation to 1Q07.

Besides the mechanisms for risk management applicable to all the Bank's loan portfolios, the Bank applies, in the management of the agribusiness portfolio, specific methods for identifying risks and minimizing losses.

The bank has Agribusiness portfolio risk mitigation mechanisms. At the end of 2Q07, 20.8% of the portfolio was protected by these mechanisms. The graph below distributes this amount in percentage, indicating that, of the total risk mitigated, third party risk and Insurance (Proagro and Agricultural Insurance) are accountable for the main part (78.3%). The remaining 21.7% are distributed between Arrangements/Plans (Associated Risk and Integration Arrangements/Plans) and Others (Futures and Options and other Mitigating Factors).

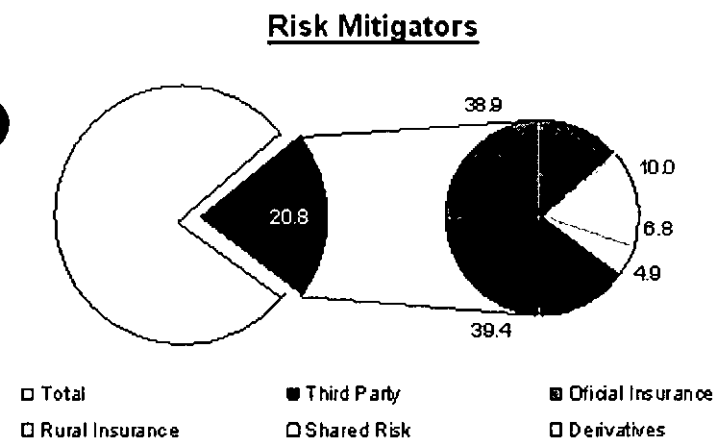
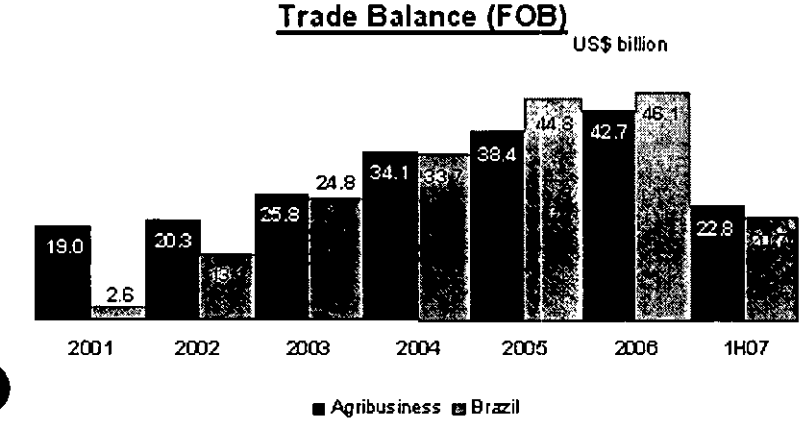


Figure 18. Risk Mitigators



Source: MAPA – Ministério da Agricultura, Pecuária e Abastecimento

Figure 14.Trade Balance (FOB) The table below shows exports broken down into the main products

Table 27. Exports

US$ million

	2003	2004	2005	2006	1H07
Soybeans and Related Products	8,125	9,922	9,477	9,308	5,391
Meat	3,641	6,060	8,066	8,641	5,224
Leather, Hides and Shoes	2,485	2,672	3,089	3,471	1,846
Sugar	2,298	3,137	4,694	7,772	3,052
Forest Products	5,461	5,852	7,197	7,897	4,240
Coffee, Mate and Spices	1,424	1,860	2,669	3,535	1,923
Fruit Juice	1,292	1,103	1,245	1,570	1,257
Tobacco	1,090	1,406	1,707	1,752	896
Other Products	4,852	2,122	3,981	4,087	2,924
Total	30,638	34,134	42,075	48,033	26,752

Source: MAPA – Ministério da Agricultura, Pecuária e Abastecimento

The sector's extremely positive performance in the last few years is due to the permanent quest for new technologies and for valuing the services provided by the professionals from this area, always aiming at improving profitability and continuity in the enterprises. In the following chart, the increased productivity per planted area, as a result of gains in productivity, can be visualized.

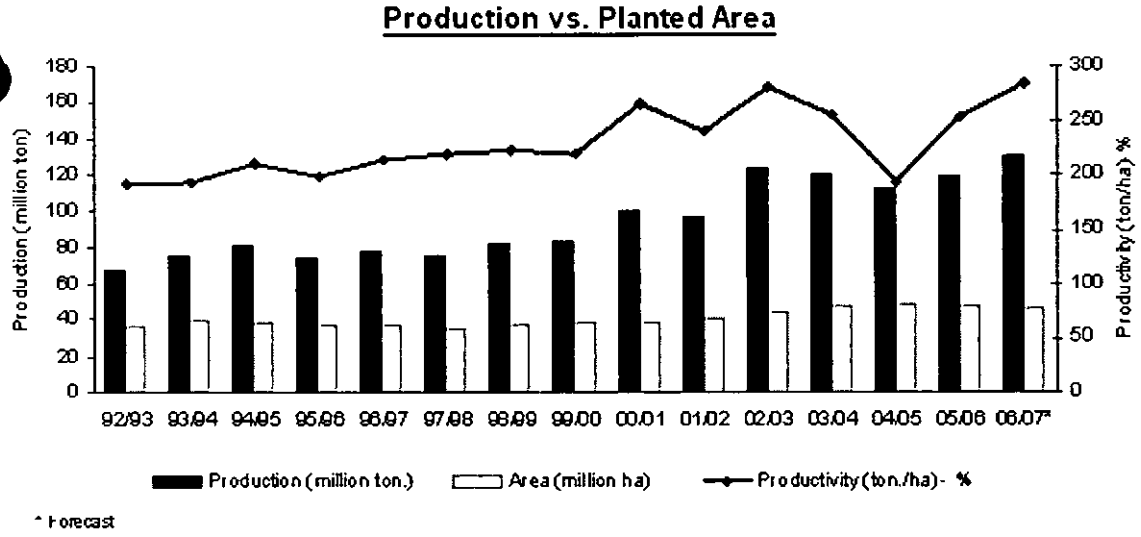


Figure 15. Production vs. Planted Area

Regarding the distribution of agribusiness transactions by region of the Country in June 2007, it can be seen a higher concentration in the South region.

Table 28. Agribusiness Loan Portfolio by Region

Region	Share - %
North	3.4
Northeast	6.0
Midwest	26.1
Southeast	26.5
South	38.0

Rural credit finances the costs of producing and marketing of agricultural products, stimulates rural investments, including warehousing, processing and the industrial transformation of agricultural products. Furthermore, it encourages the introduction of rational methods in the productive system.

BB's Agribusiness Loan Portfolio grew 22.2% (Jun/06 – Jun/07) and 4.3% in relation to March 2007, ending the period with a balance of R$ 48,769 million. The portfolio growth is due to the new contracts involving the 2006/2007 harvest.

Loans for financing costs and marketing, intended to finance the goods and services needed for the production of crops and livestock production, account for 59.3% of the Agribusiness Portfolio. Loans for investments, intended for the modernization of the productive activity, accounted for 40.4% of this portfolio and have an average term of 4 years.

Table 29. Agribusiness Loan Portfolio by Purpose

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Costs	13,658	16,133	15,891	16,161	15,380	18,705	19,179	19,254
Investment	14,619	15,463	16,051	16,857	17,505	18,582	19,196	19,666
Marketing	2,347	3,097	3,644	5,106	5,832	7,375	8,181	9,668
Other	623	1,016	1,468	1,790	1,603	401	218	141
Total	31,247	35,709	37,054	39,914	40,320	45,063	46,774	48,769

The funds made available by the Bank are obtained from savings deposits (MCR 6-4), demand deposits (MCR 6-2), the Program for Generating Employment and Income in the Rural Area (Proger Rural), the National Program for Strengthening Family Farming, of the Ministry of Agrarian Development (Pronaf), the Constitutional Fund for Developing the Central-West (FCO) and the National Bank for Economic and Social Development (BNDES), amongst others.

Table 30. Agribusiness Loan Portfolio by Product

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Agricultural and Livestock Costs	10,280	12,342	12,381	12,704	11,957	14,309	14,739	14,800
Pronaf/Proger Rural	7,748	8,905	9,317	9,750	9,844	11,119	11,597	12,036
BNDEON Finame Rural	3,878	3,967	4,028	4,098	4,215	4,363	4,395	4,238
FCO Rural	3,208	3,272	3,367	3,471	3,591	3,730	3,796	3,894
Loans to Companies	1,598	2,342	2,904	4,121	4,787	6,491	7,444	8,757
Others	4,538	4,881	5,057	5,771	5,928	5,051	4,803	5,044
Total	31,247	35,709	37,054	39,914	40,320	45,063	46,774	48,769

Proger Rural is a product that offers fixed loans for agricultural and cattle breeding funding, besides financial support for fixed and semi-fixed investments; And the National Family Agriculture Empowerment Program - Pronaf is aimed at the financing of agricultural activity funding. These two products added up to R$ 12,036 million at the end of June 2007, growing 23.4% in relation to the same period of the previous year.

FCO Rural offers a financial supplement for working capital and costs for the rural producer of the Central-West region of Brazil. Transactions in the product grew 12.2% in the past 12 months, and 2.6% in relation to March 2007, totaling R$ 3,894 million in June 2007.

The BNDES/Finame Rural products have the objective of financing investments in the modernization of machines and equipment intended for rural production. Transactions with these products totaled R$ 4,238 million at the end of June 2007, growing 3.4% in relation to June 2006.

The following table shows the balance of the loan transactions intended for agribusiness by item financed.

Table 31. Agribusiness Loan Portfolio by Financed Items

R$ million

							Chg.%	
Items Financed	Jun/06	Share %	Mar/07	Share %	Jun/07	Share %	on Jun/06	on Mar/07
Cattle Breeding	4,492	11.3	5,113	10.9	5,402	11.1	20.2	5.6
Soybeans	4,512	11.3	3,196	6.8	2,912	6.0	(35.5)	(8.9)
Corn	2,977	7.5	2,918	6.2	3,133	6.4	5.2	7.4
Sugar Cane	853	2.1	1,341	2.9	1,260	2.6	47.7	(6.0)
Machinery and Equipment	1,274	3.2	1,063	2.3	1,077	2.2	(15.4)	1.4
Coffee	789	2.0	1,028	2.2	1,081	2.2	37.0	5.2
Rice	1,060	2.7	849	1.8	1,009	2.1	(6.6)	18.9
Poultry	447	1.1	572	1.2	606	1.2	35.8	6.0
Fertilizers	652	1.6	556	1.2	543	1.1	(16.8)	(2.3)
Cotton	789	2.0	526	1.1	554	1.1	(29.8)	5.2
Manioc	401	1.0	522	1.1	524	1.1	30.8	0.4
Pork	451	1.1	490	1.0	512	1.0	13.3	4.4
Wheat	534	1.3	336	0.7	616	1.3	15.4	83.1
Others	20,662	51.8	28,264	60.4	29,541	60.6	43.0	4.5
Total	39,914	100.0	46,773	100.0	48,769	100.0	22.2	4.3

In its work of financing Brazilian agribusiness, Banco do Brasil reaches all the segments, from the small producer to the large agro-industrial companies. The table below reveals this work, showing that while financing mini and small producers accounts for 85.1% of the total of contracts, the transactions with the other agents show a 75.7% share of the amount financed.

Table 32. Funds Released for the 06/07 Crop by Segment

R$ million

	Qty. Contracts	Qty. Contracts - %	Amount Contracted	Amount Contracted - %
Mini	576,265	45.4	2,155	8.1
Small	503,624	39.7	4,335	16.2
Medium and Large Sized	187,928	14.8	18,838	70.6
Cooperatives	697	0.1	1,360	5.1
Total	1,268,514	100.0	26,689	100.0

Next, the Agribusiness Loan Portfolio by Funding Sources is shown.

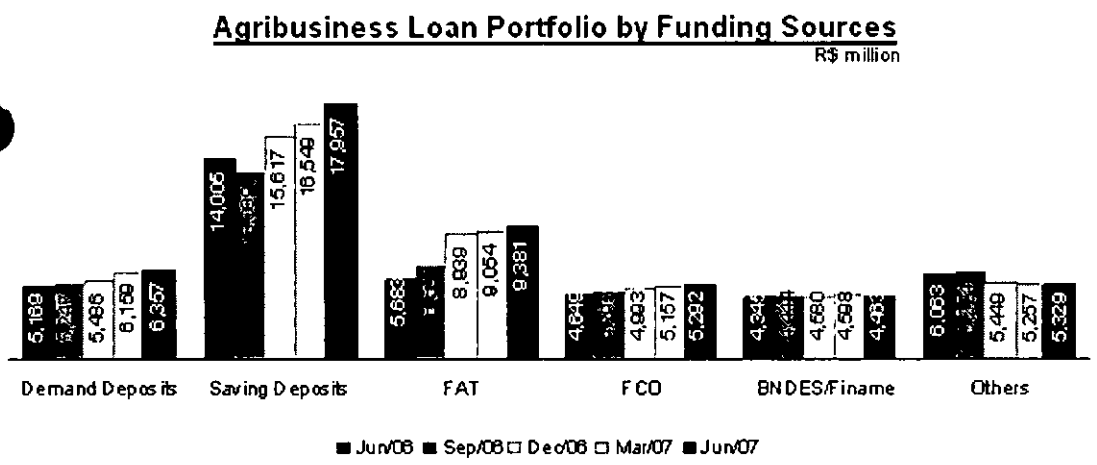


Figure 16. Agribusiness Loan Portfolio by Funding Sources

Investments in Savings Deposits, the main funding line of the portfolio, grew 28.2% in the last 12 months, reaching a balance of R$ 17,957 million in June 2007.

The Bank uses funds from Ouro savings accounts and the FAT (Worker's Support Fund) in rural financings at reduced interest rates. To make this kind of intermediation viable, the National Treasury compensates the Bank, in the form of equalization, for the difference between the funding, risks, administrative and tax costs and the amount charged to the taker of the loans. In 2Q07, equalization revenues contributed towards the growth of the Bank's Loan Revenues, as a consequence of the increase of these revenues for the 2006/2007 crop.

The following figure shows a history of the revenues received by way of interest rate equalization

6.5.4 Foreign Trade Loan Portfolio

The balance of Banco do Brasil's Foreign Trade Loan Portfolio ended 2Q07 with R$ 11,004 million, an increase of 8.1% in relation to June 2006. Banco do Brasil offers several tools to support foreign trade, such as training, consultancies that accompany, step by step, all the stages of an international transaction, the Foreign Trade Counter, a virtual environment for trade between Brazilian companies and the global market, amongst others.

This portfolio's main product is ACC/ACE, which accounts for 64.1% of the total. In June 2007, this modality reached a balance of R$ 7,049 million, a decrease of 2.1% in relation to the same period of previous year. In June 2007, the volume contracted from ACC/ACE reached US$ 4.2 billion, growing 44.9% in relation to June 2006.

Table 33. Foreign Trade Loan Portfolio

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
ACC/ACE	6,801	6,684	6,986	7,198	7,319	7,502	8,068	7,049
BNDES Exim	1,217	2,153	1,961	2,100	2,304	2,718	2,285	3,061
Import Finance	688	762	713	867	891	766	809	852
Others	7	23	26	18	19	14	27	41
Total	8,713	9,623	9,695	10,183	10,532	11,000	11,190	11,004

The table below shows details of the ACC/ACE transactions:

Table 34. ACC/ACE Average Volume per Contract

ACC/ACE	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
Volume Contractad (US$ million)	2,839	2,808	2,822	2,882	3,286	3,064	3,226	4,175
Quantity of Contracts	8,077	7,801	7,567	7,303	7,386	6,932	6,646	7,382
Average Volume per Contract (US$ thousand)	351	359	372	394	445	442	485	566

6.6 Tax Credits

In 2Q07 there was an increase of 59.1% (R$ 5,104.0 million) in the inventory of Tax Credits - TC in relation to the previous quarter, on account of the realignment of tax credits written off over the course of the lawsuit filed by the Bank, relating to the full accumulated tax loss carryforward of Income Tax - IT and of negative bases of Social Contribution Tax - CS.

In 1998, BB went to court with an application for the full carryforward of accumulated tax loss of IT and of negative bases of CS. Since then, the Bank has offset these tax losses in full against income tax and social contribution taxable income and has made judicial deposits of the taxes otherwise due (on 70% of the amount offset).

In May 2007, the tax credits that had been written off since the beginning of the lawsuit were reactivated, in the sum of R$ 4,913.2 million, in contra account to the re-formation of provision relating to the portion of 70% of IT and CS, for which judicial deposits were formed - Note 18.d – Judicial Proceeding: Interest on Own Capital Tax Benefit.

At the end of the 1st half/2007, the activated tax credits are comprised of 56.1% of intertemporal differences. These differences stem from the tax legislation that does not permit the inclusion of certain expenses in the calculation basis as soon as they occur (accrual basis), but rather when they are financially settled (cash basis).

Table 35. Breakdown of Tax Credit

in million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Non-temporal Differences	4,581	4,572	6,919	7,403	7,701	7,050	7,300	7,707
Social Contribution to be Compensated	2,101	2,001	1,801	1,637	1,460	1,411	1,229	1,011
Income Tax and Social Contribution – Judicial Claim	-	-	-	-	-	-	-	4,913
Others*	132	114	185	167	150	144	113	115
Total Tax Credit	6,815	6,687	8,905	9,207	9,311	8,604	8,642	13,746
Income Tax / Income bef. Income Tax - %	38.6	33.2	24.3	(24.4)	33.9	14.3	25.3	31.4

* Includes Tax Losses and Negative Bases and Mark-to-Market, Tax Credits Abroad and Pasep and Cofins

The figure below shows the composition of tax credit at the level of Inter-temporal Differences, of Social Contribution recoverable and IR/CS – Judicial Proceeding. The IT/Lair ratio in June 2007 was higher than that observed in March 2007, due to the increase of permanent additions to the calculation basis of the tax in June.

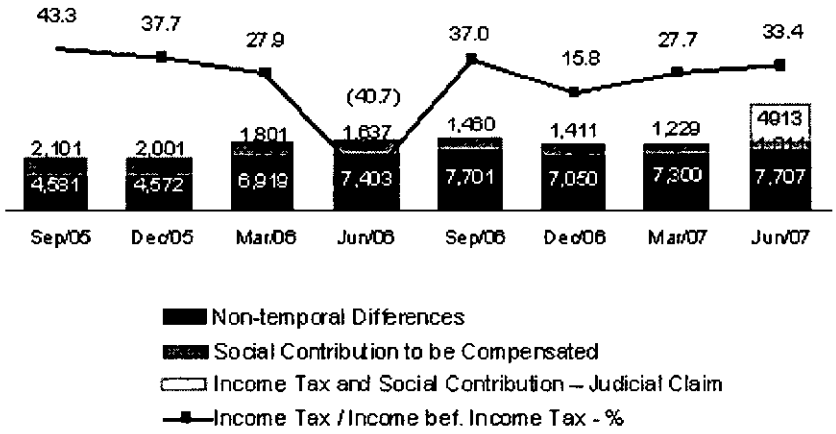


Figure 19. Breakdown of Tax Credit

In the first semester of 2007, it was observed the realization of tax credits in the Multiple Bank in the amount of R$ 1,265 thousand, corresponding to 63.18% of the consumption forecast of technical study carried out in 31.12.2006 (R$ 2,002.0 million).

According to the last technical study on the consumption of tax credits at the Full-Service Bank, position on 6.30.2007, the expectation of realization of nominal amounts of activated tax credits, considering the re-composition of those written off over the course of the lawsuit, is projected for 8 years.

6.7 Analysis of Liabilities

The funding obtained by the Institution by means of demand Deposits, savings and time deposits grew 17.6% over the balance of June 2006. Demand Deposits showed an increase of 17.5%, reaching R$ 36,841 million; Demand Deposits showed an increase of 22.9%, reaching R$ 40,831 million; and Time Deposits showed an increase of 17.4%, reaching R$ 81,427 million in June 2007.

The 45.1% increase of Funds Obtained in the Open Market over June 2006 was a result of the intensification of purchase and sale commitments, own and third party portfolio.

Table 36. Liabilities

The following figure shows the changes in the percentage share of the main liabilities in such a way as to facilitate an understanding of the composition of the sources of financing.

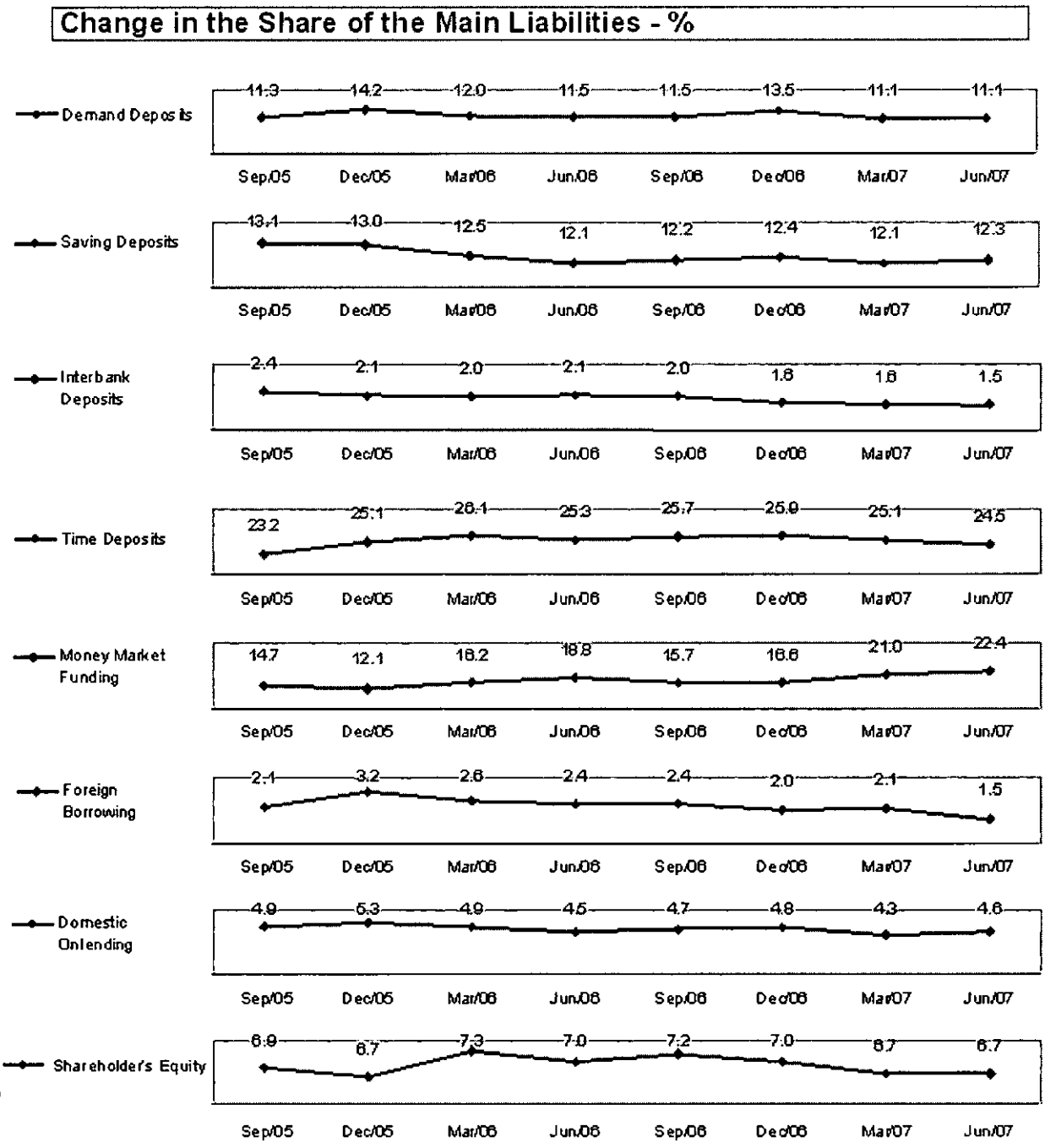


Figure 20. Changes in the Liabilities

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Deposits	122,872	137,858	139,195	139,939	144,902	158,841	160,663	164,545
Demand Deposits	27,694	35,802	31,878	31,383	32,448	40,059	35,588	36,841
Savings Deposits	32,093	32,844	32,975	33,215	34,447	36,714	38,942	40,831
Interbank Deposits	5,885	5,383	5,262	5,855	5,579	4,878	5,026	5,146
Time Deposits	56,907	63,495	68,948	69,377	72,271	76,900	80,860	81,427
Investment Deposits	93	134	131	129	157	289	247	300
Money Market Funding	35,989	30,508	42,758	51,496	44,309	49,283	67,639	74,719
Foreign Borrowing	5,266	8,024	6,820	6,533	6,800	6,041	6,673	4,841
Domestic Onlending	12,147	13,370	13,053	12,431	13,348	14,335	13,950	15,240
Other Liabilities	52,610	46,567	43,601	44,257	52,059	47,098	51,334	51,317
Shareholders' Equity	16,826	16,850	19,209	19,178	20,197	20,758	21,638	22,305
Total Liabilities	245,511	252,977	264,635	273,836	281,515	296,356	321,898	332,968

6.8 Deposits and Money Market Funding

Banco do Brasil's market funding reached R$ 239.3 billion in June 2007, an increase of 25.0% and of 4.8% in relation to June 2006 and March 2007, respectively. Main funding are Open Market Funding (R$ 74.7 billion) and Time Deposits (R$ 81.7 billion), corresponding to 65.4% of the total.

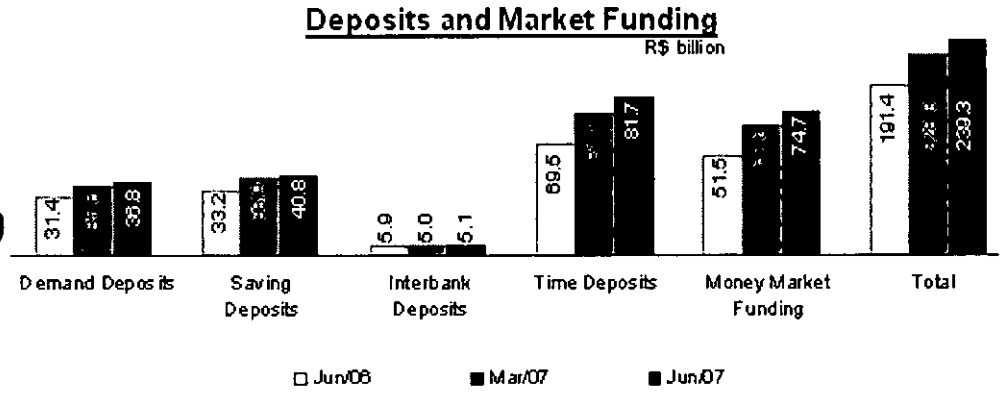


Figure 21. Deposits and Market Funding

BB's position of leadership in Market Funding shows the trust that Brazilians have in the Institution, accounting for 20.8% of the total funding of the Brazilian Banking Industry[2].

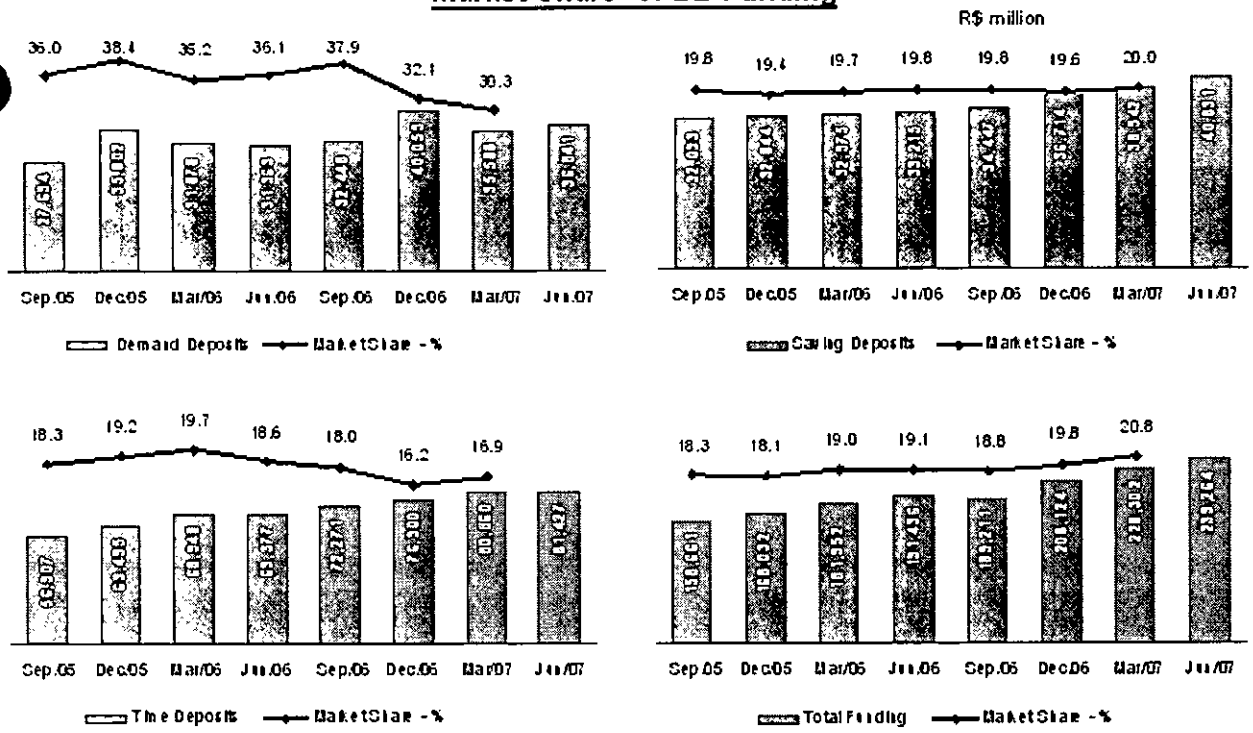


Figure 22. Market Share of BB Funding

2 Base: Bacen. March/2007

3 Information about participation in the Financial System comes from the top 50 banks of the Central Bank site. The latest available position in this System at the time of publishing this report was in Mar/07. **6.8.1 Foreign Borrowing**

Its foreign borrowing demonstrates that Banco do Brasil's credibility goes beyond the national frontiers, making BB a very attractive investment option for international investors. The following table shows the issues in circulation.

Table 37. Foreign Borrowing

In January 2006, Banco do Brasil prepared its first issue in the perpetual security market, launched abroad. This issue totaled US$ 500 million, higher than previous US$ 200 million and sustained the success of the issue whose demand overcame US$ 4.2 billion. The issue attracted the Asiatic, European and American markets.

Perpetual Securities are borrowing instruments recognized by BIS rules and widespread in the international banking industry in order to compound their capital base. With this issue, Banco do Brasil increased the leverage capacity of its loan operations. This issued was classified as Ba1 by Moody's agency.

Issue Date	Volume in US$ million	Term in years	Cupom (%)	Interest Interval	Issue price	Return for the Investor (%)	Premium over Treasury	Rating	Program
12.27.01	450	7	7,890	Quarterly	100,0000	7,890	325	BBB/Baa1	MT100
07.03.02	300	7	L3M+0,60	Quarterly	100,0000	5,013	*268	AAA/Aaa	MT100
09.11.02	40	7	7,890	Quarterly	100,0000	7,890	489	BBB/Baa1	MT100
03.17.03	120	7	7,260	Quarterly	100,0000	7,260	460	BBB/Baa1	MT100
07.10.03	178	8	5,911	Quarterly	100,0000	5,955	350	BBB+/Baa1	Visanet
07.10.03	45	8	4,777	Quarterly	95,0000	5,955	350	BBB+/Baa1	Visanet
12.19.03	250	10	6,550	Quarterly	100,0000	6,550	292	BBB/Baa1	MT100
09.20.04	300	10	8,500	Half-Yearly	99,1740	8,625	447	A2	Subord. Debt
12.17.04	**73	3	zero-cupom	-	62,0385	17,250	*** 180	-	GMTN
01.23.06	500	Perpetual	7,950	Quarterly	100,0000	7,950		Ba1	Perpetual Securities
* 492 basis points over Libor									
** amount in US$ equivalent to R$ 200 million, PTAX 2,7080									
*** preliminary calculation in Reais with swap into US$									

7.1.3 Risk Management Process

The risk management process involves a continuous flow of information, observing the following phases:

a. Preparation: fact finding and analysis phase. Steps for handling the risks are analyzed and proposed in this stage for discussion and resolution in the subcommittees, and if necessary, for subsequent discussion and resolution in GRC;
b. Decision: decisions are made in a collegiate fashion at the competent levels and are communicated to the intervening areas;
c. Execution: the intervening areas, including RMD, implement the decisions made; and
d. Tracking/Management: meaning control of the fulfillment of resolutions and their impacts by the Risk Management Directorate, communicating the actions to the competent forum (subcommittee or committee). The optimization of the management process is performed in this phase.

7.1.4 New Capital Accord (Basel II)

Basel II - Concepts and Grounds

The document entitled "International Convergence of Capital Measurement and Capital Standards - a Revised Framework, commonly designated Basel II, which establishes new regulatory capital requirement criteria, considering the risks associated with the exposures, governance and transparency of financial institutions.

The main objective is to strengthen the stability of the global financial system by means of the refinement of practices of management and governance of risks at financial institutions with the optimization of the previous agreement (Basel I).

The New Agreement is based on three major assumptions:
Cornerstone I- strengthening of the capital structure of institutions;
Cornerstone II - encouragement of the adoption of best risk management practices, and;
Cornerstone III - reduction of the asymmetry of information and favoring of market discipline.

Figure 25. Cornerstones of Basel II

Cornerstone I defines the treatment to be provided for purposes of determination of the capital requirement in view of the risks incurred in activities developed by financial institutions. In relation to the Agreement of 1988, Basel II introduces the requirement of capital for operating risk and optimizes the discussion concerning credit risk.

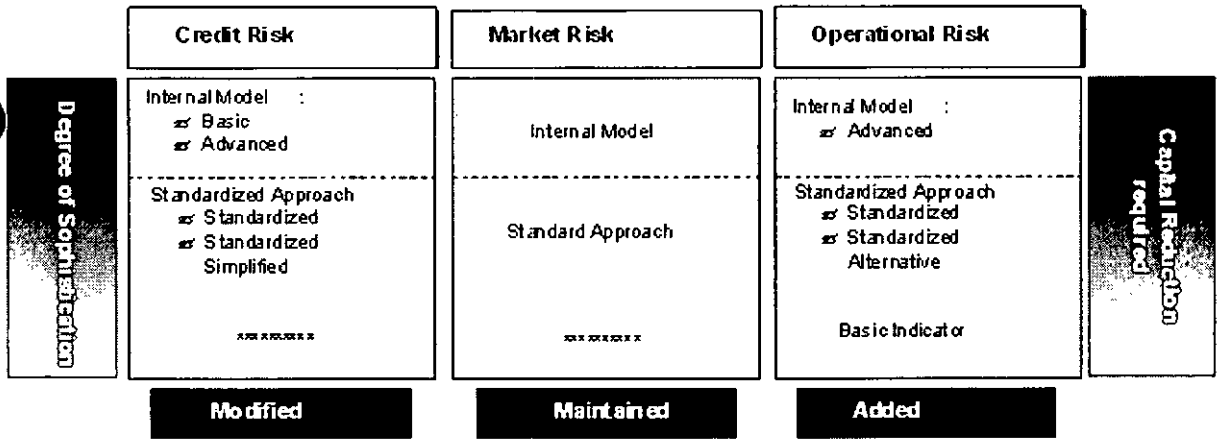


Figure 26. Allocation of capital

Basel II stimulates the adoption of proprietary models for measuring risks (credit, market and operational), with differentiated degrees of complexity, subject to approval by the regulator, and possibility of benefits of capital requirement reduction benefits on account of the adoption of internal approaches.

Cornerstone II reaffirms and strengthens the participation and the role of the regulator in the process of banking supervision and of evaluation of risk governance of institutions and how these manage capital to deal with the risks incurred.

Cornerstone III recommends the creation of tools and conditions to reduce the systemic risk generated by the asymmetry of information, stimulating and favoring market discipline and the transparency of information about risk management practices.

The entire philosophy of Basel II, which can be summed up as the quest for the optimization of risk control and management practices, lies in the combination of these three major elements.

Basel II in the World

Adhesion to the New Agreement is compulsory for countries that are members of G-10, which should adopt the document by the end of 2007.

The Basel Committee on Banking Supervision published a survey conducted in 115 countries that are not participants of G-10 with the intention of measuring adhesion to Basel II. As a result, it was verified that 82 countries expressed their adhesion to the New Agreement. In the same survey, of the 16 countries consulted in Latin America, 12 affirmed their adhesion.



Source: BIS Bank for International Settlements - September 2005

Figure 27. Adhesion to Basel II

Basil II in Brazil

Since 2001, by means of Quantitative Impact Studies, Bacen has been preparing for the implementation of the New Agreement in Brazil. At the end of 2004, Bacen published Release 12,746, which defined the implementation schedule of Basel II for the National Financial System.

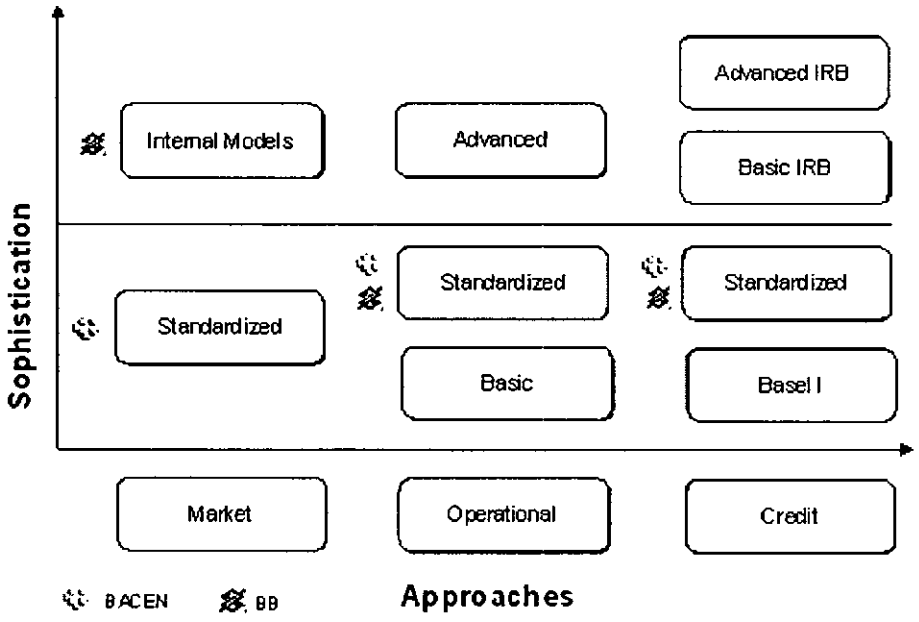


Figure 28. Basel II Implementation Schedule

The Management Committee, comprised of members of Bacen, Febraban and associations representing banks, was

created in 2005. The objective of this committee is to conduct discussions concerning Basel II and to define aspects for their deployment.

As a result of these dynamics, Bacen submitted the drafts of resolutions and circulars to an open hearing, detailing aspects of the implementation in relation to the three risks.

It is worth emphasizing Resolutions 3,380/06 and 3,464/07 for implementation of an Operational and Market Risk management structure, respectively, and Resolution 3,444/07 which defines the Referential Shareholders' Equity. The formalization of the calculation of the portion of Required Referential Shareholders' Equity- RRE referring to exposures weighted by risk factor (EWRF) is being awaited for Credit Risk.

The implementation of the New Agreement means that financial institutions are required to make considerable investments in information technology, development of management tools, corporate governance, risk culture and adjustments in management practices.

Implementation at Banco do Brasil

The implementation of Basel II at BB is being conducted by the Risk Management Directorate, responsible for the coordination and preparation of the Bank for fulfillment of Basel II requirements, with the participation of all the areas of the Bank.

An in-depth analysis of the New Capital Accord was initially carried out with the objective of identifying points that would be necessary to satisfactorily meet the new demands.

Four hundred and five actions relating to the Credit, Operational and Market risks were identified and listed. The analysis and discussion of the actions in the internal sphere was followed by the implementation phase. Out of this total, 80 actions have already been concluded.

In the sphere of the financial industry, BB has taken part in various forums seeking to stimulate the discussion about the impacts of the New Accord on BB and on SFN and to identify key points for the preparation of the Bank.

The Bank pursues the adoption of the advance measurement approach based on internal models.

The Central Bank expressed itself in favor of the implementation of the new international standards proposed by the Basel Committee to SFN, permitting the adoption of advanced capital measurement models, observing the scheduled defined in Release 12,746.

While Bacen is formalizing the standardized approach to market risk, BB is already prepared for the implementation of the internal model (advanced approach) for this risk. For the operational and credit risks, Banco do Brasil is qualified to implement the standardized approaches, in conformity with the regulations provided by Bacen.

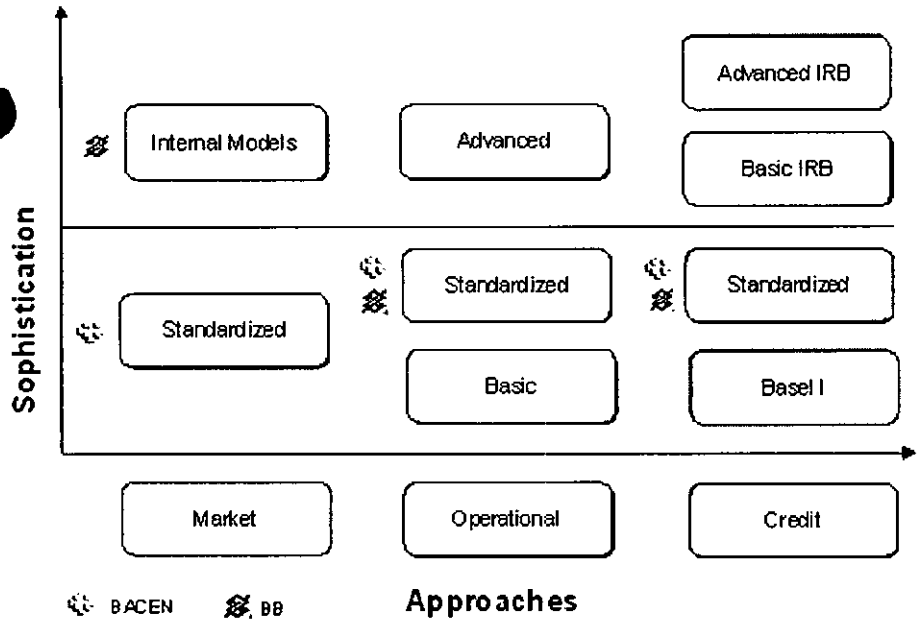
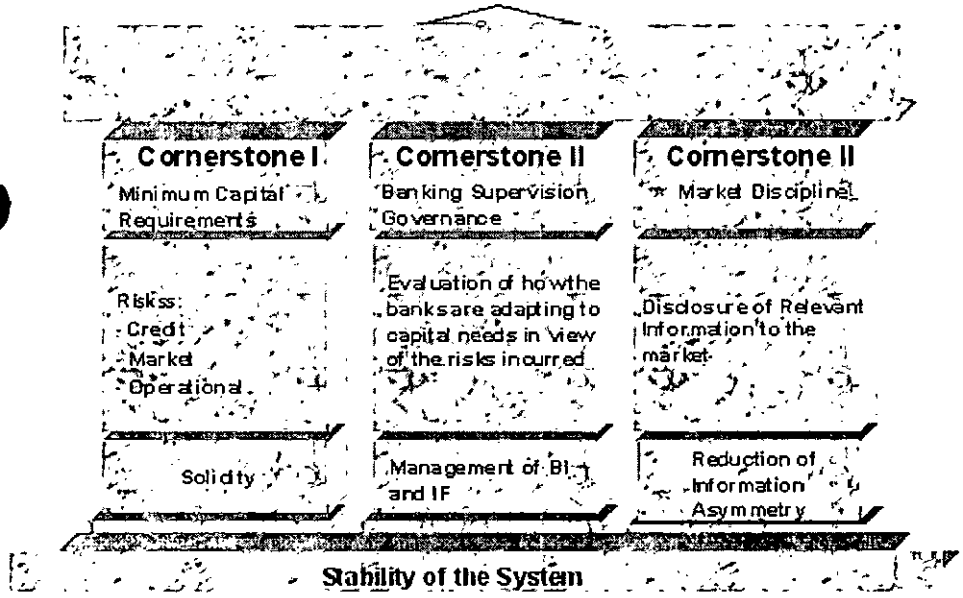


Figure 29. Implementation of Basel II



7.2.1 Market and Liquidity Risk

BB uses statistical and simulation methodologies to measure the market and liquidity risks of its positions. Amongst them, mention should be made of:

- Value at Risk (VaR);
- Sensitivity (parallel shift and curvature of risk factors);
- Stress Analysis.

The Value at Risk (VaR) is a measure of maximum expected loss in monetary values, under normal market conditions, in a determined line period, with a chosen level of probability. At BB, the VaR is measured by historical simulation methodology. At present, the market risk limits are established with a probability of 95% and period of 1 day. The VaR is also measured with a basis on probability of 99% and a timeframe of 10 days, pursuant to quantitative parameters defined by the Basel Committee.

The methodology for historical simulation uses the changes observed in interest rates, market indices, foreign exchange rates, shares and commodities. For the Brazilian market, this model for measuring the risk of instruments and portfolios is the most appropriate. This methodology undergoes a process of backtesting, which consists of comparing the distribution of the values calculated with the financial results actually occurred.

With a view to determining the sensitivity of the Bank's capital to the impacts of extreme market movements, stress scenario tests are carried out. These scenarios are constructed from shocks in the market, and are based on significant historical moments or forecast economic-financial scenarios.

Building the scenarios is the responsibility of the Scenarios Commission, under the coordination of the Bank's economics area.

Balance Sheet of Exchange Assets and Liabilities

Banco do Brasil adopts the policy of managing its foreign currency exposure so as not generating capital requirement for its coverage, respecting the exposure limit of 5% in relation to the Referential Shareholders' Equity, as defined in CMN Resolution CMN 2,891, of 09/26/2001. It is worth emphasizing that for strategic reasons, the Board of Directors authorized, on 03/09/2006, the Global Risk Committee to set in R$ 1 billion the maximum limit of capital consumption for foreign exchange exposure.

The Central Bank makes optional the use of a methodology that takes into consideration exposures in Euro, Dollar, Swiss Franc, Yen, Pound Sterling and Gold as a single currency, incorporating the diversification effect in the calculation of foreign exchange exposure. In order to improve foreign exchange risk management, Banco do Brasil adopted this methodology.

Banco do Brasil, observing the contents of BACEN Circulars 3,351 (procedures for the calculation and preparation of information relating to the monitoring and control of exposure in gold, in foreign currencies and in assets and liabilities subject to exchange variance), 3,352 (alters the limit of exposure in gold and in assets and liabilities denominated in exchange variance) and 3,353 (alters factor "F" applicable to transactions with gold and with assets and liabilities denominated in exchange variance) of this year, is reviewing its exchange exposure management procedures in order to fulfill the strategy adopted.

Below, we present an information balance sheet of foreign currency assets and liabilities referenced to the American dollar, position at June 29, 2007, exposing liability of US$ 418 million:

Table 38. Balance Sheet of Foreign Exchange Assets and Liabilities

Multiple Bank - US$ million
06.30.07

ASSETS		LIABILITIES	
Trade Bills	59	Currency Swap	899
U.S. Dollar Ptax	113	U.S. Dollar Spot	171
DDI	18		
Term Market Operations	1034		
Foreign Investiment	1,768	Res. 2770	2,483
		Debt Assumption	75
Other Currency Assets	218		
Total	3,210	Total	3,628
FX Exposure			418

The chart that follows shows the behavior of Banco do Brasil's foreign exchange exposure since July/2006, in relation to the referential shareholders' equity:

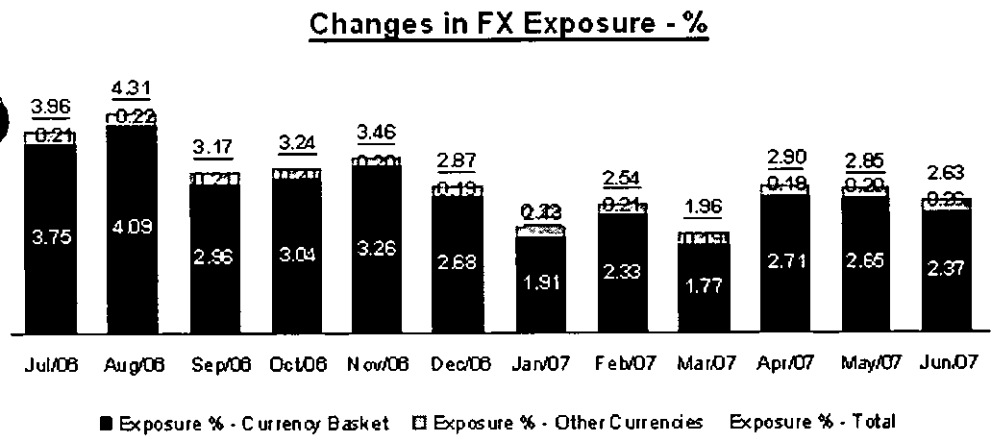


Figure 30. Changes in FX Exposure

The Balance Sheet by currencies of Banco do Brasil, position on 6/29/2007, detailing the amounts in reais and in foreign currencies in the internal and external area, is available in the Notes to the Balance Sheet.

With the larger customer service network abroad among Brazilian banks, positions in foreign currencies assumed by Banco do Brasil are, prioritarily, earmarked for foreign trade, a segment in which the Bank has been maintaining its leading position as a financer and supporter.

Balance Sheet by Index

Banco do Brasil manages its expositions in a consolidated manner, analyzing the impacts of several scenarios and stress tests. We present below the composition of assets and liabilities of Banco do Brasil in the country, detailed by index:

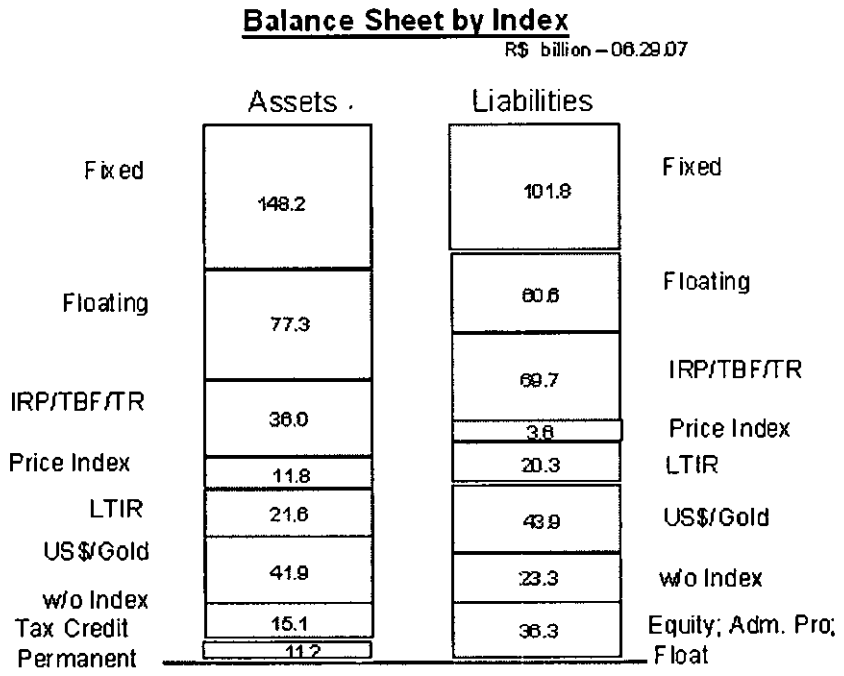


Figure 31. Balance Sheet by Index

The chart below shows Banco do Brasil's net mismatches, by index in Brazil.

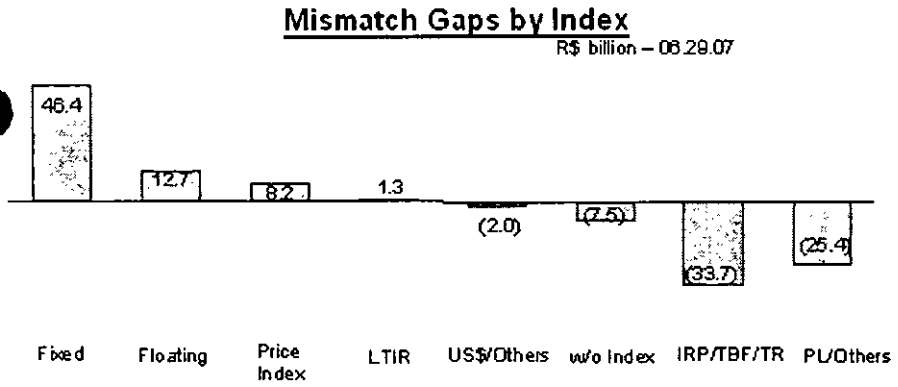


Figure 32. Mismatch Gaps by Index

Consolidated BB Portfolio

The consolidated portfolio of Banco do Brasil is formed by asset and liability positions, comprised of commercial and treasury operations, including derivative financial instruments, recorded in the consolidated balance sheet of the BB Group.

The table below contains the Value at Risk (VaR) of the BB consolidated portfolio upon closing of the 1st semester of 2007.

Table 39. VaR BB consolidated

	Balance at 06.29.2007
VaR R$ thousand	128,420

The table below itemizes the average, minimum and maximum VaR of the BB Consolidated portfolio, observed between January and June 2007:

Table 40. Average V@R, Minimum and Maximum of BB Consolidated Portfolio

BB Consolidated	Minimum	Average	Maximum
VaR R$ thousand	79,836	100,153	128,420

Abroad Portfolio

The consolidated portfolio of the Foreign Network is made up of the positions of assets and liabilities, comprising commercial, financial, derivative and securities transactions, recorded in the balance sheets of Banco do Brasil's units located abroad.

The table below contains the net position of the Present Value (MtM) and the Value at Risk (VaR) of the consolidated portfolio of the Foreign Network upon closing of the 1st semester of 2007.

Table 41. Abroad Portfolio

		US$ thousand
	MtM Amount	V@R
Abroad Portfolio	35,472	9,081

The following table details the average, minimum and maximum VaR of the Foreign Network portfolio observed between January and June 2007:

Table 42. Average VaR, Minimum and Maximum

US$ thousand

Abroad Network	Minimum	Average	Maximum
Abroad Network	5,861	7,159	9,081

Fixed Interest Rate Portfolio

The risk management strategy for the set of Real-denominated operations and remunerated at pre-fixed interest rates establishes the VaR limit definition for corrected cost portfolio, which is composed by products accounted for by the corrected cost value. The products accounted for by the market value are managed by means of Domestic Treasury specific-portfolio limits.

The VaR methodology used in managing and accompanying the limits of these portfolios is the same as defined by the Brazilian Central Bank, through Circular 2,972 of 03.23.2000, that is, a 99% confidence level for the period of 10 days and the allocation of the marked-to-market values by standard vertices.

Table 43. Portfolios Indexed to Fixed Interest Rates

R$ thousand

Fixed Interest Rate Portfolio	Σ VP Vertices	V@R
Cost Adjusted Portfolio	46,550,723	181,330

The graph below shows the distribution by vertexes of the aforesaid restated cost portfolio:

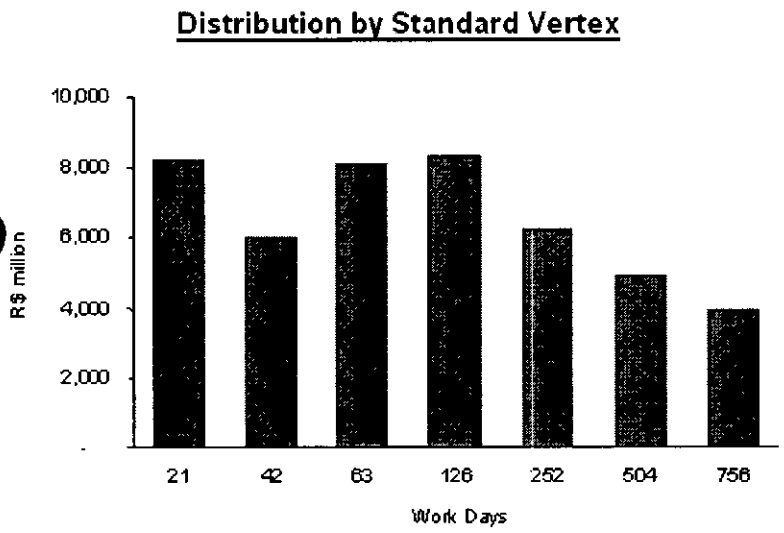


Figure 33. Distribution by Standard Vertex

For management purposes, Banco do Brasil separates trading operations from the others, establishing its own strategies and limits. The diversification effect shows the risk reduction of the portfolio arising from the correlations between the assets that it comprises.

The table below shows the VaR for the international trading portfolio by risk factor:

Table 44. International Trading Portfolio

US$ thousand

	International Trading	
Risk Factor	Valor MtM	V@R
US Dollar	50,365	278
Euro	33,188	275
Sterling Pound	4,566	28
Other Currencies	2,121	23
Diversification effect		(113)
Total	90,221	491

The table below sets out the average, minimum and maximum VaR of the domestic and international trading portfolio observed between January and June 2007:

Table 45. Average, Minimum and Maximum VaR of the International Trading Portfolio

			thousand
Trading	Minimum	Average	Maximum
International US$	35	169	580

The table below shows the VaR for the Domestic Trading portfolio by risk factor:

Table 46. Domestic Trading Portfolio

Risk Factor	MtM Amount	V@R
Fixed Income	678,512	338
Variable Income	72	29
Dollar	0	0
Diversification effect		(3)
Total	678,585	364

The table below itemizes the average, minimum and maximum VaR of the Domestic Trading portfolio, referring to the period from January to June 2007:

Table 47. Average, Minimum and Maximum VaR of the Domestic Trading Portfolio

			thousand
Trading	Minimum	Average	Maximum
Domestic(R$)	0	139	366

Liquidity Risk Banco do Brasil maintains adequate levels of liquidity, as a result of its broad and diversified depositor base and the quality of its assets, and of the strong control over liquidity risk, in accordance with the Market and Liquidity Risk Policy established for the conglomerate.

The management instruments adopted are:

· Short, Medium and Long Term Liquidity Forecasts.
· Risk limits.
· Liquidity Contingency Plan.

The main limits of liquidity risk are the Minimum Liquidity Reserve and the Indicator of Availability of Free Funds (IAFF), established by the Global Risk Committee (GRC).

The IAFF Indicator, utilized in the planning and in the execution of the institution's budget, aims to guarantee a balance between funding and application of resources from the commercial portfolio and to ensure the financing of Liquidity with structural resources. The limit of IAFF, established annually, orients the preparation of the budget in accordance with the goals of commercial funding and investment and with the management of Liquidity established by the Board of Directors.

The Minimum Liquidity Reserve is the minimum level of assets of high liquidity to be maintained by the Bank, compatible with the exposure to risk resulting from the characteristics of its operations and from the market conditions, utilized as a parameter for the identification of liquidity crisis and engagement of the Liquidity Contingency Plan, and, if necessary, adoption of the Liquidity Contingency Measures.

In the liquidity contingency plan are defined the actions and measures to be adopted in a liquidity crisis, which is characterized when the short term liquidity forecast indicates levels lower than the limit of the minimum liquidity reserve defined.

There was no exceeding of limits in the first half of 2007, guaranteeing the adequate management of the institution's liquidity risk, as demonstrated in the graphs below.

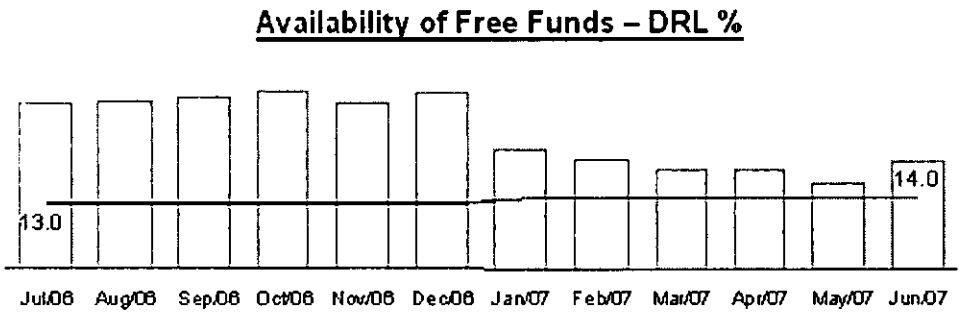


Figure 34. Availability of Free Funds – DRL %

7.3.1 Shareholders' Equity

Banco do Brasil ended 2Q07 with R$ 22,305 million of Shareholders' Equity, an amount 16.3% higher than the same period of last year and 3.1% higher than March 2007. The growth of shareholders' equity in the last 12 months was due to the incorporation of the Results of the period.

An analysis of the graph below shows the inversely perfect relation between Brazilian country risk and the impact of marking to market on shareholders' equity, indicating that the discount on the securities has been reducing because of the greater confidence of the investors in the Brazilian market.

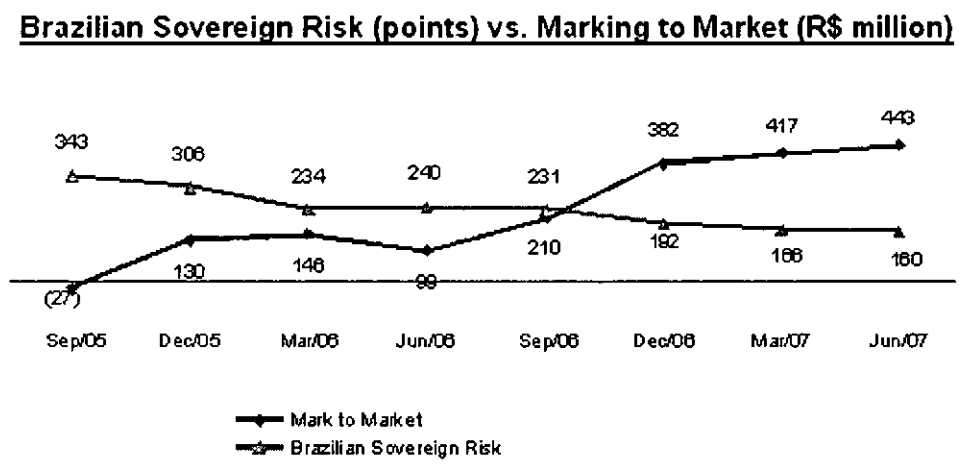


Figure 39. Brazilian Sovereign Risk (points) vs. Marking to Market (R$ million)

Table 51. Shareholders' Equity

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Shareholders' Equity	16,826	16,950	19,209	19,178	20,197	20,758	21,638	22,305
Capital	10,797	10,797	10,797	11,913	11,913	11,913	11,913	12,711
Reserves	4,743	6,048	6,048	7,166	7,166	8,463	8,220	9,152
MtM - Securities and Derivatives	(27)	130	146	99	210	382	417	443
(Treasury shares)	(126)	(126)	(126)	-	-	-	-	-
Income accounts	1,438	-	2,343	-	907	-	1,088	-

7.3.2 BIS Ratio

Banco do Brasil ended 2Q07 with Referential Shareholders' Equity 10.2% higher than that observed in June 2006 and 1.0% lower than March 2007, attaining R$ 31,534 million.

Shareholders' Equity was up 16.3% over June 2006, mainly due to the incorporation of results. The K ratio is higher

than the 11% required by the Central Bank and allows BB leverage of up to R$ 87,965 million in loan assets.

In 2Q07, the reduction observed in K ratio results from the re-composition of balances of tax credits of IT referring to tax loss and CSLL recoverable written off by operation of a temporary injunction, as commented on in topic 6.6 - Tax Credit and Note 18.d - Lawsuit. There was an increase in the capital requirement on risk weighted assets - RWA, since the sum theretofore recorded in assets in Other Receivables - Deposits in Guarantee, weighted at 100%, is currently in Tax Credits subject to weighting of 300%.

Table 52. BIS Ratio

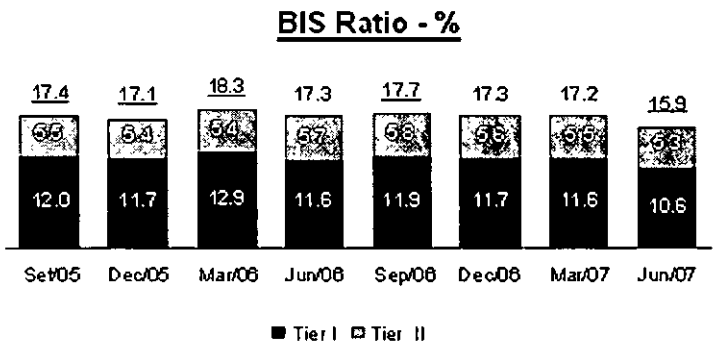


Figure 40. BIS Ratio - %

Table 53. Changes in Composition of BIS Ratio

R$ million

	Referential Shareholders' Equity	Required Shareholders' Equity	Effect in Basel Ratio	Effect in Leaverage
Net Income deducted of Interest on Own Capital	1,088		0.5	9,888
Increase of Subordinated Debt	298		0.2	2,711
Other Changes in Referential Shareholders' Equity	(476)		(0.2)	(4,329)
Tax Cred. Excl. Tier I of Referential Shareholders' Eq. - Res.3059	(1,166)		(0.6)	(10,601)
Perpetual Securities	(62)		(0.0)	(562)
Increase of Refer. Shareholders' Eq. Requir. on Int. Rate Exp.		118	(0.1)	(1,071)
Increase of Refer. Shareholders' Equity Requir. on Swap		10	(0.0)	(94)
Increase of Refer. on		-	-	-
Increase of Refer. Shareholders' Eq. Requir.on Risk Weight Assets		1,345	(1.1)	(12,226)
Annual Changes	(318)	1,473	(1.3)	(16,285)
Balance at Mar/07	31,852	20,384	17.2	104,250
Balance at Jun/07	31,534	21,858	15.9	87,965
Net Annual Changes	(318)	1,473	(1.3)	(16,285)

Based on the table above, it is possible to verify the determinant factors for the downslide in K Ratio, which decreased the margin for leverage by R$ 16,285 million in comparison with March 2007. The main impacts on the PR (Referential Shareholders' Equity) in the last 3 months originated from the increase of the PR requirement on/RWA due to re-composition of the balances of tax credits of IT and CSLL.

Fixed Asset Ratio

In the last 12 months, there was a reduction in the Fixed Asset Ratio via incorporation of profits, an increase of the Subordinated Debt and of the Hybrid Capital and Debt Instruments. With the current fixed asset level, BB was able to increase its fixed assets by R$ 11,298 million, without leading to be out of the maximum 50% limit of the referential equity.

Table 54. Fixed Asset Ratio

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Shareholder's Equity	16,826	16,850	19,209	19,178	20,197	20,758	21,638	22,305
Subordinated Debt Qualifying as Capital	7,457	7,799	8,070	8,367	8,660	8,957	9,241	9,540
Perpetual Securities				1,076	1,081	1,063	1,020	958
Others	(411)	(10)	(16)	(19)	(22)	(25)	(48)	(1,272)
Referential Shareholders' Equity (A)	23,872	24,639	27,263	28,604	29,919	30,753	31,852	31,531
Permanent Assets	5,008	5,580	5,524	5,646	5,542	5,794	5,836	5,903
Stock Exchange and Cetip Clearing	(2)	(2)	(2)	(2)	(2)	(2)	(6)	(2)
Leasing Assets	(705)	(788)	(869)	(1,003)	(1,110)	(1,198)	(1,272)	(1,320)
Losses with Leasing to be Amortized	(23)	(24)	(26)	(28)	(29)	(30)	(33)	(41)
Diferred Assets (Resolution CMN 3,444)	-	-	-	-	-	-	-	(70)
Total Fixed Assets (B)	4,278	4,766	4,626	4,613	4,400	4,564	4,527	4,468
Fixed Asset Ratio (B/A) - %	17.9	19.3	17.0	16.1	14.7	14.8	14.2	14.2
Margin (Surplus)	7,858	7,564	9,005	9,688	10,558	10,813	11,399	11,298

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
APR – Risk Weight Assets	132,194	139,598	145,339	152,674	162,045	170,886	178,659	190,886
Required Shareholders 'Equity	15,064	15,836	16,404	18,150	18,554	19,569	20,384	21,858
APR Requirement	14,541	15,356	15,987	16,794	17,825	18,797	19,662	20,997
Swap Requirement	259	223	219	214	280	332	315	326
FX Exposure Requirement	-	-	-	743	-	-	-	-
Interest Rate Exposure Requirement	264	258	198	399	449	439	417	535
Referential Shareholders 'Equity	23,872	24,639	27,263	28,604	29,919	30,756	31,852	31,534
Tier I	16,392	16,817	19,169	19,138	20,155	20,729	21,580	21,007
Capital	10,797	10,797	10,797	11,609	11,913	11,913	11,913	12,711
Capital Increase	-	-	-	304	-	-	-	-
Retained Earnings (Accumulated Losses)	-	-	1	-	1	-	-	-
Capital Reserves	5	5	5	356	356	356	356	-
Revenue Reserves	4,715	6,020	6,020	6,787	6,787	8,101	7,868	9,145
Mark-to-Market – Securities and Derivatives	(27)	130	146	99	210	382	417	443
Treasury Shares	(126)	(126)	(126)	-	-	-	-	-
Income Accounts	1,438	-	2,343	-	907	-	1,068	-
60% Tax Credits Realized After 5 years	(411)	(10)	(16)	(17)	(19)	(23)	(33)	(1,199)
Deferred Assets							(15)	(70)
Mark-to-market Settlement							(4)	(23)
Tier II	7,481	7,822	8,093	9,466	9,765	10,027	10,272	10,527
Subordinated Debt	7,457	7,799	8,070	8,367	8,660	8,957	9,241	9,540
Hybrid Instruments of Capital and Debt	-	-	-	1,076	1,081	1,063	1,020	958
Revaluation Reserves	23	23	23	23	23	7	6	6
Mark-to-market Settlement							4	23
Shareholders 'Equity Surpluon Deficit	8,808	8,803	10,858	10,454	11,366	11,187	11,468	9,676
Leverage Surpluon Deficit	80,074	80,029	98,713	95,036	103,325	101,698	104,250	87,965
K Coefficient%	17.4	17.1	18.3	17.3	17.7	17.3	17.2	15.9

7.3.2 Basel II

Regulatory Capital Banco do Brasil utilizes the concept of economic capital in its internal processes of risk management. The table below exhibits the capital requirement in accordance with the current criteria (Regulatory Capital) and the consumption of capital based on internal models:

Table 55. Regulatory Capital

R$ million – 06.29.2007

Required Shareholders' Equity	Regulatory		Internal Model	
	4Q06	2Q07	4Q06	2Q07
Risk Weight Assets Requirement	19,130	21,323	3,586	4,117
Loan Portfolio (*)	12,452	13,884	3,586	4,117
Others (**)	6,678	7,439	-	-
Market Risk Requirement (Trading Book)	439	535	1,920	1,908
Operational Risk Requirement	-	-	1,068	1,140
Total	19,569	21,858	6,574	7,165

(*) Loan operations and warrants operations.

(**) Tax Credit Income Tax, CDI-Financial Institutions not related, Exchange Portfolio and Other Assets.

8.1 Net Interest Income

Table 56. Net Interest Income

R$ million

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Financial Intermediation Income	9,210	9,660	10,016	8.8	3.8	18,102	19,676	8.6
Loans	5,339	6,101	6,069	13.7	(0.5)	10,434	12,171	16.6
Leasing	40	50	46	11.8	(10.0)	78	96	21.3
Securities	3,283	3,043	3,167	(3.5)	4.1	6,804	6,210	(8.7)
Financial Derivatives	(181)	34	318	(275.8)	827.4	(320)	353	(210.3)
Foreign Exchange Portfolio	158	81	125	(21.1)	54.8	610	205	(66.3)
Compulsory Investments	392	400	401	2.3	0.3	819	800	(2.2)
FX Gain (Loss) on Foreign Investments	38	(154)	(223)	(692.3)	44.7	(228)	(377)	65.3
Other Op. Inc. of a Fin. Intermed. Nature	141	86	114	(19.2)	18.9	(96)	210	(319.6)
Financial Intermediation Expenses	(4,898)	(4,798)	(4,809)	(1.8)	0.2	(9,384)	(9,606)	2.4
Money Market Funds	(4,365)	(4,388)	(4,416)	1.2	0.6	(8,349)	(8,804)	5.4
Borrowing, Assignments and Onlending	(533)	(410)	(393)	(26.3)	(4.1)	(1,035)	(803)	(22.4)
Net Interest Income	4,312	4,862	5,208	20.8	7.3	8,718	10,060	15.4

The Net Interest Income represents the result from financial intermediation business before provisions for credit risks. In 1H07, the margin was R$ 10,060 million, growing 15.4% in relation to the same period of 2006. This scenario occurred basically due to the increase in loan operations. The margin was up 20.8% and 7.3%, respectively, over 2Q06 and 1Q07.

The Net Interest Income grew R$ 1,342 million in relation to 1H06. Spread decreased from 4.0350% to 3.8428%, reflecting the gradual reduction in the interest rates in the last 12 months. The growth of the margin was driven by the rise of remunerated assets volume, which went up from R$ 216,058 million in 1H06 to R$ 261,787 million in 1H07. It is worth to remind that, although exchange rate variation has impacted several items of the GFM, its effect on the formation of the margin was small, because of BB's low foreign exchange exposure.

The table below demonstrates the formation of the Net Interest Income from the changes in the spread and from the growth in the volume of investments in the semester.

Table 57. Analysis of Volume (Remunerated Assets) and Semi-Annual Spread – 1H06 and 1H07

R$ million

	1H06	1H07	Abs. Chg.
Volume: Assets – Remunerated Assets *	215,418	261,805	46,388
Net Interest Income	8,718	10,060	1,342
Spread - % **	4.0470	3.8425	(0.2045)
Gain(loss) with volume		10,595	1,877
Gain(loss) with spread		8,277	(141)
Gain(loss) with volume and spread			(95)
* Average Balances			
** Net Interest Income / (Assets – Permanent Assets)			

In the quarterly view, the increase of revenues from loans contributed to the growth of the Net Interest Income - NII. The spread went up from 1.9060% in 1Q07 to 1.9357 in 2Q07.

Table 58. Analysis of Volume (Remunerated Assets) and Quarterly Spread – 1Q07 and 2Q07

R$ million

	1Q07	2Q07	Abs. Chg.
Volume: Assets – Remunerated Assets *	254,583	269,027	14,444
Net Interest Income	4,862	5,208	355
Spread - % **	1.9060	1.9357	0.0298
Gain/(loss) with volume		5,128	275
Gain/(loss) with spread		4,928	76
Gain/(loss) with volume and spread			4
* Average Balances			
** Net Interest Income / (Assets – Permanent Assets)			

8.1.1 Analysis of Uses

The annualized investment rate of Financial Intermediation Income over Remunerated Assets decreased from 17.5% to 15.6%. This downslide was due to the reduction of Selic, which pegs the main part of the Securities Portfolio to the devaluation of the dollar, which affected the result of exchange operations, and to the increase of the volume of remunerated assets.

Table 59. Investment Rate

Average Balances in R$ million

	2Q06	1Q07	2Q07	1H06	1H07
Remunerated Assets	217,974	254,583	269,027	215,418	261,805
Fin. Interm. Income (Reallocated Income Statement)	9,210	9,860	10,016	18,102	19,866
Fin. Interm. Income, / (Remunerated Assets)	4.2	3.8	3.7	8.4	7.5
Fin. Interm. Income, / (Remunerated Assets)- Ann.	18.0	16.0	15.7	17.5	15.8

The average balance of Available Funds in Foreign Currency grew significantly in relation to 1H06, from R$ 366 million to R$1,268 million in 1H07. The investment rate in this item in the period showed great volatility, because of the behavior of the dollar.

Table 60. Investment Rate on Available Funds in Foreign Currency

Average Balances in R$ million

	2Q06	1Q07	2Q07	1H06	1H07
Available Funds in Foreign Currency	487	1,266	1,269	366	1,268
Income from Available Funds in Foreign Currency	78	8	(1)	83	7
Annualized Rate - %	81.03	2.59	0.39	50.34	1.09

Securities income in 1H07 totaled R$ 6,210 million, an amount 10.3% lower than that recorded in the same period of previous year. The variation was basically due to the Selic rate decrease in the period. This trend also reflected in the investment rate, which dropped to 240 base points.

Table 61. Investment Rate on Securities and Interbank Investments

Average Balances in R$ million

	2Q06	1Q07	2Q07	1H06	1H07
Securities + Interbank Investments	103,116	110,690	118,214	103,793	114,452
Securities Income excluding Hedges	3,283	3,043	3,167	6,804	6,210
Annualized Rate - %	13.4	11.5	11.2	13.5	11.1

The following table shows the origin of the revenues of the securities portfolio. In 2Q07, the accrual of revenues from the portfolio showed decrease of 3.5% in relation to 2Q06, basically because of the decrease in the Selic rate. The mark-to-market - MTM - security accounting method had a R$ 5 million positive effect during the quarter. Short-term interbank investments accounted for R$ 1,135 million in 2Q07, due to a growth in the Open Market Investments (Jun/06 – Jun/07).

Table 62. Securities Income

R$ million

	Quarterly Flow			Chg.%		Quarterly Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Securities Income	3,283	3,043	3,167	(3.5)	4.1	6,804	6,210	(8.7)
Fixed Income Securities	3,282	3,042	3,144	(4.2)	3.4	6,799	6,186	(9.0)
Revaluation – Curve	2,349	2,134	1,948	(17.1)	(8.7)	4,891	4,082	(16.5)
Income/Loss from Negotiation	(9)	12	57	-	383.1	18	69	281.0
Mark to Market	(22)	(7)	5	-	-	(8)	(2)	(68.8)
Interbank Accounts	964	903	1,135	17.7	25.6	1,897	2,038	7.4
Others	2	1	23	-	4,307.9	6	23	309.4

The figure below shows the main indices in BB's securities portfolio.

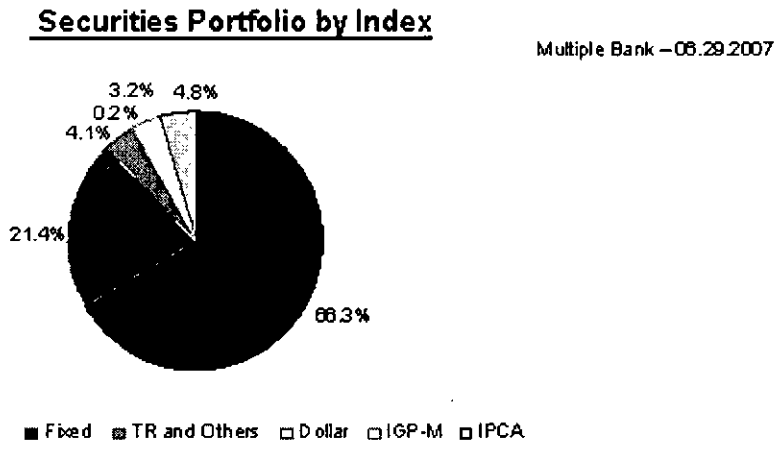


Figure 41. Securities Portfolio by Index

In 1H07, Revenues from Loans and Leasing reached R$ 11,533 million, an increase of 15.5% in relation to 1H06. The reduction of Selic has led to the reduction of the final interest rates, which can be noted due to the annualized reduction of these transactions. Annualized investment rate went down from 21.6% in 1H06 to 18.6% in 1H06. The downward trend observed in the quarter refers to the impact of transactions pegged to the foreign currency, the offsetting of which is recorded in the derivative financial instruments item.

Table 63. Investment Rate on Loans and Leasing

Average Balances in R$ million

	2Q06	1Q07	2Q07	1H06	1H07
Loans + Leasing	100,391	126,469	132,775	97,292	129,622
Loans + Leasing Income	5,146	5,805	5,728	9,983	11,533
Annualized Rate - %	22.2	19.7	18.4	21.6	18.6

*It does not consider recovery of write-offs.

The behavior of the dollar explains the changes in the items below. The relationship of these accounts with exchange variance occurs essentially through the relevant investments of BB maintained abroad and other transactions involving foreign exchange.

Table 64. FX Gain (Loss) and Other FX Operations

Average Balances in R$ million

	2Q06	1Q07	2Q07	1H06	1H07
FX Gain (Loss) on Foreign Investments	38	(154)	(223)	(228)	(600)
Other FX Operations	80	73	126	527	325
Dollar	(0.4)	(4.1)	(6.1)	(7.5)	(9.9)

8.1.2 Analysis of Funding

The annualized funding rate of Financial Intermediation Expenses on Remunerated Liabilities went down from 10.6% in 1H06 to 8.8% in 1H07. In 2Q07 this rate attained 8.7%, as opposed to 10.9% in 2Q06 and 9.1% in 1Q07. This trend is explained mainly from a decline in the cost of Bank's key sources of funds, primarily time deposits and open market funding.

Table 65. Funding Cost

Average Balances in R$ million

	2Q06	1Q07	2Q07	1H06	1H07
Remunerated Assets	186.906	216.965	228.314	182.420	222.639
Financial Intermediation Expenses	(4.898)	(4.760)	(4.771)	(9.253)	(9.530)
Finan. Interm. Expenses, / (Remunerated Assets)	2,6	2,2	2,1	5,1	4,3
Finan. Interm. Expenses, / (Remunerated Assets)- Ann.	10,9	9,1	8,6	10,4	8,7

Table 66. Cost of Foreign Borrowing

Average Balances in R$ million

	2Q06	1Q07	2Q07	1H06	1H07
Foreign Borrowing	4.016	3.980	3.282	4.095	3.631
Expenses with Borrowing, Onlending, and Foreign Banks	(54)	(48)	(41)	(110)	(89)
Annualized Rate - %	5,5	4,9	5,1	5,4	5,0

An increase of expenses with Funds Obtained in the Open Market can be observed in 1H07 in comparison with 1H06. The annualized rate went from 9.1% in 1H06 to 7.8% in 1H07, due to the behavior of the interest rate in the period and its impact on time deposits and funds obtained in the open market, two important sources of funding for BB.

Table 67. Market Funding Cost

Average Balances in R$ million

	2Q06	1Q07	2Q07	1H06	1H07
Money Market Borrowing	189.089	220.499	233.461	184.111	226.980
Expenses with Money Market Borrowing	(4.245)	(4.306)	(4.342)	(8.105)	(8.648)
Annualized Rate - %	9,3	8,0	7,7	9,0	7,8
Saving Deposits	33.038	38.339	40.121	33.079	39.230
Expenses with Saving Deposits	(641)	(885)	(768)	(1.294)	(1.653)
Annualized Rate - %	8,0	9,6	7,9	8,0	8,6
Interbank Deposits	5.948	5.017	4.944	5.503	4.981
Expenses with Interbank Deposits	(218)	(188)	(226)	(420)	(413)
Annualized Rate - %	15,5	15,8	19,8	15,8	17,3
Time Deposits	68.494	79.404	80.911	67.935	80.158
Expenses with Time Deposits	(1.797)	(1.592)	(1.554)	(3.352)	(3.147)
Annualized Rate - %	10,9	8,3	7,9	10,1	8,0
Money Market Borrowing	49.599	62.499	70.954	45.781	66.726
Expenses with Money Market Borrowing	(1.589)	(1.841)	(1.795)	(3.039)	(3.435)
Annualized Rate - %	13,4	10,9	10,5	13,7	10,8
Demand Deposits	32.010	35.240	36.531	31.813	35.885

8.1.3 Analysis of Spread

In 2Q07, the overall annualized quarterly spread from financial intermediation has shown to be in line with 1Q07. This trend reflects the Bank's business environment, with higher competition and a scenario of decrease in interest rates.

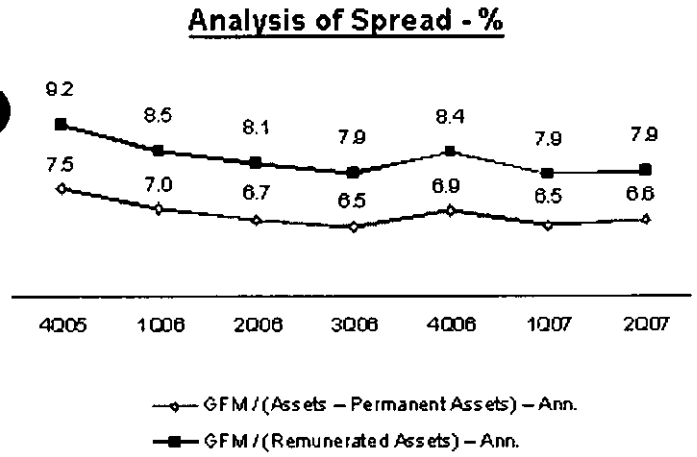


Figure 42. Analysis of Spread

Table 68. Investment Rates and Funding Costs

R$ million

	2Q06	1Q07	2Q07	1H06	1H07
Finan. Interm. Income / (Assets – Permanent Assets)	3.5	3.2	3.1	6.9	6.3
Finan. Interm. Income / (Assets – Permanent Assets) – Ann.	14.6	13.2	13.1	14.3	12.9
Finan. Interm. Expenses / (Assets – Permanent Assets)	1.8	1.6	1.5	3.6	3.1
Finan. Interm. Expenses / (Assets – Permanent Assets) – Ann.	7.6	6.4	6.1	7.0	6.0
GFM / (Assets – Permanent Assets)	1.6	1.6	1.6	3.3	3.2
GFM / (Assets – Permanent Assets) – Annualized	6.7	6.5	6.6	6.8	6.5
Finan. Interm. Income / (Remunerated Assets)	4.2	3.8	3.7	8.4	7.5
Finan. Interm. Income / (Remunerated Assets) – Annualized	18.0	16.1	15.7	17.5	15.6
Finan. Interm. Expenses / (Remunerated Assets)	2.2	1.9	1.8	4.4	3.7
Finan. Interm. Expenses / (Remunerated Assets) – Annualized	9.3	7.8	7.3	8.9	7.5
GFM / (Remunerated Assets)	2.0	1.9	1.9	4.0	3.8
GFM / (Remunerated Assets) – Annualized	8.1	7.9	7.9	8.3	7.8

8.1.4 Analytical Spread

Table 69. Analytical Spread – Investment Rates

Average Balances in R$ million

	2Q06	1Q07	2Q07	1H06	1H07
Remunerated Assets	217,974	254,583	269,027	215,418	261,805
Available Funds in Foreign Currency	487	1,266	1,269	366	1,268
Income from Available Funds in Foreign Currency	78	8	(1)	83	7
Annualized Rate - %	81.0	2.6	0.4	50.34	1.1
Securities + Interbank Investments	103,116	110,690	118,214	103,801	114,452
Securities Income excluding Hedges	3,283	3,043	3,167	6,804	6,210
Annualized Rate - %	13.4	11.5	11.2	13.5	11.1
Loans + Leasing	100,391	126,469	132,775	97,213	129,622
Loans + Leasing Income	5,146	5,805	5,728	9,983	11,533
Annualized Rate - %	22.2	19.7	18.4	21.6	18.6
Remunerated Compulsory Deposit	13,979	16,157	16,769	13,998	16,463
Income from Compulsory Deposits	392	400	401	819	800
Annualized Rate - %	11.7	10.3	9.9	12.0	10.4
Tax Credits	9,122	8,621	11,965	8,237	10,293
Other Assets	38,501	42,281	40,120	38,678	41,218
Permanent Assets	5,595	5,799	5,839	5,541	5,819
TOTAL ASSETS	271,182	311,283	326,951	267,874	319,134

*It does not consider recovery of write-offs.

Table 70. Analytical Spread – Funding Costs

Average Balances in R$ million

	2Q06	1Q07	2Q07	1H06	1H07
Interest Bearing Liabilities	186.906	216.965	228.314	182.420	222.639
Savings Deposits	33.038	38.339	40.121	33.079	39.230
Expenses with Savings Deposits	(641)	(885)	(768)	(1.294)	(1.653)
Annualized Rate - %	8,0	9,6	7,9	8,0	8,6
Interbank Deposits	5.948	5.017	4.944	5.503	4.981
Expenses with Interbank Deposits	(218)	(188)	(226)	(420)	(413)
Annualized Rate - %	15,5	15,8	19,0	15,8	17,3
Time Deposits	68.494	79.404	80.911	67.935	80.158
Expenses with Time Deposits	(1.797)	(1.592)	(1.554)	(3.352)	(3.147)
Annualized Rate - %	10,9	8,3	7,9	10,1	8,0
Money Market Borrowing	49.599	62.499	70.964	45.781	66.726
Expenses with Money Market Borrowing	(1.569)	(1.641)	(1.795)	(3.039)	(3.435)
Annualized Rate - %	13,4	10,9	10,5	13,7	10,8
Foreign Borrowing	4.016	3.980	3.282	4.096	3.631
Expenses with Foreign Borrowing, Onlending and Banks	(54)	(48)	(41)	(110)	(89)
Annualized Rate - %	5,5	4,9	5,1	5,45	5,0
Onlending	12.592	14.126	14.569	13.001	14.347
Expenses with Onlending	(347)	(247)	(233)	(638)	(479)
Annualized Rate - %	11,39	7,2	6,5	10,05	6,8
Financial and Development Funds + Subordinated Debt	10.258	11.108	11.455	10.079	11.281
Expenses with Financial and Development Funds	(132)	(115)	(119)	(287)	(234)
Annualized Rate - %	5,25	4,2	4,2	5,78	4,2
Foreign Securities	2.862	2.491	2.079	2.948	2.285
Expenses with Foreign Securities	(55)	(44)	(35)	(113)	(79)
Annualized Rate - %	7,88	7,3	6,9	7,83	7,1
Other Liabilities	64.763	72.861	76.309	66.776	74.585
Demand Deposits	32.010	35.240	36.531	31.813	35.885
Other Liabilities	32.753	37.621	39.778	34.963	38.700
Shareholders' Equity + Income Accounts	19.513	21.457	22.328	18.679	21.893
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	271.182	311.283	326.951	267.874	319.117

8.1.5 Management Analysis of the Spread

We carried out a management assessment of the financial intermediation spread, by reconciling the management information on the loan portfolio, deposits and money market borrowing with the accounting information.

The spread was assessed by comparing the Net Interest Income of each funding product and loan with their respective volume. The Net Interest Income is determined by taking into consideration the opportunity cost of each product. In the case of loan product, for example, the Net Interest Income is made up of the financial revenues from the product after deduction of the opportunity costs. In the case of an investment or funding product, the margin is determined by comparing the financial expenses with the respective opportunity revenue.

The opportunity costs and revenues of each product are determined in accordance with their characteristics. As a general rule, the average Selic rate (TMS) is adopted as a reference point for the opportunity cost for the greater part of the products of financial intermediation. There are, however, exceptions such, for example, funding from savings, where the opportunity revenue is hybrid, that is, it is remunerated by the TMS on the free portion, by the rural CDI in the case of the portion invested in rural financing, and by TR+6% a year, in the case of the portion intended for the compulsory deposit. Accordingly, the gross spread of each product is determined by evaluating its effective contribution to the formation of net income, observing the timing of the contracting of the operation.

The table below shows the composition of the average QUARTERLY AND SEMESTRAL spread, while it should be observed that the spread on transactions with individuals – where the risk vs. return ratio is better – has been showing a systematic reduction, because of the downturn in the interest rates.

Table 71. Nominal Spread by Transaction

%

	2Q06	1Q07	2Q07	1H06	1H07
Nominal Spread	1.62	1.59	1.62	3.32	3.21
Loans	2.77	2.64	2.60	5.46	5.24
Individuals	7.38	6.55	6.53	14.51	13.07
Businesses	2.14	1.77	1.72	4.17	3.48
Agribusiness	1.32	1.71	1.61	2.75	3.32
Other Transactions	0.13	0.60	0.72	-0.09	1.36
Funding	0.75	0.55	0.55	1.66	1.11
Other	1.49	2.08	2.37	3.17	4.45

Table 72. Compositions of the Transactions

%

	2Q06	1Q07	2Q07	1H06	1H07
Composition (mix)					
Loans	38.00	40.60	38.00	37.4	40.7
Individuals	19.17	19.13	19.17	18.9	19.4
Businesses	38.94	41.72	38.94	39.2	41.9
Agribusiness	39.28	37.04	39.28	39.3	36.8
Other Transactions	2.64	2.11	2.64	2.7	1.9
Funding	47.93	47.06	47.93	48.2	46.6
Other	14.07	12.33	14.07	15.2	12.6

Table 73. Weighted Spread per Transaction

%

	2Q06	1Q07	2Q07	1H06	1H07
Weighted Spread	1.62	1.59	1.62	3.32	3.21
Loans	1.05	1.07	1.06	2.04	2.13
Individuals	0.54	0.51	0.52	1.03	1.03
Businesses	0.32	0.30	0.29	0.61	0.59
Agribusiness	0.20	0.26	0.24	0.40	0.50
Other Transactions	0.00	0.01	0.01	0.00	0.01
Funding	0.36	0.26	0.25	0.80	0.52
Other	0.21	0.26	0.30	0.48	0.56

8.1.6 Spread by Loan Portfolio

The figure below shows the evolution in the spread on loans by portfolio. The graph shows that the spread in the Individual Client portfolio continues the most appealing in relation to the others. With the downslide of interest rates in the last 12 months, the portfolio has been operating at levels lower than that recorded in 2Q06.

It is worth emphasizing that there was a change in the criterion of determination of the management spread of portfolios at the beginning of 2007, particularly as regards the opportunity cost. According to the new rule, the average Selic rate - TMS of the period in which the operation is contracted, and no longer that of the calculation period, will be considered the opportunity cost. Accordingly, it is expected that the volatility brought about by the mismatching that occurs upon the comparison of the rate of application with the rate of funding will be minimized. This new criterion had a more significant influence on the Individual Customer portfolio.

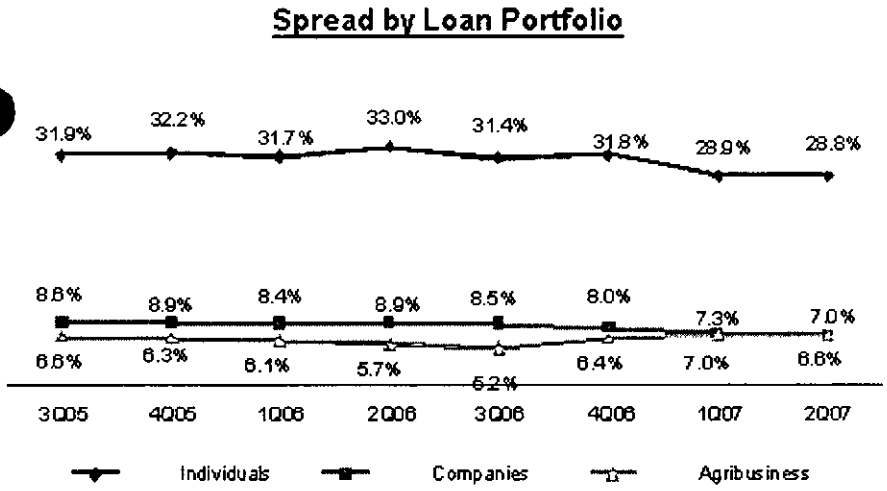


Figure 43. Spread by Loan Portfolio

MD&A 2Q07

8.1.7 Average balances of balance sheet accounts and information on interest

The purpose of the information is to make the analysis easier and should be read together with the financial statements. The data related to average volume and balance was calculated based on the average final balances of the months comprising the respective analyzed periods. The data related to the quarterly average rate was likewise calculated based on the earnings and expenses for the period, divided by the average balance or volume determined as mentioned in the item above.

The tables below contain the average balances of revenue generating assets and of expense generating liabilities, other assets and liabilities, the respective amounts referring to the interest income and expenses and the average real rate of return/interest for each period.

Table 74. Average Balance Sheet and Interest Rate Data – Annual Earning Assets (quarterly)

Table 75. Average Balance Sheet and Interest Rate Data – Interest Bearing Liabilities (semester)

R$ million

	1H06			1H07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Earning Assets						
Available Funds in Foreign Currency	366	83	50.3	1,268	7	1.1
Securities + Interbank Investments on Hedge	103,793	6,804	13.5	114,452	6,210	11.1
Loans + Leasing	97,292	9,983	21.6	129,822	11,533	18.6
Remunerated Compulsory Deposits	13,967	819	12.1	16,483	800	10.0
Total	215,418	17,689	17.1	261,805	18,550	14.7
Non Earning Assets						
Tax Credits	8,237			10,293		
Other Assets	38,679			41,201		
Permanent Assets	5,541			5,819		
Total	52,456			57,312		
TOTAL ASSETS	267,874			319,117		

As seen in the above table, the decreased weighted average rate of performing assets was brought about primarily by the reduced Selic rates over the last 12 months. In addition, the retreating rates charged for loan operations resulted from a combination of factors: a scenario of declining rates, brisk competition, and cheaper consumer credit options (paycheck-based loans), were also responsible for a growing share in this trend.

Table 76. Average Balance Sheet and Interest Rate Data – Interest Bearing Liabilities (quarterly)

R$ million

	1Q07			2Q07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Interest Bearing Liabilities						
Saving Deposits	38,339	(885)	9.6	40,121	(768)	7.9
Interbank Deposits	5,017	(188)	15.8	4,944	(226)	19.8
Time Deposits	79,404	(1,592)	8.3	80,911	(1,554)	7.9
Money Market Borrowing	62,499	(1,641)	10.9	70,954	(1,795)	10.5
Foreign Borrowing	3,980	(48)	4.9	3,282	(41)	5.1
Onlending	14,126	(247)	7.2	14,589	(233)	6.5
Financial and Development Funds + Subordinated Debt	11,108	(115)	4.2	11,455	(119)	4.2
Foreign Securities Borrowing	2,491	(44)	7.3	2,079	(35)	6.9
Total	216,966	(4,760)	9.1	228,314	(4,771)	8.6
Other Liabilities						
Demand Deposits	35,240			36,531		
Other Liabilities	37,821			39,778		
Shareholder's Equity	21,457			22,328		
Total	94,318			98,637		
TOTAL LIABILITIES	311,283			326,951		

The 12-month comparison reflects a drop of 170 basis points in the Bank's average funding costs, which went down from 10.4% in 1H06 to 8.7% in 1H07. This trend originated from a decline in the Bank's key sources of funds, primarily time deposits and open market funding.

Table 77. Average Balance Sheet and Interest Rate Data – Interest Bearing Liabilities (semester)

R$ million

	1H06			1H07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Interest Bearing Liabilities						
Saving Deposits	33,079	(1,294)	8.0	39,230	(1,653)	8.6
Interbank Deposits	5,503	(420)	15.8	4,981	(413)	17.3
Time Deposits	67,935	(3,352)	10.1	80,158	(3,147)	8.0
Money Market Borrowing	45,781	(3,039)	13.7	66,726	(3,435)	10.6
Foreign Borrowing	4,095	-(110)	5.4	3,631	(89)	5.0
Onlending	13,001	(638)	10.1	14,347	(479)	6.8
Financial and Development Funds + Subordinated Debt	10,079	(287)	5.8	11,281	(234)	4.2
Foreign Securities Borrowing	2,948	(113)	7.8	2,286	(79)	7.1
Total	182,420	(9,253)	10.4	222,839	(9,530)	8.7
Other Liabilities						
Demand Deposits	31,813			35,885		
Other Liabilities	34,963			38,700		
Shareholder's Equity	18,679			21,893		
Total	85,455			96,478		
TOTAL LIABILITIES	267,874			319,117		

The table below shows the appropriation of changes in interest income and expenses due to the change in the average volume of remunerated assets and interest-bearing liabilities and the change in the average interest rate on such assets and liabilities, in the semesters and quarters under analysis.

The changes in volume and interest rate were calculated based on changes in average balances in the period and the changes in the average interest rates on assets generating income and liabilities generating expenses. The change in the interest rate was calculated by the change in the interest rate in the period multiplied by the average of assets generating income and the average of liabilities generating expenses in the first period. The change in volume was recorded as the difference between the volume of interest in the most recent period and the one in the prior period.

Table 78. Average Balance Sheet and Interest Rate Data – Interest Bearing Liabilities (quarterly)

R$ million

	2nd Quarter 2007/2006			2nd Quarter 2007/1st Quarter 2007		
	Average Volume (1)	Average Rate (2)	Net Change (3)	Average Volume (1)	Average Rate (2)	Net Change (3)
Earning Assets						
Available Funds in Foreign Currency	85.3	(78.4)	6.9	(0.0)	(9.3)	(9.3)
Securities + Interbank Investments on Hedge	6,730.2	(520.5)	6,209.7	201.8	(77.1)	124.5
Loans + Leasing	12,348.7	(815.3)	11,533.5	272.0	(349.2)	(77.1)
Remunerated Compulsory Deposits	858.2	(57.8)	800.4	14.8	(13.3)	1.3
Total*	19,818.7	(1,368.3)	18,550.4	499.0	(459.8)	39.3
Interest Bearing Liabilities						
Saving Deposits	(1,662.0)	9.3	(1,652.7)	(34.1)	151.5	117.4
Interbank Deposits	(359.8)	(53.7)	(413.5)	3.3	(41.5)	(38.1)
Time Deposits	(3,627.6)	480.8	(3,146.8)	(28.9)	67.1	38.1
Money Market Borrowing	(3,769.7)	334.4	(3,435.2)	(213.9)	59.8	(154.0)
Foreign Borrowing	(93.4)	4.0	(89.4)	8.7	(1.5)	7.3
Onlending	(623.5)	144.0	(479.5)	(7.1)	20.9	13.8
Financial and Development Funds + Subordinated Debt	(259.3)	25.3	(234.0)	(3.6)	(0.8)	(4.4)
Foreign Securities Borrowing	(85.8)	6.4	(79.4)	7.0	2.1	9.1
Total	(10,457.8)	927.4	(9,530.4)	(237.1)	226.2	(10.9)

(1) Net Change - Average Rate
(2) ((Interest Current Period / Balance Current Period) x (Balance Previous Period)- (Interest Previous Period)
(3) Current Interest - Interest for Previous Period

Table 79. Average Balance Sheet and Interest Rate Data – Interest Bearing Liabilities (semester)

R$ million

	1st Half 2006/2007		
	Average Volume (1)	Average Rate (2)	Net Change (3)
Earning Assets			
Available Funds in Foreign Currency	88.9	(80.8)	8.1
Securities + Interbank Investments on Hedge	4,215.5	(1,172.9)	3,042.6
Loans + Leasing	7,131.5	(1,326.2)	5,805.3
Remunerated Compulsory Deposits	539.0	(139.5)	399.6
Total*	11,680.5	(2,424.9)	9,255.6
Interest Bearing Liabilities			
Saving Deposits	(785.9)	(99.2)	(885.0)
Interbank Deposits	(150.6)	(37.1)	(187.7)
Time Deposits	(2,277.2)	684.8	(1,592.5)
Money Market Borrowing	(2,322.7)	682.1	(1,640.6)
Foreign Borrowing	(57.6)	9.3	(48.3)
Onlending	(450.0)	203.3	(246.7)
Financial and Development Funds + Subordinated Debt	(192.8)	78.0	(114.8)
Foreign Securities Borrowing	(55.1)	10.9	(44.2)
Total	(8,204.2)	1,444.5	(4,759.8)

(4) Net Change - Average Rate
(5) ((Interest Current Period / Balance Current Period) x (Balance Previous Period)- (Interest Previous Period)
(6) Current Interest - Interest for Previous Period

The table below segregates the set up of this result, from a period to another, by distinguishing the shares in changes in volume, rate and others.

Table 80. Analysis of the Financial Information Results (2Q07 / 2Q06)

R$ million

	2Q06	Volume Variation	Rate Variation	Other Variation	Net Variation	2Q07
Revenue from Financial Intermediation	9,031	19,919	(1,368)	698	19,249	10,125
Revenue from Interest-Earning Assets	8,869	19,919	(1,368)		18,550	9,295
Other Revenues	132			698		830
Expenses from Financial Intermediation	(6,884)	(10,468)	927	28	(9,503)	(6,105)
Expenses from Interest-Earning Liabilities	(4,833)	(10,468)	927		(9,530)	(4,771)
Required Provision	(1,985)					(1,296)
Other Expenses	(66)			28	28	(38)
Financial Intermediation Results	2,148	9,461	(441)	726	9,746	4,020

Table 81. Analysis of the Financial Information Results (1H07 / 1H06)

R$ million

	1H06	Volume Variation	Rate Variation	Other Variation	Net Variation	1H07
Revenue from Financial Intermediation	18,426	11,880	(2,425)	546	9,802	19,833
Revenue from Interest-Earning Assets	17,869	11,880	(2,425)		9,256	18,550
Other Revenues	737			546		1,283
Expenses from Financial Intermediation	(13,440)	(6,204)	1,444	55	(4,705)	(12,523)
Expenses from Interest-Earning Liabilities	(9,253)	(6,204)	1,444		(4,760)	(9,530)
Required Provision	(4,056)					(2,917)
Other Expenses	(131)			55	55	(76)
Financial Intermediation Results	4,986	5,476	(980)	601	5,097	7,310

The table below shows the average balance of remunerated assets and the income, net of interest, as well as the comparison between the margin, net of interest and the net profit margin for the periods ended June 2006 and 2007. In the analyzed period, it is possible to observe the impact of the interest rate reduction on BB's assets and liabilities.

Table 82. Margin, Net of interest and Profit Margin

R$ million

	2Q06	2Q07	1H06	1H07
Average Earning Assets Balance	217,974	269,027	215,418	261,805
Average Interest Bearing Liabilities Balance	186,906	228,314	182,420	222,639
Net Interest Revenue (1)	4,066	4,524	8,435	9,020
Interest Income	8,899	9,295	17,689	18,550
Interest Expenses	(4,833)	(4,771)	(9,253)	(9,530)
Interest Rate over Average Earning Assets Balance (2)	17.4%	14.6%	17.1%	14.7%
Interest Rate over Average Bearing Liabilities Balance (3)	10.8%	8.6%	10.4%	18.3%
Spread (4)	6.6%	5.9%	6.7%	13.2%
Net Interest Margin (5)	7.7%	6.9%	8.0%	14.5%

(1) Defined as interest income less interest expenses.
(2) Total interest income divided by the average balance of assets generating income.
(3) Total interest expenses divided by the average balance of liabilities generating expenses.
(4) Difference between the average rate of assets generating assets and the average rate of liabilities generating expenses.
(5) Income net of interest divided by the average balance of assets generating income.

R$ million

	1Q07			2Q07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Earning Assets						
Available Funds in Foreign Currency	1,266	8	2.6	1,269	-1	0.4
Securities + Interbank Investments on Hedge	110,690	3,043	11.5	118,214	3,167	11.2
Loans + Leasing	126,489	5,805	19.7	132,775	5,728	18.4
Remunerated Compulsory Deposits	16,157	400	10.3	16,769	401	9.9
Total	254,583	9,256	15.4	269,027	9,295	14.8
Non Earning Assets						
Tax Credits	8,621			11,965		
Other Assets	42,281			40,120		
Permanent Assets	5,799			5,839		
Total	56,700			57,925		
TOTAL ASSETS	311,283			326,951		

8.2 Net Financial Margin

Table 83. Net Financial Margin

The net financial margin is obtained by deducting expenses with allowances for loan losses from the Net Interest Income. Expenses with the bad debt provision during 2Q07 decreased 29.6% and 13.6% as compared to 2Q06 and 1Q07, respectively. This reduction is partly due to the ample rural debt renegotiation process that occurred in the second half of 2006, associated with the positive scenario for agribusiness in 2007 and with the improvement observed in the loan portfolio risk in the first half of 2007.

The ratio between expenses of provisions and the average total portfolio - both accumulated in 12 months - went from 5.5% in 2Q06 to 4.1% in 2Q07. In 2Q07, the ratio between the quarterly provision expenses and the average of the loan portfolio in the period climbed to 0.9%, as opposed to 1.0% in 1Q07.

Table 84. Expenses with Allowance for Loan Losses over Portfolio

R$ million

	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
(A) Allowance for Loan Losses - Quarterly	(966)	(1,498)	(1,345)	(1,757)	(1,385)	(1,257)	(1,431)	(1,236)
(B) Allowance for Loan Losses - 12 Months	(3,896)	(4,527)	(4,810)	(5,585)	(5,984)	(5,743)	(5,830)	(5,309)
(C) Loan Portfolio	94,865	101,789	105,527	113,103	118,349	133,157	140,387	146,233
(D) Average Portfolio – 3 Months	95,097	98,833	103,836	110,840	116,453	128,674	137,491	144,565
(E) Average Portfolio – 12 Months	92,275	95,459	97,872	101,644	106,460	113,891	121,990	130,359
Expenses over Portfolio (A/D) - %	1.0	1.5	1.3	1.6	1.2	1.0	1.0	0.9
Expenses over Portfolio (B/E) - %	4.2	4.7	4.9	5.5	5.6	5.0	4.8	4.1

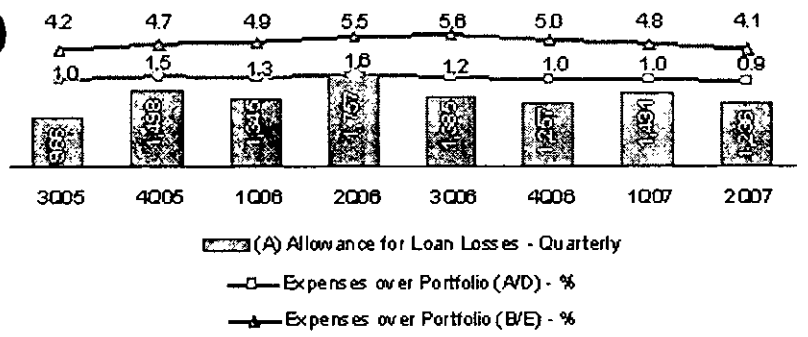


Figure 44. Expenses with Allowance for Loan Losses over Portfolio

The graph below details the allowance for loan losses, segregating the minimum provisions required by CMN Resolution 2,682 from the total booked. An increase can be observed in the volume of provisions required, which climbed from R$ 7,551 million to R$ 7,786 million, an increase of 3.1% in relation to March/2007, in line with the growth of the loan portfolio, which grew 3.5% in the period. Surplus provisions, in the sum of R$ 1,655 million, are aimed fundamentally at bearing future volatilities associated with the loan portfolio.

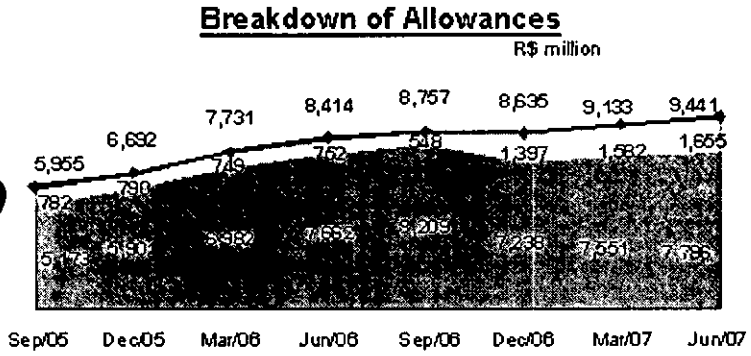


Figure 45. Breakdown of Allowances

Unlike the scenario observed throughout 2006, marked by the widespread process of worsening of risk and renegotiation of transactions of the agribusiness portfolio, in 2007 BB maintains the growth of the portfolio with an improvement in the levels of risk. Hence, those transactions classified as AA-C risks rose from 88.4% in June/2006 to 90.8% in June 2007. The outcome of this improvement was also felt in the reduction of higher risk transactions (D-H ratings), with a 240-base point decline in relation to the same period of previous year.

Table 85. Loan Portfolio by Level of Risk

R$ million

	Jun/06			Mar/07			Jun/07			BI*
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	
AA	17,095	-	15.1	37,333	-	26.6	39,371	-	27.1	24.4
A	30,796	154	27.2	30,085	150	21.4	29,432	147	20.3	39.9
B	34,499	345	30.5	43,433	434	30.9	46,513	465	32.0	17.6
C	17,624	529	15.6	16,547	496	11.8	16,546	496	11.4	9.3
D	5,286	529	4.7	4,944	494	3.5	5,113	511	3.5	2.6
E	1,481	444	1.3	2,030	609	1.4	1,993	598	1.4	1.3
F	785	393	0.7	706	353	0.5	803	401	0.6	0.9
G	894	626	0.8	989	692	0.7	987	691	0.7	0.7
H	4,643	4,643	4.1	4,321	4,321	3.1	4,476	4,476	3.1	3.3
Total	113,103	7,662	100.0	140,387	7,551	100.0	145,233	7,786	100.0	100.0
AA-C	100,013	1,028	88.4	127,398	1,081.2	90.7	131,861	1,108.7	90.8	91.2
D-H	13,090	6,634	11.6	12,990	6,469.9	9.3	13,372	6,677.5	9.2	8.8

* Preliminary data as of June/2007.

The ratio of Portfolio Net of Allowances (CLP) over the Total Portfolio (CT) expresses the overall evaluation of the weighted portfolio, in accordance with CMN Resolution 2,682. The following chart shows that Banco do Brasil has maintained a quality in its Loan Portfolio that, was higher than the Brazilian Banking Industry (SFN). Figure 46. CLP/CT BB vs. Banking Industry The table below shows the drop in past-due loans in the Loan Portfolio when compared to June 2006.

Table 86. Delinquency Ratio -%

R$ million

	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
Loan Portfolio	94,685	101,789	105,527	113,103	118,349	133,157	140,387	145,233
Past Due Loans	5,924	5,724	6,434	5,884	6,319	5,500	6,008	6,915
Past Due Loans/Loan Portfolio - %	6.3	5.6	6.1	5.2	5.3	4.1	4.3	4.8
Past Due Loans + 15 days	5,590	5,666	6,383	5,681	6,120	5,466	5,962	5,930
Past Due Loans + 15 days/Loan Portfolio - %	5.9	5.6	6.0	5.0	5.2	4.1	4.2	4.1
Past Due Loans + 60 days	3,635	4,039	4,537	4,127	4,455	3,863	3,930	4,111
Past Due Loans + 60 days/Loan Portfolio - %	3.9	4.0	4.3	3.6	3.8	2.9	2.8	2.8
Past Due Loans + 90 days	2,785	3,454	4,011	3,630	3,838	3,382	3,391	3,508
Past Due Loans + 90 days/Loan Portfolio - %	2.9	3.4	3.8	3.2	3.2	2.5	2.4	2.4
Write-off	890	782	788	1,076	1,043	1,378	926	918
Recovery of Write-offs	(245)	(258)	(297)	(233)	(272)	(425)	(346)	(386)
Net Loss	645	504	492	843	771	952	580	532
Net Loss/Loan Portfolio - % annualized	2.8	2.0	1.9	3.0	2.6	2.9	1.7	1.5
Allowance	5,955	6,692	7,731	8,414	8,757	8,635	9,133	9,441
Allowance/Loan Portfolio - %	6.3	6.6	7.3	7.4	7.4	6.5	6.5	6.5
Allowance/Past Due Loans + 15 days - %	106.7	118.1	121.1	148.1	143.1	158.0	153.2	159.2
Allowance/Past Due Loans + 60 days - %	161.2	165.7	170.4	203.9	196.6	223.5	232.4	229.7
Allowance/Past Due Loans + 90 days - %	213.8	193.8	192.7	231.8	228.1	255.3	269.3	269.1

The graph below shows the ratio between the provision required to the provision for transactions overdue for more than 90 days of the Bank and of SFN (National Financial System). In comparison with SFN, it can be observed that the Bank has a level of provision that is more than sufficient to cover transactions overdue for more than 90 days.

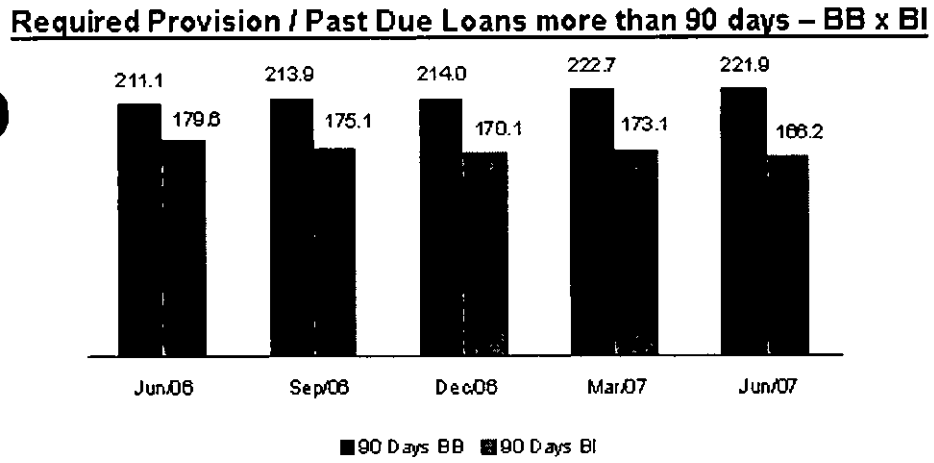


Figure 47. Required Provision / Past Due Loans mora than 90 days – BB x BI

Although the Bank maintains a level of provision to cover overdue transactions above the market average, the average risk of the portfolio (Provision required / Portfolio) remained below SFN, pursuant to the following table:

Table 87. Average Portfolio Risk

The illustration below shows the drop in past-due loans in the Loan Portfolio when compared to June 2006. A 40-base point drop took place in twelve months in the comparison between past-due loans and the total loan portfolio. In connection with transactions over 60 days past-due compared to the loan portfolio this improvement was roughly 80 base points more significant.

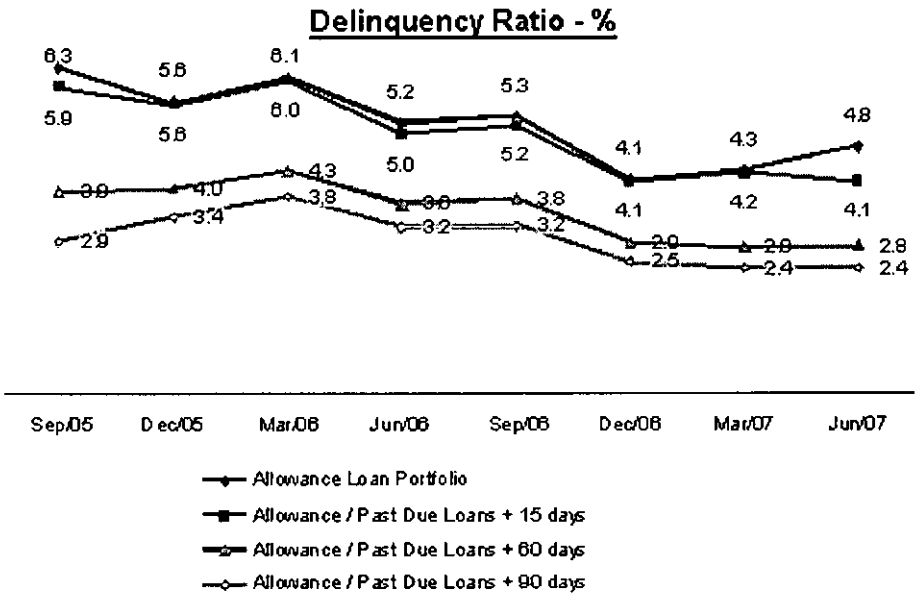


Figure 48. Delinquency Ratio - %

	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
Average Risk BB	6.8	6.9	5.4	5.4	5.4
Average Risk BI	6.8	6.7	6.2	6.2	6.0

R$ million

	Quarterly Flow			Chg. %		Semi Annual Flow		Chg. %
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Net Interest Income	4,312	4,852	5,208	20.8	7.3	8,718	10,060	15.4
Allowance for Loan Losses (3)	(1,757)	(1,431)	(1,236)	(29.6)	(13.6)	(3,102)	(2,667)	(14.0)
Net Financial Margin	2,555	3,422	3,971	55.4	16.1	5,616	7,393	31.6

8.2.1 Retail Loan Portfolio

The Retail Loan Portfolio, which was up 31.4% over June 2006 and 5.6% over March 2007, exhibited an improvement of risk in relation to the same prior-year period, due to the growth of consigned loan operations, which have a lower level of risk.

Besides that, since 2005, Banco do Brasil took a series of coordinate measures to reduce the delinquency in its loan operations. The process of collecting and recovering of loans was improved, to optimize the return of borrowed capitals and maintain the customer base. Amongst the measures taken are: automatic renegotiation of the credit through the automatic teller machines and internet; the employees training to recovering of loans; and the changes in collecting focus, from "product" to "customer", with strategies definition directed to each customer profile and its historical relationship with BB.

Table 88. Retail Loan Portfolio by Level Risk

The following table details the changes in bad debt provisions for the Retail Portfolio.

Table 89. Changes in the Allowance - Retail

R$ million

	2Q06	3Q06	4Q06	1Q07	2Q07
Retail Loan Portfolio	34,855	37,504	40,435	43,378	45,809
Initial Allowance	2,467	2,552	2,684	2,645	2,682
1 - Risk Migration	532	497	383	457	503
a) Risk Deterioration	898	902	843	797	883
b) Risk Improvement	(366)	(405)	(460)	(340)	(381)
2 – New Transactions	263	304	274	270	284
3 – Write-offs	(604)	(557)	(588)	(591)	(532)
Total (1 + 2 + 3):	192	244	69	136	254
Other Impacts*	(107)	(113)	(107)	(100)	(97)
Final Allowance	2,552	2,684	2,645	2,682	2,839
Allowance Required by CMN Resolution 2682	2,552	2,684	2,645	2,682	2,839
Allowance Flow - R$ million	689	689	549	627	690
Allowance / Portfolio - %	7.3	7.2	6.5	6.2	6.2
Allowance Flow / Portfolio - %	2.0	1.8	1.4	1.4	1.5

*Amortization, settlement, installments and charges

R$ million

	Jun/06			Mar/07			Jun/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	2,798	-	8.0	3,208	-	7.4	3,335	-	7.3
A	5,013	25	14.4	6,864	34	15.8	7,254	36	15.8
B	15,666	157	44.9	19,973	200	46.0	21,189	212	46.3
C	7,519	226	21.8	9,455	284	21.8	9,826	295	21.4
D	1,198	120	3.4	1,230	123	2.8	1,360	136	3.0
E	547	164	1.6	545	164	1.3	570	171	1.2
F	348	174	1.0	288	144	0.7	390	195	0.9
G	266	186	0.8	265	186	0.6	302	212	0.7
H	1,501	1,501	4.3	1,548	1,548	3.6	1,583	1,583	3.5
Total	34,855	2,552	100.0	43,378	2,682	100.0	45,809	2,839	100.0
AA-C	30,995	407	88.9	39,501	518	91.1	41,604	543	90.8
D-H	3,860	2,145	11.1	3,877	2,164	8.9	4,205	2,298	9.2

8.2.2 Commercial Loan Portfolio

The corporate portfolio reflected significant enough growth, of 61.4%, over the last twelve months. This performance was due mainly to the increase in transactions with large corporate groups. Even with this increase, the Corporate Portfolio has been showing successive improvements in the risk profile. By the end of June 2007 the AA - C risk levels totaled 97.3% of the Portfolio, above the 94.9% witnessed in June 2006. There was also a change in the D-H level loans, which moved from 5.1% in 2Q06 to 2.7% in 2Q07.

Table 90. Commercial Loan Portfolio by Level Risk

Table 91. Changes in the Allowance – Commercial

R$ million

	2Q06	3Q06	4Q06	1Q07	2Q07
Commercial Loan Portfolio	15,418	16,849	21,735	24,087	24,878
Initial Allowance	313	320	340	361	348
1 - Risk Migration	(0)	18	(22)	(57)	5
a) Risk Deterioration	95	107	112	56	73
b) Risk Improvement	(95)	(89)	(134)	(113)	(68)
2 – New Transactions	65	65	85	99	44
3 – Write-offs	(46)	(38)	(31)	(42)	(76)
Total (1 + 2 + 3):	18	44	32	(0)	(27)
Other Impacts*	(12)	(23)	(11)	(13)	(16)
Final Allowance	320	340	361	348	306
Allowance Required by CMN Resolution 2682	320	340	361	348	306
Allowance Flow - R$ million	53	59	52	29	34
Allowance / Portfolio - %	2.1	2.0	1.7	1.4	1.2
Allowance Flow / Portfolio - %	0.3	0.4	0.2	0.1	0.1

*Amortization, settlement, installments and charges

R$ million

	Jun/06			Mar/07			Jun/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	3,621	-	23.5	10,504	-	43.8	12,633	-	50.8
A	5,632	28	36.5	6,894	34	28.6	5,179	26	20.8
B	4,538	45	29.4	5,358	54	22.2	5,895	59	23.7
C	837	25	5.4	654	20	2.7	510	15	2.1
D	527	53	3.4	403	40	1.7	418	42	1.7
E	88	26	0.6	66	20	0.3	69	21	0.3
F	52	26	0.3	42	21	0.2	50	25	0.2
G	23	16	0.1	20	14	0.1	18	12	0.1
H	100	100	0.6	146	146	0.6	106	106	0.4
Total	15,418	320	100.0	24,087	348	100.0	24,878	306	100.0
AA-C	14,628	99	94.9	23,411	108	97.2	24,218	100	97.3
D-H	790	221	5.1	676	241	2.8	660	206	2.7

8.2.3 Agribusiness Loan Portfolio

The agribusiness portfolio increased by 22.2% (June/06-June/07) and by 4.3% as compared to the previous quarter. In June 2007 the loans ranked at risk levels AA-C accounted for 86.7% of the portfolio, higher than 84.8% in June 2006 and 86.4% in March 2007. The ratio between provisions required (Resolution 2,682) and the inventory of transactions went from 8.2% in June 2006 and from 6.6% in March 2007 to 6.7% in June 2007.

Table 92. Agribusiness Loan Portfolio by Level Risk

The following table details the changes in bad debt provisions for the Portfolio Agribusiness.

Table 93. Changes in the Allowance – Agribusiness

R$ million

	2Q06	3Q06	4Q06	1Q07	2Q07
Agribusiness Loan Portfolio	39,710	40,320	45,064	46,774	48,769
Initial Allowance	2,502	3,269	3,597	2,768	3,104
1 - Risk Migration	310	(209)	(1,235)	(345)	(164)
a) Risk Deterioration	814	689	641	465	425
b) Risk Improvement	(503)	(897)	(1,876)	(810)	(589)
2 – New Transactions	408	971	1,058	790	498
3 – Write-offs	(284)	(312)	(547)	(132)	(147)
Total (1 + 2 + 3):	435	460	(724)	313	186
Other Impacts*	331	(121)	(105)	24	(47)
Final Allowance	3,269	3,597	2,768	3,104	3,244
Allowance Required by CMN Resolution 2682	3,269	3,597	2,768	3,104	3,244
Allowance Flow - R$ million	1,050	641	(283)	469	286
Allowance / Portfolio - %	8.2	8.9	6.1	6.6	6.7
Allowance Flow / Portfolio - %	2.6	1.6	(0.6)	1.0	0.6

*Amortization, settlement, installments and charges

R$ million

	Jun/06			Mar/07			Jun/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	4,884	-	11.7	7,876	-	16.8	8,768	-	18.0
A	9,965	50	25.0	12,869	64	27.5	12,851	64	26.3
B	11,509	115	28.8	14,817	146	31.2	15,597	156	32.0
C	7,714	231	19.3	5,032	151	10.8	5,053	152	10.4
D	2,853	285	7.1	2,843	284	6.1	2,894	288	5.9
E	500	150	1.3	1,112	334	2.4	1,074	322	2.2
F	237	119	0.6	236	118	0.5	217	108	0.4
G	511	358	1.3	606	424	1.3	577	404	1.2
H	1,961	1,961	4.9	1,583	1,583	3.4	1,749	1,749	3.6
Total	39,914	3,269	100.0	46,774	3,104	100.0	48,769	3,244	100.0
AA-C	33,851	396	84.8	40,393	361	86.4	42,269	372	86.7
D-H	6,062	2,872	15.2	6,380	2,743	13.6	6,500	2,872	13.3

8.2.4 Foreign Trade Loan Portfolio

The foreign trade finance portfolio recorded an increase of 8.1% (Jun/06 – Jun/07). Loans rated at levels of risk AA to C went up from 98.1% in June 2006 to 98.9% in June 2007 and those rated as D-H came down 1.9% to 1.1% in the same period.

Table 94. Foreign Trade Loan Portfolio by Level Risk

The table below demonstrates the effects of the Foreign Trade Loan Portfolio's global risk reduction vis-à-vis provisions, with a drop in the provision x portfolio ratio from 1.1% to 1.0% as compared to the last quarter.

Table 95. Changes in the Allowance - Foreign Trade

R$ milhões

	2Q06	3Q06	4Q06	1Q07	2Q07
Foreign Trade Loan Portfolio	10,183	10,532	11,000	11,190	11,004
Initial Allowance	160	163	161	129	120
1 - Risk Migration	(31)	(27)	(66)	(31)	(24)
a) Risk Deterioration	27	32	40	20	27
b) Risk Improvement	(58)	(59)	(105)	(51)	(51)
2 – New Transactions	63	62	64	37	43
3 – Write-offs	(23)	(28)	(22)	(10)	(23)
Total (1 + 2 + 3):	9	7	(24)	(4)	(4)
Other Impacts*	(7)	(9)	(8)	(5)	(5)
Final Allowance	163	161	129	120	112
Allowance Required by CMN Resolution 2682	163	161	129	120	112
Allowance Flow - R$ million	25	26	(10)	2	14
Allowance / Portfolio - %	1.6	1.5	1.2	1.1	1.0
Allowance Flow / Portfolio - %	0.3	0.2	(0.1)	0.0	0.1

*Amortization, settlement, installments and charges

R$ million

	Jun/06			Mar/07			Jun/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	1,322	-	13.0	6,381	-	57.0	5,743	-	52.2
A	5,500	28	54.0	1,818	8	14.5	2,060	10	18.7
B	2,108	21	20.7	2,141	21	19.1	2,389	24	21.7
C	1,063	32	10.4	913	27	8.2	686	21	6.2
D	102	10	1.0	75	7	0.7	62	6	0.6
E	15	5	0.2	5	1	0.0	5	1	0.0
F	10	5	0.1	3	2	0.0	7	3	0.1
G	1	1	0.0	8	6	0.1	15	11	0.1
H	62	62	0.6	47	47	0.4	35	35	0.3
Total	10,183	163	100.0	11,190	120	100.0	11,004	112	100.0
AA-C	9,993	80	98.1	11,052	57	98.8	10,879	55	98.9
D-H	190	82	1.9	138	64	1.2	125	57	1.1

8.2.5 Foreign Loan Portfolio and Others

The table below shows the risk profile of BB's foreign loan portfolio. In June 2006, transactions rated at risk levels between AA and C participated with 98.6% of the total. In June 2007, this share rose to 98.9% of the portfolio.

Table 96. Foreign Loan Portfolio by

R$ million

	Jun/06			Mar/07			Jun/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	4,616	-	48.7	9,124	-	74.1	8,693	-	71.2
A	4,566	23	48.0	1,795	9	14.6	2,000	10	16.4
B	460	4	4.5	1,116	11	9.1	1,245	12	10.2
C	131	4	1.3	152	5	1.2	144	4	1.2
D	14	1	0.1	8	1	0.1	19	2	0.2
E	1	0	0.0	1	0	0.0	1	0	0.0
F	0	0	0.0	-	-	0.0	-	-	0.0
G	-	-	0.0	0	0	0.0	0	0	0.0
H	126	126	1.3	121	121	1.0	112	112	0.9
Total	9,894	159	100.0	12,318	147	100.0	12,214	141	100.0
AA-C	9,752	31	98.6	12,187	25	98.9	12,082	26.8	98.9
D-H	142	128	1.4	131	122	1.1	132	114.8	1.1

The table below exhibits the rating by risk of the other loans not classified in the Retail, Commercial, Agribusiness, Foreign Trade and Abroad portfolios. In June 2007, the majority of transactions, 77.8% originates from the loan recovery portfolio.

Table 97. Other Transactions Portfolio

R$ million

	Jun/06			Mar/07			Jun/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	281	-	9.9	328	-	13.6	265	-	10.4
A	37	0	1.3	46	0	1.9	42	0	1.6
B	232	2	8.2	201	2	8.3	216	2	8.4
C	319	10	11.2	307	9	12.7	310	9	12.1
D	551	55	19.4	380	38	15.7	367	37	14.4
E	325	98	11.5	297	89	12.3	272	82	10.6
F	133	67	4.7	135	67	5.6	137	69	5.4
G	88	62	3.1	88	61	3.6	71	50	2.8
H	872	872	30.7	861	861	35.7	878	878	34.3
Total	2,838	1,165	100.0	2,642	1,128	109.4	2,569	1,127	100.0
AA-C	869	12	30.6	882	11,4	36.5	833	12	32.6
D-H	1,970	1,153	69.4	1,761	1,117	72.9	1,726	1,115	67.4

8.3 Contribution Margin

Table 98. Contribution Margin

R$ million

	Quarterly Flow			Var %		Semi Annual Flow		Var %
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Services Revenues	2.246	2.377	2.437	8,5	2,5	4.349	4.814	10,7
Costumer Relationship Fees	715	742	772	8,0	4,0	1.382	1.514	9,6
Investiment Fund Management Fees	359	395	425	18,2	7,6	715	819	14,6
Loan Fees	194	223	220	13,5	(1,0)	383	443	15,7
Billings	228	224	233	2,1	4,2	418	457	9,4
Services Rendered to Affiliated	66	70	79	19,1	12,2	126	149	17,8
Third Party Receiving and Payment	91	100	101	11,3	1,2	179	202	12,5
Credit Card	157	193	204	29,9	5,6	330	396	20,3
Liquidity and Funds Transfer Fees	207	216	220	6,4	2,1	412	436	5,7
Others	228	215	183	(19,8)	(14,9)	404	399	(1,3)

Starting from the net financial margin, which expresses the Bank's financial performance, adding the service revenues and deducting the tax expenses (Pasep, Cofins and ISSQN), we obtain the Contribution Margin.

The Contribution Margin amounted to R$ 11,267 million in 1H07, an increase of 23.1% in comparison with 1H06. The balance of service revenue - RPS attained R$ 4,814 million in 1H07, growth of 10.7% in the period.

The table below shows the breakdown of these revenues. The highest revenues of this group are the Tariffs of Relationship with Customers and those originating from Management of Third Party Funds, which represent 48.5% of the total RPS in the semester.

From total of Costumer Relationship Fees, the deposit service fees and the services BB increased R$ 149.9 million and R$ 101.6 million, respectively (jun/06 –jun/07). These items represent 54% of the whole increase in service revenues of the bank.

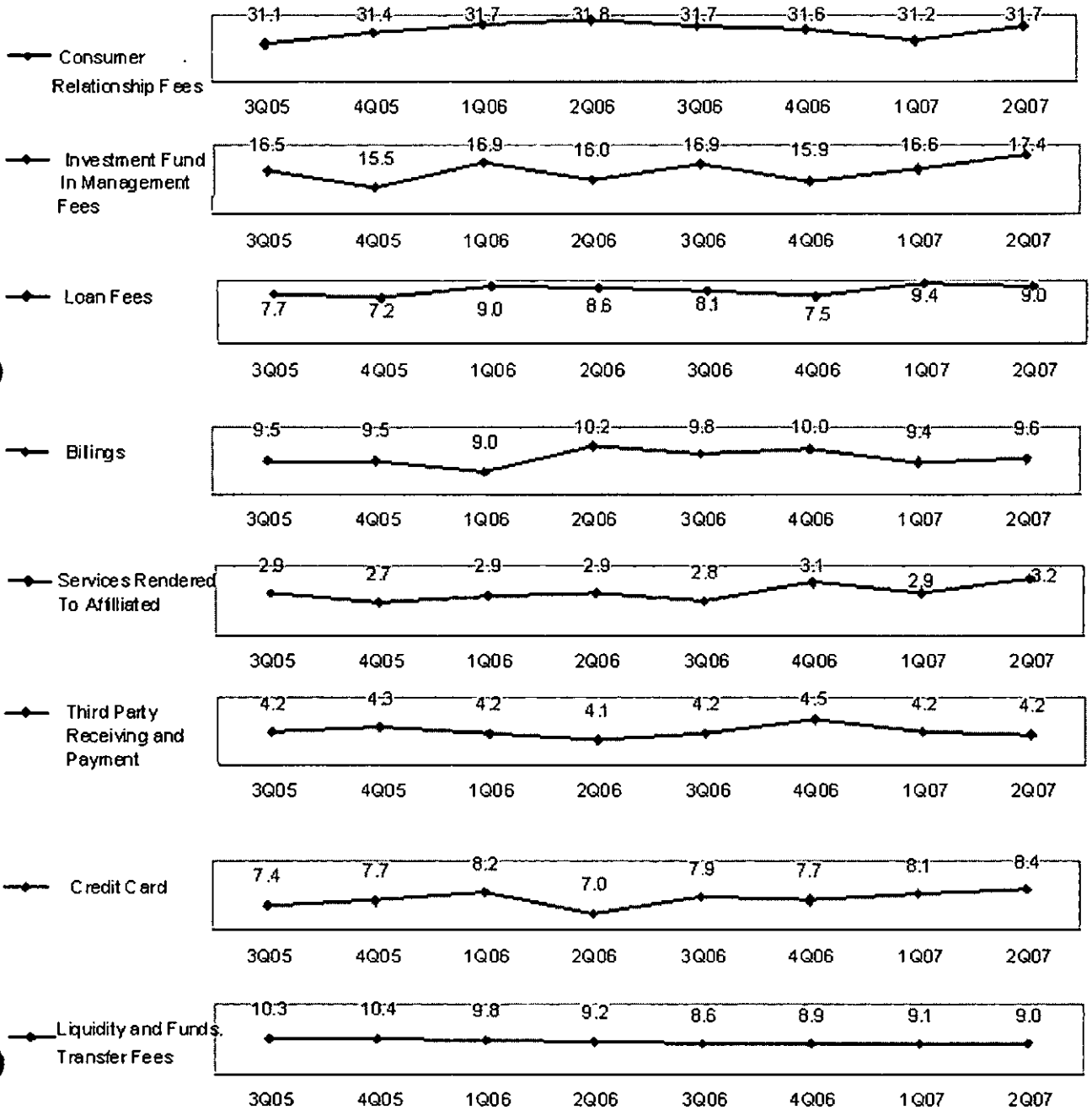
The growth in investment fund management fees were provided from the increase in the Asset Management volume. About the fees from loan operations, it is worth to highlight that increase in this account was in line with loan operation growth. The quantity of Cards achieved contributed to the increase in the revenues from credit cards, which reached R$ 396 million in June 2007.

Table 99. Services Revenues

R$ million

	Quarterly Flow			Var %		Semi Annual Flow		Var %
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Services Revenues	2.246	2.377	2.437	8,5	2,5	4.349	4.814	10,7
Costumer Relationship Fees	715	742	772	8,0	4,0	1.332	1.514	9,6
Investiment Fund Management Fees	359	395	425	18,2	7,6	715	819	14,6
Loan Fees	194	223	220	13,5	(1,0)	383	443	15,7
Billings	228	224	233	2,1	4,2	418	457	9,4
Services Rendered to Affiliated	66	70	79	19,1	12,2	126	149	17,8
Third Party Receiving and Payment	91	100	101	11,3	1,2	179	202	12,5
Credit Card	157	193	204	29,9	5,8	330	396	20,3
Liquidity and Funds Transfer Fees	207	216	220	6,4	2,1	412	436	5,7
Others	228	215	183	(19,8)	(14,9)	404	399	(1,3)

Breakdown and Performance of Service Revenues



8.3.1 Revenues with Customer Relationship Fees

In 2Q07, incomes from customer relationship fees totaled R$ 1,445 million, an expansion of 4.6% in relation to 1H06. The share of these revenues in the total of service revenues reached 30.0% in the period. The graph below shows that the revenues from customer relationship fees have shown greater growth than the customer base, revealing that the Bank has managed to tighten its business links with its customers.

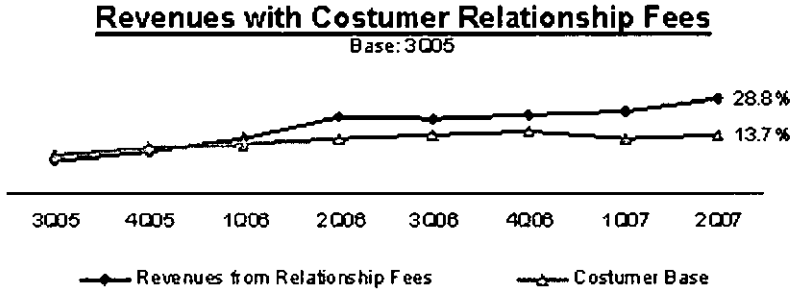


Figure 50. Revenues with Customer Relationship Fees

BB's had 24.9 million current account holders in June 2007, a number that is 5.1% higher than in the same period of the previous year.

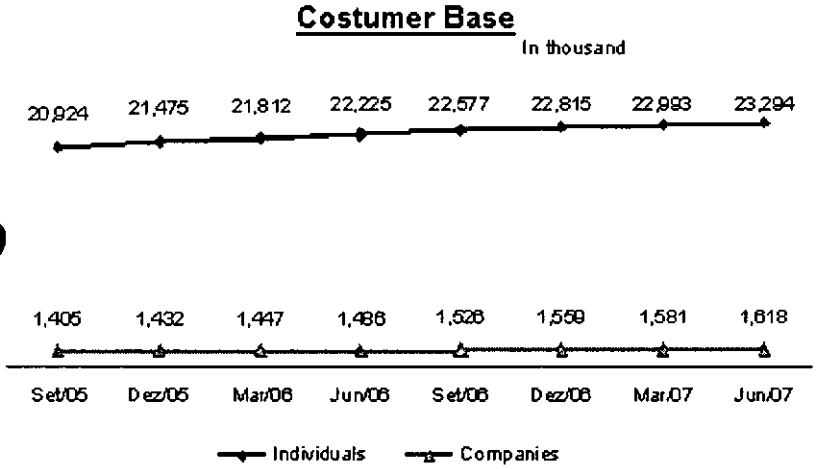


Figure 51. Costumer Base

8.3.2 Asset Management

In 1H07, the Bank reached R$ 819 million in Asset Management fees, a 14.6% growth in relation to 1H06. In 2Q07, growth was 7.6% in relation to 1Q07. The share of these revenues in the total RPS attained 17.0% in the semester.

BB Administração de Ativos – Distribuidora de Títulos e Valores Mobiliários (BB DTVM), a wholly-owned subsidiary of Banco do Brasil, showed growth of 22.0% in the volume of assets under management in the last 12 months, which totaled R$ 208.9 billion. This volume confirms BB's leadership as the largest asset manager in the country, with a 19.1% market share, according to Anbid's ranking. The market share of BBDTVM has decreased due to greater competition and the penetration of new agents in this market.

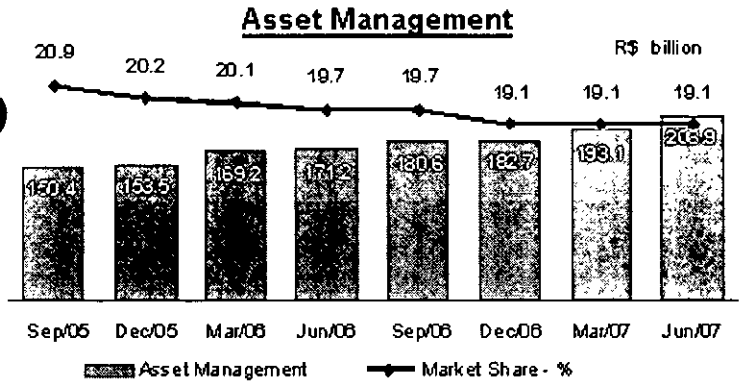


Figure 52. Asset Management

BB DTVM has funds for different kinds of customers. In accordance with the following table, Investment funds and managed portfolios aimed at institutional investors have the largest share in the total registered in June 2007, with 38.6%, followed by individuals and government, which hold 28.8% and 19.4% respectively. It is valid to emphasize the growth of Investment Funds and Managed Portfolios targeting the Foreign Investor and the Government. The first one grew from R$ 6,136 million to R$ 7,906 million (Jun/06 – Jun/07), a 28.8% variation in the period, while the other fund grew from R$ 28,496 million to R$ 40,483 million (Jun/06 – Jun/07), a 42.1% increase.

Table 100. Investment Funds and Managed Portfolios by Costomer

R$ million

							Chg.%	
	Jun/06	Share %	Mar/07	Share %	Jun/07	Share %	on Jun/06	on Mar/07
Institutional Investors	65,283	38.1	78,421	40.6	80,706	38.6	23.6	2.9
Individuals	51,530	30.1	57,435	29.7	60,108	28.8	16.6	4.7
Government	28,496	16.6	27,535	14.3	40,483	19.4	42.1	47.0
Businesses	19,709	11.5	23,264	12.0	19,848	9.4	(0.3)	(15.5)
Foreign Investors	6,136	3.6	6,417	3.3	7,906	3.8	28.8	23.2
Total	171,154	100.0	193,072	100.0	208,851	100.0	22.0	8.2

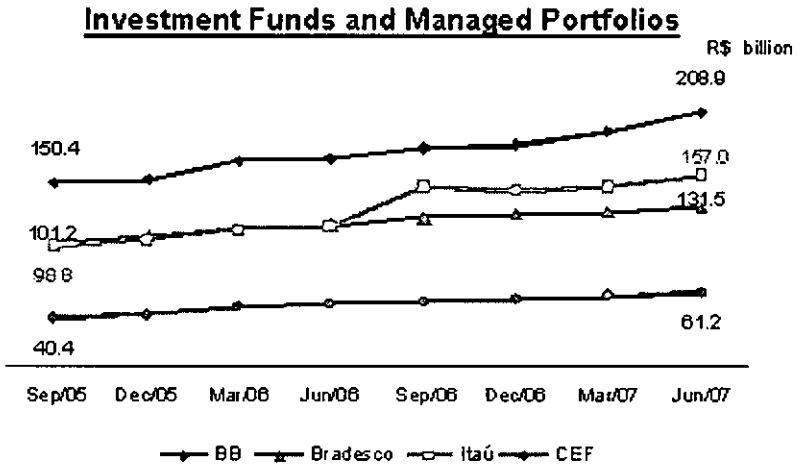


Figure 53. Investment Funds and Managed Portfolios

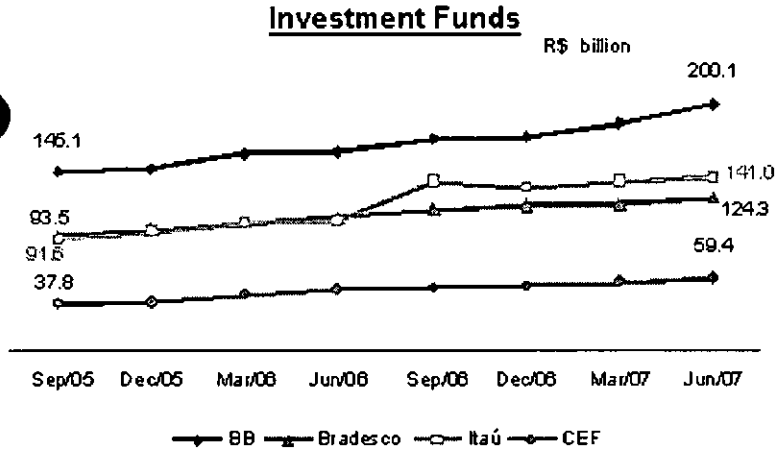


Figure 54. Investment Funds

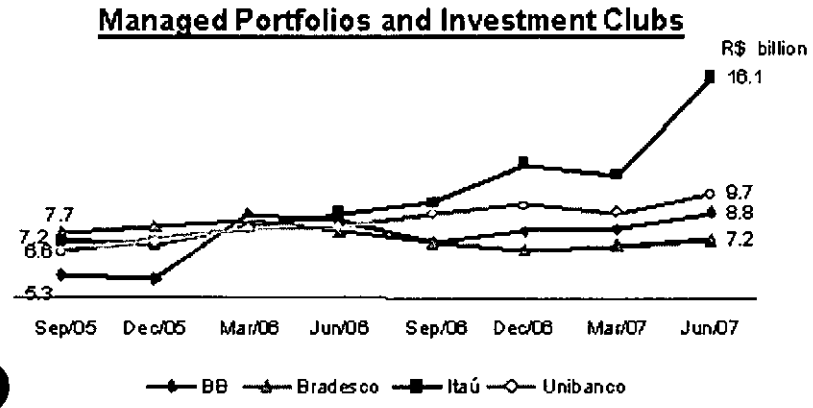


Figure 55. Managed Portfolios and Investment Funds

8.3.3 Cards

Revenue with Cards in the total Service Revenue (RPS) amounted to R$ 204 million in 2Q07. The share of these revenues in the total RPS attained 8.4% in the quarter, practically the same percentage recorded in 1H07.

Revenues from cards were up 10.1% over 1Q07 and 21.7% over 2T06. This growth came to 18.1% in the semester. The main development was the performance of Visanet, whose equity in the earnings of subsidiary and associated companies increased 78.7% in the annual flow. Moreover, revenues from services rendered originating from the card segment and financing income grew 20.3% and 10.2% in the year, respectively.

Table 101. Services Revenues from Cards

R$ million

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Service Revenues - Cards	157	193	204	29.9	5.8	330	396	20.3
Financing Income	201	199	224	11.6	12.6	384	424	10.2
Equity Income - Visanet	54	60	89	65.2	48.9	83	148	78.7
Other Income and Other Services	48	57	43	(11.3)	(24.5)	108	100	(7.2)
Total Revenues	460	508	560	21.7	10.1	905	1,068	18.1

Banco do Brasil expanded its credit card base by 59.1% in the last 12 months, closing the year with 15.7 million cards at the end of the semester.

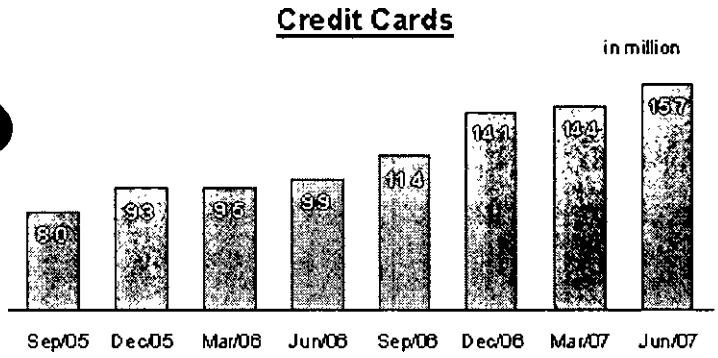


Figure 56. Credit Cards

In relation to the turnover from cards, the Bank recorded the sum of R$ 11.5 billion in 2Q07, with R$ 6.4 billion in Credit and R$ 5.1 billion in Debit. In relation to the turnover from credit cards, R$ 5.2 billion originated from the Visa flagship and R$ 1.2 billion from the Mastercard flagship.

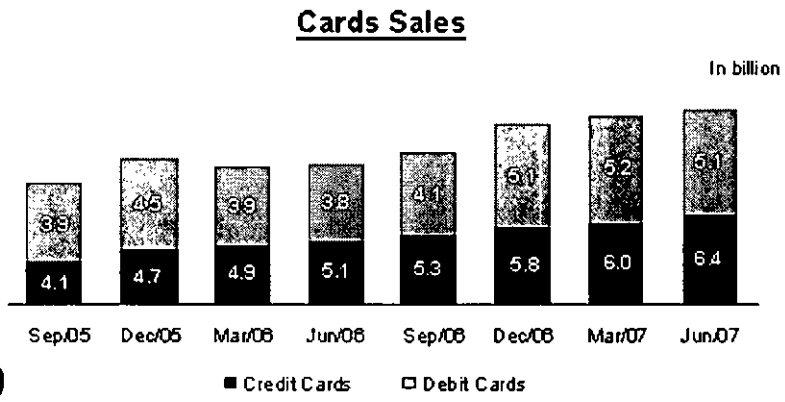


Figure 57. Cards Sales

8.3.4 Billings

Collection Revenues attained R$ 457 million in 1H07, up 9.4% over the same prior-year period. The share of these revenues in the total RPS amounted to 9.5% in the semester.

The total volume levied grew 18.0% in the period of 12 months, attaining R$ 98,111 million at the end of the semester, with 70.4% originating from companies from the wholesale area (corporate and business) of the Bank.

In relation to the quantity of active plans, BB attained 446 thousand plans at the end of the semester as opposed to 420 thousand in 1H06, growth of 6.2% in the period.

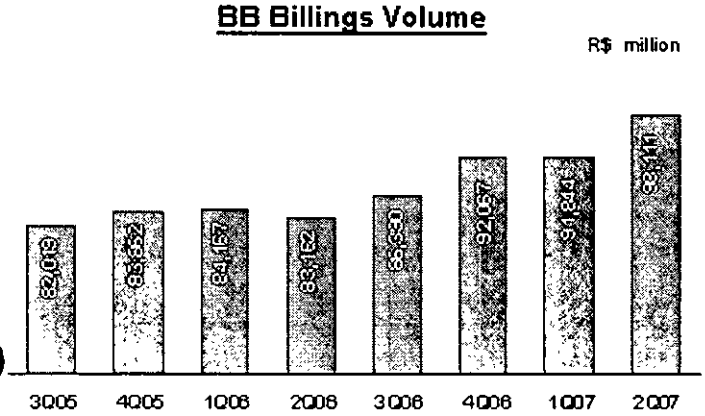


Figure 58. BB Billings Volume

8.4 Commercial Income

Table 102. Commercial Income

R$ million

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Contribution Margin	4.394	5.347	5.919	34,7	10,7	9.149	11.267	23,2
Administrative Expenses	(3.253)	(3.186)	(3.268)	0,5	2,6	(6.408)	(6.454)	0,7
Personnel Expenses	(1.839)	(1.748)	(1.713)	(6,9)	(2,0)	(3.620)	(3.461)	(4,4)
Other Administrative Expenses	(1.383)	(1.401)	(1.519)	9,8	8,4	(2.713)	(2.920)	7,6
Other Tax Expenses	(31)	(37)	(36)	16,1	(2,7)	(75)	(73)	(2,7)
Commercial Income	1.141	2.161	2.652	132,4	22,7	2.741	4.813	75,6

Commercial income represents the Bank's business earnings after the deduction of the expenses necessary for carrying on the business. In 1H07, the Bank recorded R$ 4,813 million in Commercial Income, against R$ 2,741 million in 1H06, an increase of 73.7%. The increase in net income results from the greater growth of NII, from the reduction of provision for doubtful loans - PCLD expenses and the increase of RPS, which contributed to the growth of the margin of contribution. Administrative Expenses were in line with the results observed in 1H06.

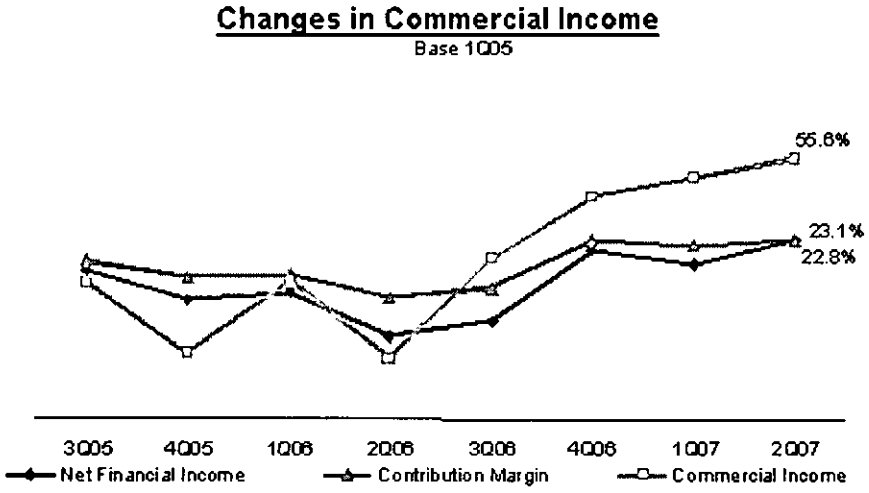


Figure 59. Changes in Commercial Income

8.4.1 Personnel Expenses

Personnel Expenses went from R$ 3,620 million in 1H06 to R$ 3,461 million in 1H07, reduction of 4.4%. In 2Q07, PAA and the Previ - Plan I contributions, events not recurrent to the net income of the Bank, contributed to the reduction of personnel expenses in the quarter. The impact of these events was R$ 600.00 million, reallocated as Extraordinary Items in the Bank's Statement of Income.

Table 103. Personnel Expenses

R$ million

	Quarterly Flow			Var %		Semi Annual Flow		Var %
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Services Revenues	2.246	2.377	2.437	8,5	2,5	4.349	4.814	10,7
Costumer Relationship Fees	715	742	772	8,0	4,0	1.382	1.514	9,6
Investiment Fund Management Fees	359	395	425	18,2	7,6	715	819	14,8
Loan Fees	194	223	220	13,5	(1,0)	383	443	15,7
Billings	228	224	233	2,1	4,2	418	457	9,4
Services Rendered to Affiliated	66	70	79	19,1	12,2	126	149	17,8
Third Party Receiving and Payment	91	100	101	11,3	1,2	179	202	12,5
Credit Card	157	193	204	29,9	5,8	330	396	20,3
Liquidity and Funds Transfer Fees	207	216	220	6,4	2,1	412	436	5,7
Others	228	215	183	(19,8)	(14,9)	404	399	(1,3)

The number of employees does not include those who are in situations of leaves and absences and those lent to other companies, in such as way as to demonstrate the Bank's real workforce, that is to say, the employees that are effectively contributing towards generating results.

Banco do Brasil closed 2Q07 with 89,108 collaborators, a workforce 4.5% lower than that recorded in 2Q06 and 3.8% lower than recorded in March 2007. The headcount reduction was motivated by the Early Resignation Plan (PAA), which created conditions for the socially responsible retirement of employees that already fulfilled the requirements for the obtainment of the early retirement supplement of PREVI (being 50 years of age or qualifying to apply for the social security benefit of INSS and having 15 years of contribution to PREVI).

During the semester around 6.9 thousand employees quit the company with the incentives of PAA, in which it is anticipated that the measures will generate positive impacts on net income as of 2008.

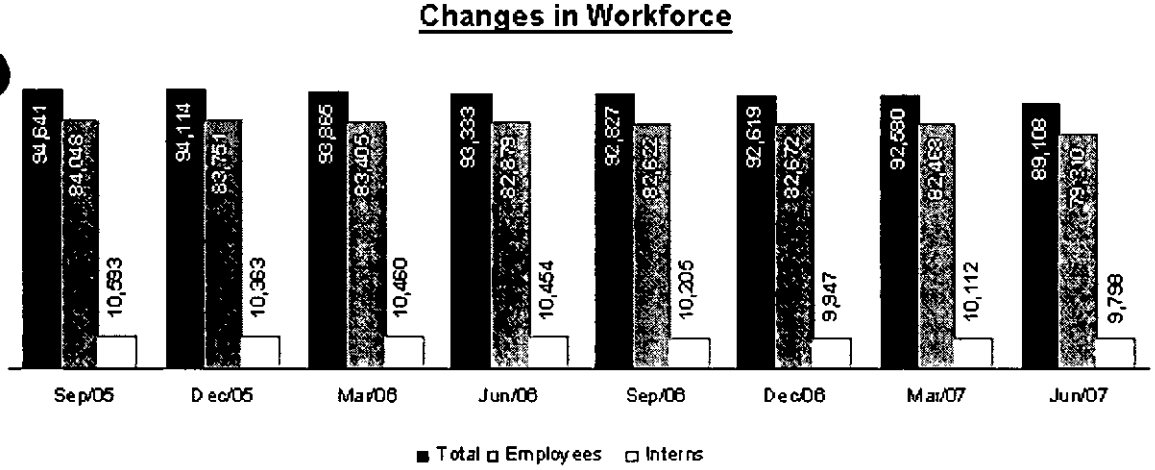


Figure 60. Changes in Workforce

In relation to staff distribution by age, a decrease of employees up to 25 years of age and over 45 years of age can be observed; and an increase of employees between 26 and 35 years of age and from 36 to 45.

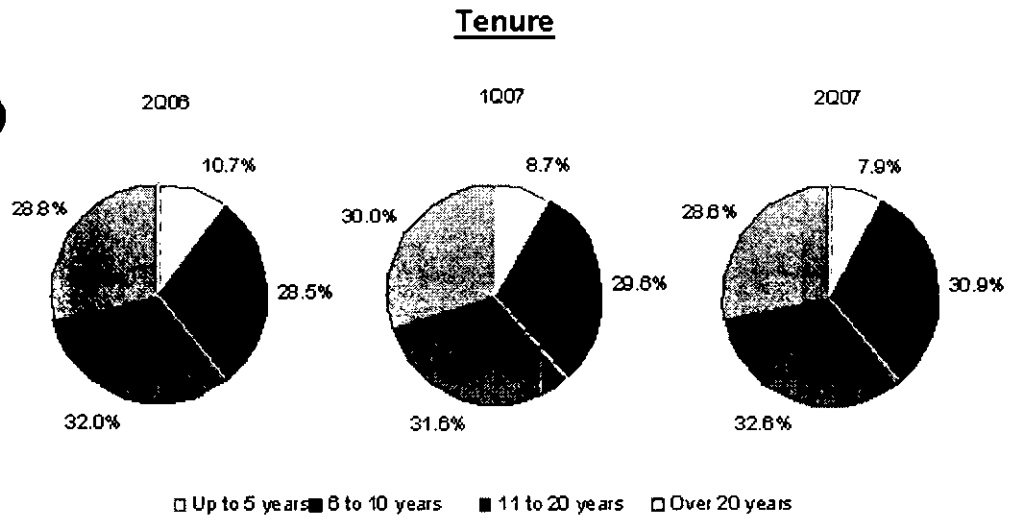


Figure 61. Tenure

In connection with the staff member composition according to years worked in the Bank, it is worth mentioning that 51.7% have been with the institution for up to 10 years. It can be seen that the participation of employees with over 25 years of service at the Bank dropped 3.5% in the 12-month period.

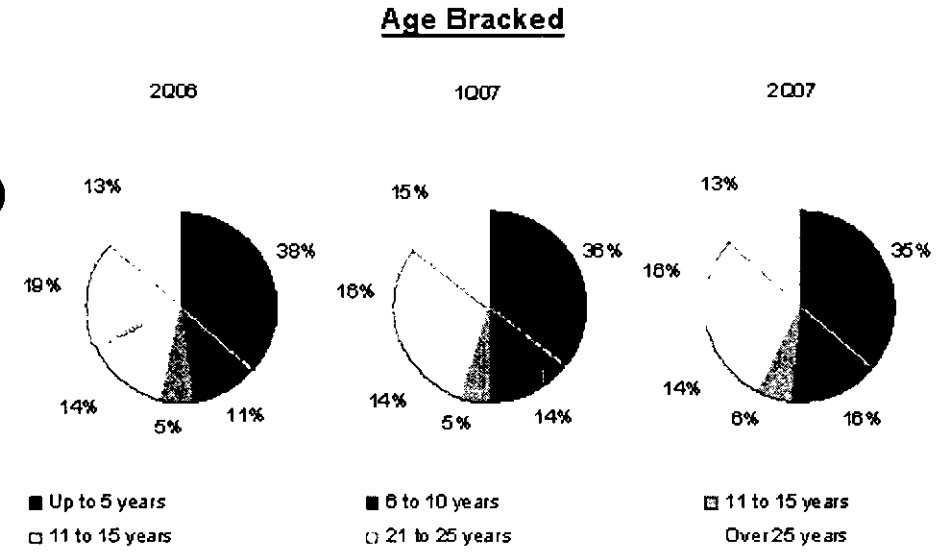


Figure 62. Aged Bracked

The graph below shows the evolution of the degree of education of the Bank employees. As can be seen, the quantity of employees with a graduation, specialization, master's or doctorate course increased in relation to previous quarters, attaining 63.5% of the staff.

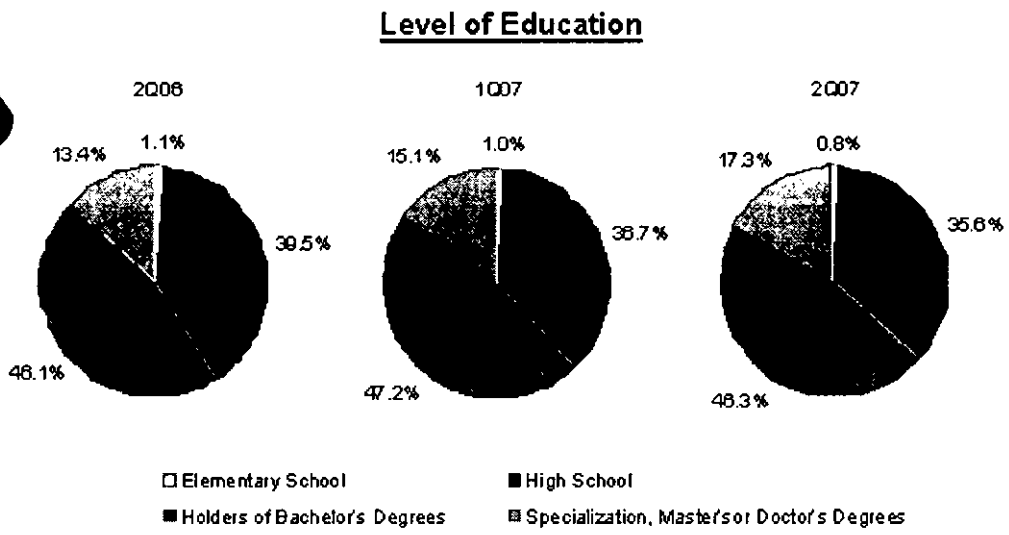
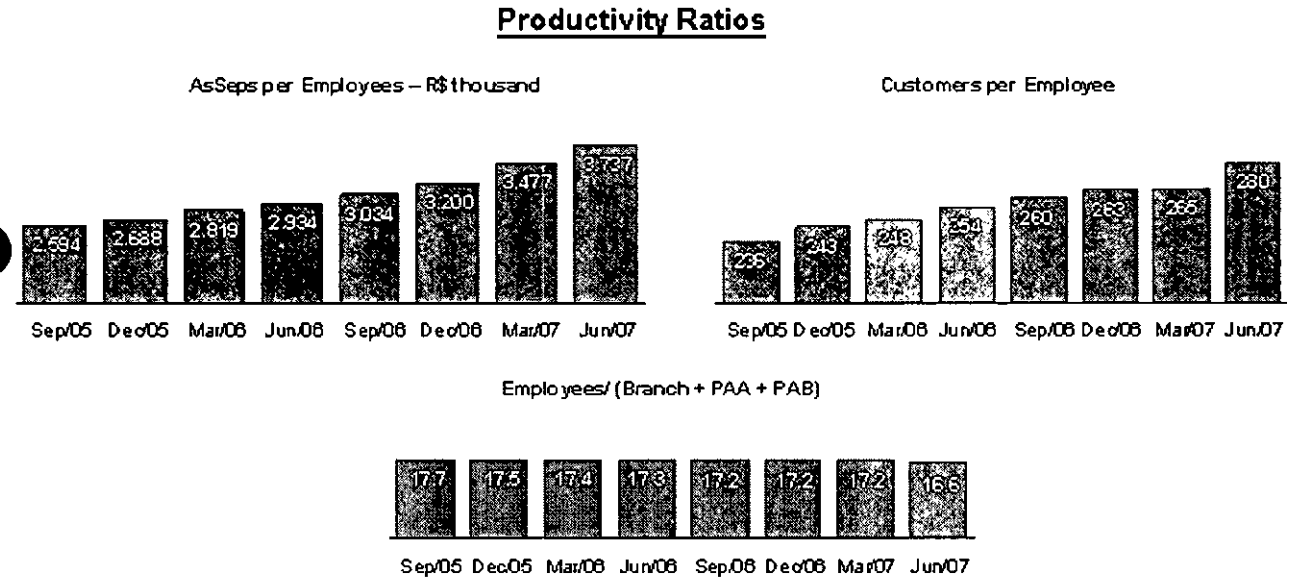


Figure 63. Level of Education

Some BB productivity ratios are shown below.



8.4.2 Other Administrative Expenses

Other Administrative Expenses amounted to R$ 2,920 million in 1H07, up 22.9% over 1H06. The greatest changes were those in connection with surveillance, security, transportation and third-party services. A reduction of 0.7% can be verified in expenses with Marketing and Public Relations during the semester. However, in the quarterly analysis, there is an increase of 5.8% in relation to 2Q06 and of 80.0% in relation to 1Q07, due to the advertising campaigns held over the course of 2Q07.

Table 104. Other Administrative Expenses

R$ million

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Other Administrative Expenses	(1,383)	(1,401)	(1,519)	9.9	8.5	(2,713)	(2,920)	7.6
Telecommunications and Data Processing	(362)	(369)	(391)	7.9	5.8	(736)	(760)	3.3
Amortization and Depreciation	(171)	(181)	(182)	6.5	0.6	(340)	(362)	6.5
Security, Guard and Transport Services	(193)	(219)	(231)	19.7	5.7	(379)	(450)	18.8
Expenses with Premises and Equipment	(187)	(199)	(202)	8.0	1.5	(378)	(401)	6.1
Marketing and Public Relations	(108)	(64)	(115)	5.8	80.0	(180)	(178)	(0.7)
Expenses with Outsourced Services	(135)	(139)	(157)	15.8	12.9	(264)	(295)	11.9
Other Administrative Expenses	(226)	(230)	(242)	7.2	5.2	(437)	(472)	8.1

The items most directly related to the running of the business (telecommunications and data processing, surveillance, security and transport services, property and equipment) added up to R$ 1,612 million in 1H07, showing growth of 8.0% in relation to 1H06, explained, mainly, by the following factors:

- 1.4% expansion in the service network – opening new points of service has a direct implication for an increase in the greater part of the items making up administrative expenses;
- 5.1% increase in the customer base – the increase in the quantity of customers, besides the increase in the points of service, has an influence on the quantity of correspondence sent, data processing, use of the self-service channels, and
- Contractual readjustments and increase in activities.

8.4.4 Automated Channels

Banco do Brasil's self-service network represents a strategic differential. BB's customers have at their disposal the largest network of automated teller machines (ATMs) in Latin America, with terminals in Brazil and abroad. At the end of June 2007, BB customers amounted to 39,952 as opposed to 39,765 in March 2007, an increase of 0.5%.

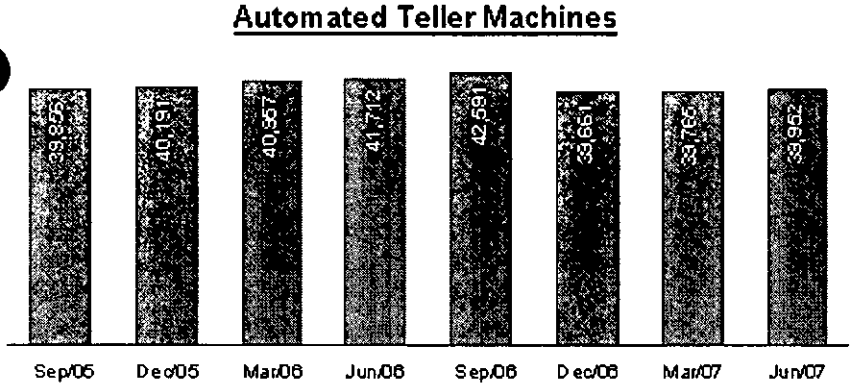


Figure 68. Automated Teller Machines

This technological infrastructure has provided support for BB in its strategy for controlling costs. In June 2007 the Bank performed around 542 million transactions in the network of TAAs, up 3.5% over the same prior-year period.

The importance of this channel in BB's transactions can be seen from the figures below, which show the percentage of banking transactions carried out through the ATMs:

- 95.3% of the cash withdrawals;
- 82.3% of the check books delivered;
- 71.1% of the deposits; e
- 61.6% of the receipts of bills and contractual payments.

The share of automated transactions in the total transactions performed by BB customers attained 89.9% in June 2007 as opposed to 89.0% in the same prior-year period.

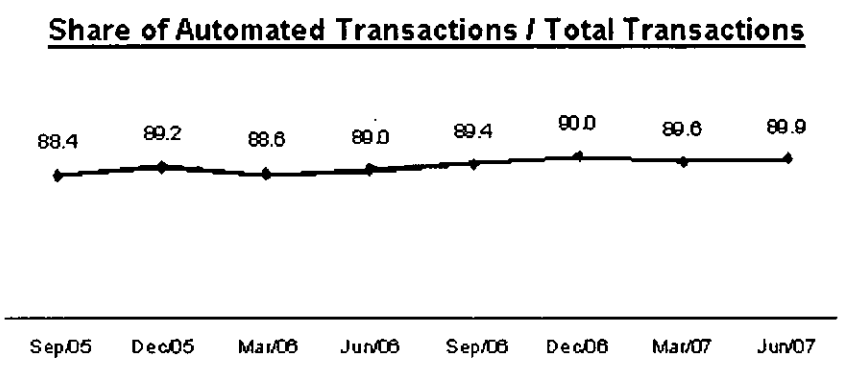


Figure 69. Share of Automated Transactions / Total Transactions

Besides the cashiers at the branches and the ATMs, Banco do Brasil offers several other options for access to banking services, such as: the Internet, its Financial Manager (an Internet banking tool for businesses), POS equipment (credit and debit card machines at the commercial establishments), telephone, fax, and WAP. At the end of the period, BB had 8.4 million clients capable of using the Internet or cellular phone channels.

The chart below shows that the other service channels have been gaining ground in the customers' preference:

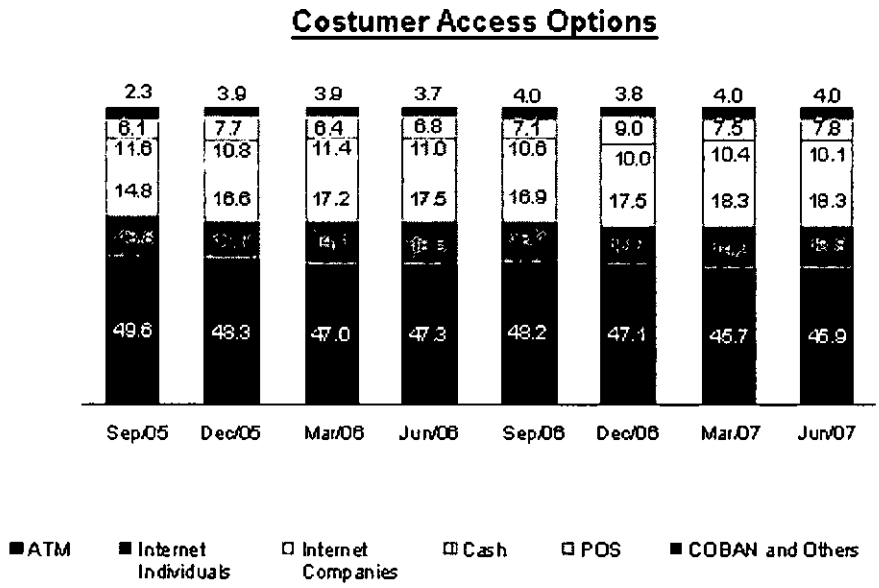


Figure 70. Costumer Access Options

Banco do Brasil continues to be the leader on the Internet. At the end of the first semester, the number of enabled customers attained 8.4 million, up 3.0% over the same prior-year period. The figure above shows that the participation of transactions performed via the Internet remained constant.

8.4.5 Productivity – Coverage Ratios

The coverage ratios show the capacity for covering fixed costs using only service revenues.

The rate of coverage of personnel expenses attained 127.6% in 1H07, as opposed to 112.2% in 1H06, due to the increase of RPS and the reduction of personnel expenses in the period. The rate of coverage of administrative expenses went from 64.3% to 69.2% in the semester.

In relation to the quarter, the service revenues / personnel expenses was from 112.2% in 2Q06 to 127.4% in 2Q07, an increase of 1,520 points base in the period. In relation to service revenues / administrative expenses, there was an

increase of 64.5% in 2Q06 to 67.8% in 2Q07.

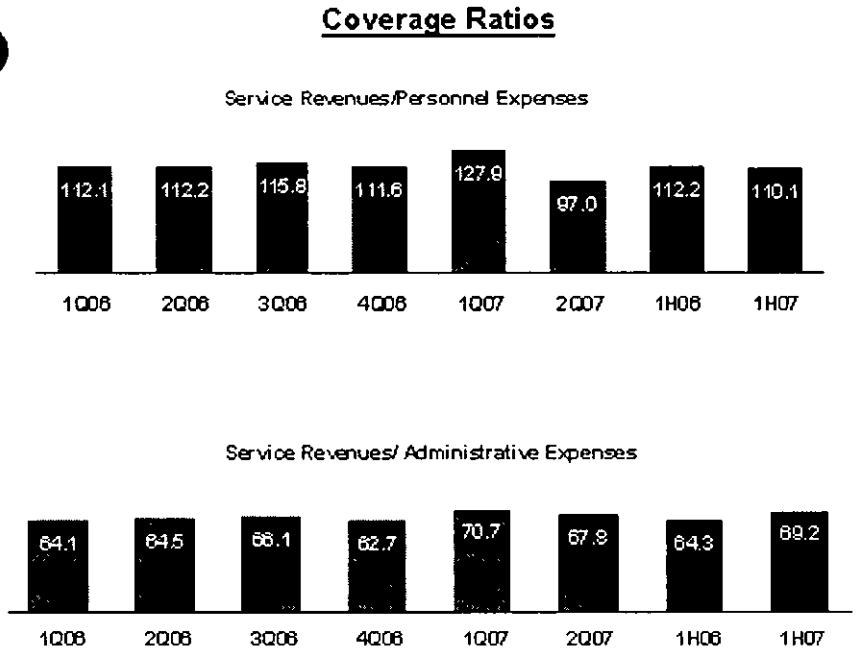


Figure 71. Coverage Ratios

Table 108. Coverage Ratios

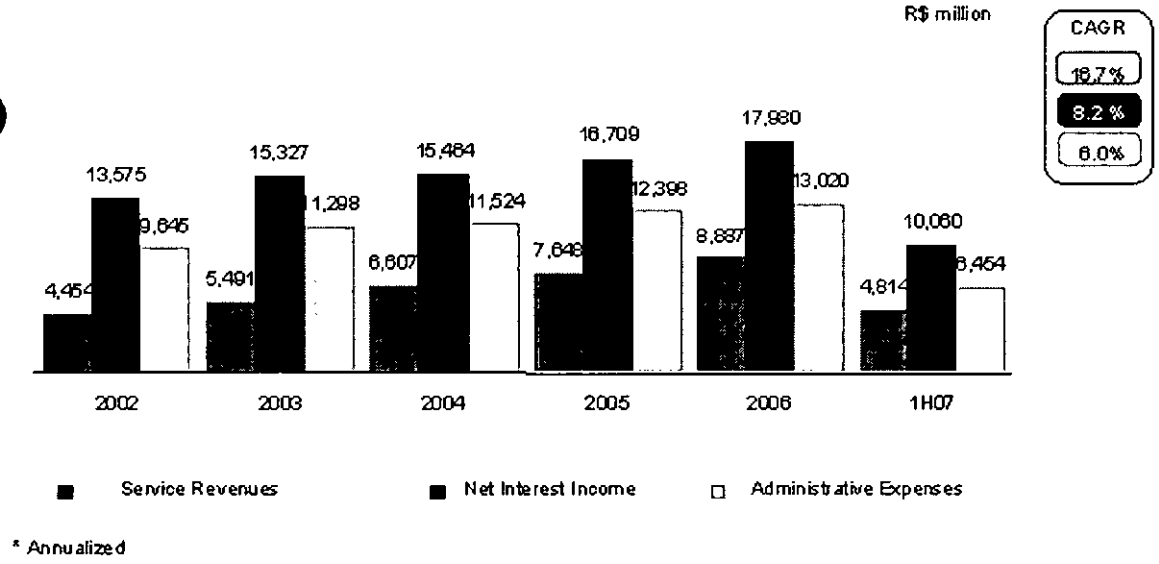
R$ million

	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07***	1H06	1H07
Service Revenues	2,001	2,103	2,246	2,252	2,287	2,377	2,437	4,349	4,814
Administrative Expenses	(3,268)	(3,156)	(3,253)	(3,216)	(3,396)	(3,186)	(3,268)	(6,408)	(6,454)
Personnel Expenses	(1,802)	(1,781)	(1,839)	(1,804)	(1,846)	(1,748)	(2,312)	(3,620)	(4,061)
Legal Risk	(281)	(126)	(229)	(192)	(251)	(177)	(329)	(355)	(505)
Legal Claims	(70)	(31)	(67)	(51)	(48)	(66)	(128)	(99)	(194)
Labor Lawsuits	(211)	(95)	(162)	(141)	(204)	(111)	(201)	(257)	(311)
Service Revenues / Personnel Exp.*	99.5	112.1	112.2	115.8	111.6	127.9	97.0	112.2	110.1
Service Revenues / Administ. Exp.**	56.4	64.1	64.5	66.1	62.7	70.7	67.8	64.3	69.2

* In the calculation of this ratio Labor Lawsuits are included.
**In the calculation of this ratio Legal Risk is included (Legal Claims and Labor Lawsuits).
*** In the calculation of Service Revenues / Personnel Expenses in 2Q07 was included Previ Contributions bracked – Plan I and Voluntary Retirement Plan.

Despite the expansion of the service network, necessary to meet the constant increase in the customer base, BB has kept its cost structure compatible with its generation of business, as seen in the graphs below:

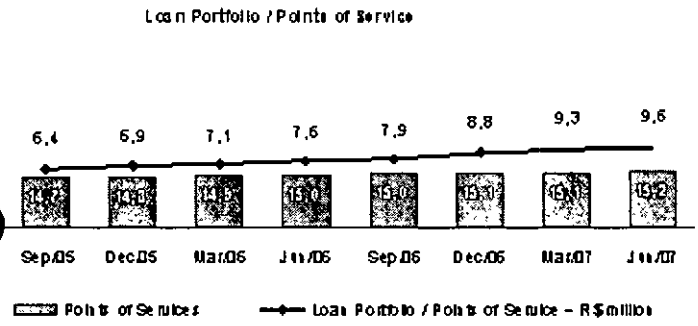
igure 72. Productivity Ratios

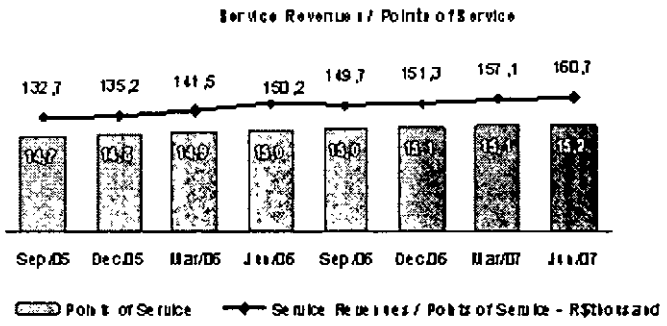


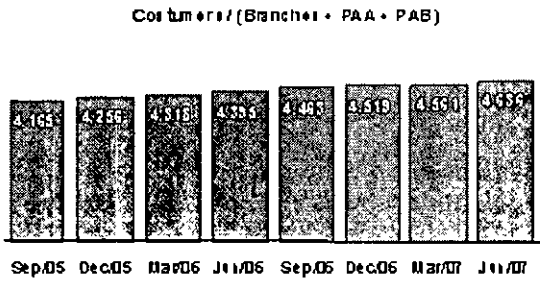
* Annualized

Figure 73. Business vs. Expenses

Productivity Ratios







8.5 Operating Income

Table 109. Operating Income

R$ million

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Commercial Income	1,141	2,161	2,652	132.3	22.7	2,741	4,813	73.7
Legal Risk	(229)	(177)	(329)	43.5	86.3	(355)	(505)	27.9
Legal Claims	(67)	(66)	(128)	90.0	93.9	(99)	(194)	84.5
Labor Lawsuits	(162)	(111)	(201)	24.2	81.7	(257)	(311)	6.2
Other Operating Income (Expenses)	(169)	113	0	(100.3)	(99.8)	(178)	113	(163.8)
Equity Interest in Results of Subs. and Affil.	135	191	160	18.8	(16.0)	241	351	45.7
FX Other Operating Income/Expenses	(304)	(77)	(160)	(47.5)	106.0	(418)	(237)	(43.3)
Other Operating Income	599	755	727	21.3	(3.7)	1,230	1,483	20.5
Other Operating Expenses	(903)	(833)	(887)	(1.8)	6.5	(1,649)	(1,720)	4.3
Operating Income	743	2,098	2,323	212.6	10.7	2,208	4,421	100.3

Operating Income increased 212.6% in relation to 2Q06 and 100.3% in comparison with 1H06. This performance was due mainly to the downslide of 163.8% in other components of net income. This item exhibited a downslide of 43.3% in the result of other operating income/expenses and an increase of 45.7% in the result of holdings in associated and subsidiary companies.

The change in the heading other operating expenses, compared to 1H06, resulted from the increase in recovery of changes and expenses as refunds for costs by affiliated companies. Additionally, it was also possible to note the positive effects of the Fund's agreement with parity to Previ.

In relation to other operating expenses, we should emphasize the amortization of the actuarial assets and the accounting of expenses of provision with CASSI (BB Employee Assistance Fund), pursuant to CVM Resolution 371. Also in this item, PCLD without financial intermediation characteristic exhibited relevant reduction on account of the reversal of this provision for activation of tax credit (tax indebtedness).

The table and the graph below show the efficiency attained by Banco do Brasil. The ratio of administrative expenses plus legal risk to operating revenues reached 48.0% in 2Q07, a 770 basis points reduction in relation to the same period of 2006. In comparison with the previous quarter, the ratio was up by 100 base points. The increase observed is mainly due to the growth of the other administrative expenses item.

Table 110. Efficiency Ratio

R$ million

	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	1H06	1H07
A) Administrative Expenses	(3,268)	(3,156)	(3,253)	(3,216)	(3,398)	(3,186)	(3,268)	(6,408)	(7,053)
Personnel Expenses	(1,802)	(1,781)	(1,839)	(1,804)	(1,946)	(1,748)	(1,713)	(3,620)	(4,061)
Other Administrative Expenses	(1,428)	(1,331)	(1,383)	(1,378)	(1,516)	(1,401)	(1,519)	(2,713)	(2,920)
Other Tax Expenses	(39)	(44)	(31)	(34)	(33)	(37)	(36)	(75)	(73)
B) Legal Risk	(281)	(126)	(229)	(192)	(251)	(177)	(329)	(355)	(506)
Legal Claims	(70)	(31)	(67)	(51)	(48)	(66)	(128)	(99)	(194)
Labor Lawsuits	(211)	(95)	(162)	(141)	(204)	(111)	(201)	(257)	(312)
C) Operating Income	6,623	6,394	6,254	6,483	6,826	7,152	7,495	12,648	14,637
Net Interest Income	4,398	4,406	4,312	4,403	4,859	4,852	5,208	8,718	10,060
Service Revenues	2,001	2,103	2,246	2,252	2,287	2,377	2,437	4,349	4,814
Other Operating Income	1,036	631	599	716	698	755	727	1,230	1,483
Other Operating Expenses	(812)	(746)	(903)	(888)	(1,018)	(833)	(887)	(1,649)	(1,720)
Efficiency Ratio ((A+B) / C) - %	53.6	51.3	55.7	52.6	53.4	47.0	48.0	53.5	51.6

Table 111. Efficiency Ratio Statement - Quarterly

	2Q06	2Q07	Abs. Chg	Chg. %	Effect in the Ratio
Administrative Expenses	(3,482)	(4,196)	(715)	20.5	11.4
Personnel Expenses	(1,839)	(2,312)	(473)	25.7	7.6
Other Administrative Expenses	(1,383)	(1,519)	(137)	9.9	2.2
Other Tax Expenses	(31)	(36)	(5)	16.8	0.1
Legal Risk	(229)	(329)	(100)	43.5	1.6
Operating Income	6,254	7,485	1,231	19.7	(9.2)
Net Interest Income	4,312	5,208	896	20.8	(7.0)
Service Revenues	2,246	2,437	191	8.5	(1.7)
Other Operating Income	599	727	(3,585)	21.3	74.8
Other Operating Expenses	(903)	(887)	16	(1.8)	(0.1)
Adm, Exp, and Oper, Inc, (consolidated effect)					(1.9)
Efficiency Ratio	55.7%	56.1%			0.4

Table 112. Efficiency Ratio Statement – Semi Annual

	1H06	1H07	Abs. Chg	Chg. %	Effect in the Ratio
Administrative Expenses	(6,764)	(7,559)	(796)	11.8	6.3
Personnel Expenses	(3,820)	(4,061)	(441)	12.2	3.5
Other Administrative Expenses	(2,713)	(2,920)	(206)	7.6	1.6
Other Tax Expenses	(75)	(73)	2	(2.5)	(0.0)
Legal Risk	(355)	(506)	(151)	42.4	1.2
Operating Income	12,848	14,837	1,989	15.7	(7.3)
Net Interest Income	8,718	10,060	1,342	15.4	(5.1)
Service Revenues	4,349	4,814	466	10.7	(1.9)
Other Operating Income	1,230	1,483	252	20.5	(1.0)
Other Operating Expenses	(1,649)	(1,720)	(71)	4.3	0.3
Adm, Exp, and Oper, Inc, (consolidated effect)					(0.9)
Efficiency Ratio	53.5%	51.6%			(1.8)

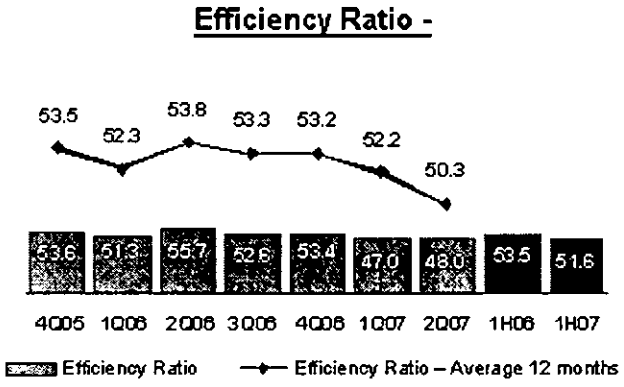


Figura 74. Efficiency Ratio

8.6 Net Income

Table 113. Net Income

R$ milion

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Operating Income	743	2,098	2,323	212.6	10.7	2,208	4,421	100.3
Non-operating Income	25	31	12	(50.3)	(59.8)	51	43	(16.1)
Income Before Taxes	768	2,128	2,336	204.2	9.7	2,259	4,464	97.6
Income and Social Contribution Taxes	186	(539)	(734)	(493.9)	36.1	(177)	(1,273)	621.1
Interest on Own Capital Tax Benefit		109	112	(52.3)	3.0	236	222	(6.1)
Statutory Profit Sharing	(307)	(180)	(137)	(55.3)	(23.9)	(496)	(317)	(36.1)
Recurring Income	647	1,409	1,464	126.2	3.9	1,586	2,923	84.4
Non-Recurring Items	899	-	(396)	(144.0)	-	2,303	(446)	(119.4)
Previ Parity (6)	1,362	-	-	-	-	1,362	-	-
Previ – Provision for IR and CS	(463)	-		-	-	(463)	-	-
Previ – Reimbursement Contribution - Plan I			76				-	
Previ - Provision for IR and CS			(26)				-	
PAA – Early Retirement Plan		-	(676)	-	-	-	(676)	-
PAA - Provision for IR and CS			230				230	
Net Income	1,546	1,409	1,068	(30.9)	24.2	3,889	2,477	(36.3)

In 2Q07, the Bank's net income was R$ 1,068 million, against R$ 1,546 million in 2Q06, representing a decrease of 30.9%. This result was influenced by the impacts of the suspension of contributions to PREVI - Plan I, referring to 1Q07 and recognized in 2Q07, and by the effects caused by the Advance Resignation Plan - PAA.

Impacted by the effects described above, the net income of 1H07 was 36.3% lower than that recorded in the same period of 2006.

The annualized ratio of Return on Average Shareholders' Equity (RSPL) was 20.9% in 2Q07, as opposed to 36.3% in 2Q06. Return on Shareholders' Equity - RSPL in the semester was 24.3% in 1H07, as opposed to 47.8% in 1H06, the latter reflecting the high extraordinary impacts observed in the 1st semester of 2006.

In 2007, BB started to adopt the policy for payment of dividends and/or interest on own capital every quarter. In 1H07, the Bank distributed the sum of R$ 991 million to the shareholders, as opposed to R$ 862 million in 1H06.

The IR/LAIR ratio went from (40.7%) in 2Q06 to 33.4% in 2Q07, basically due to the distortions caused by the activation of tax credits on inter-temporal differences observed in 2Q06. In relation to the previous quarter, the rate of tax was influenced by the increase of permanent additions in the calculation basis of the tax. This movement stems from exchange loss occurring in the period.

R$ milion

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Operating Income	743	2,098	2,323	212.6	10.7	2,208	4,421	100.3
Non-operating Income	25	31	12	(50.3)	(59.8)	51	43	(16.1)
Income Before Taxes	768	2,128	2,336	204.2	9.7	2,259	4,464	97.6
Income and Social Contribution Taxes	186	(539)	(734)	(493.9)	36.1	(177)	(1,273)	621.1
Interest on Own Capital Tax Benefit		109	112	(52.3)	3.0	236	222	(6.1)
Statutory Profit Sharing	(307)	(180)	(137)	(55.3)	(23.9)	(496)	(317)	(36.1)
Recurring Income	647	1,409	1,464	126.2	3.9	1,586	2,923	84.4
Non-Recurring Items	899	-	(396)	(144.0)	-	2,303	(446)	(119.4)
Previ Parity (6)	1,362	-	-	-	-	1,362	-	-
Previ – Provision for IR and CS	(463)	-		-	-	(463)	-	-
Previ – Reimbursement Contribution - Plan I			76				-	
Previ - Provision for IR and CS			(26)				-	
PAA – Early Retirement Plan		-	(676)	-	-	-	(676)	-
PAA - Provision for IR and CS			230				230	
Net Income	1,546	1,409	1,068	(30.9)	24.2	3,889	2,477	(36.3)

Figure 75. Changes in earning before taxes

Non-Recurring Items Excluding the extraordinary impacts on the net income of BB, it is possible to observe an increase in recurring income of 84.4% in relation to 1H06 and 3.9% in relation to 1Q07. The ROE of Recurrent Income remained stable at 29.4% in comparison with the previous quarter.

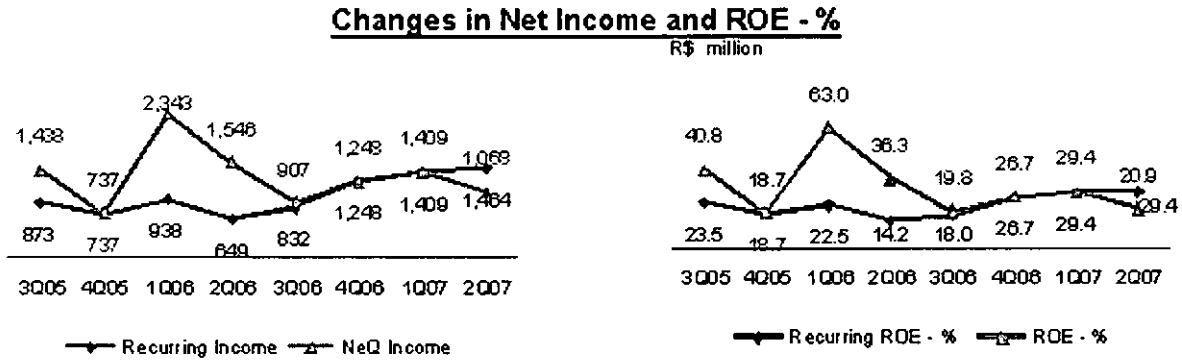


Figure 76. Changes in Net Income and ROE

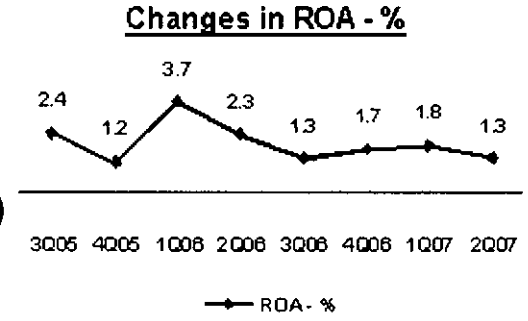


Figure 77. Changes in ROA

Table 114. Return on Equity

R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	1H06	1H07
Recurring Income	938	647	831	1,248	1,409	1,464	1,586	2,923
Net Income	2,343	1,546	907	1,248	1,409	1,068	3,889	2,477
Average Shareholders' Equity	18,029	19,194	19,868	20,478	21,198	21,972	18,014	21,532
Recurring - ROE - %	22.5	14.2	18.0	26.7	29.4	29.4	18.4	29.0
ROE - %	63.0	36.3	19.8	26.7	29.4	20.9	47.8	24.3

The following figure evidences the growth of the sum of net income, of recurrent income and of dividends/interest on own capital - JCP paid since 2003. As of the 2nd half of 2005, the Bank began to pay shareholders 40% of its net income. As from 2007, BB adopted the quarterly distribution of JCP.

Income and Interest on Equity / Dividends

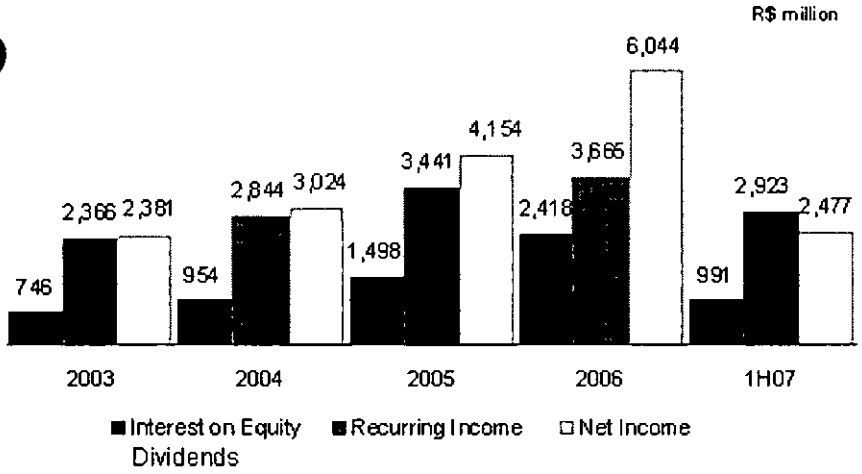


Figure 78. Income and Interest on Equity / Dividends

Table 115. ROE decomposition - Quarterly

	2Q06		1Q07		2Q07	
	NI	RI	NI	RI	NI	RI
Net Interest Income	101,3	94,5	101,1	101,1	101,9	104,7
Allowance for Loan Losses	(41,3)	(38,5)	(29,8)	(29,8)	(24,2)	(24,9)
Service Revenues	52,8	49,2	49,5	49,5	47,7	49,0
Taxes on Revenues	(5,2)	(4,8)	(20,6)	(20,6)	(23,9)	(24,6)
Administrative Expenses	(76,4)	(71,3)	(66,4)	(66,4)	(64,0)	(65,7)
Other Components of Result*	(16,0)	(14,9)	(4,4)	(4,4)	0,0	0,0
Recurring Income		14,2		29,4		29,4
Non-recurring Items	21,1		-		(7,7)	
Net Income	36,3		29,4		20,9	

Legal risk, Other Operating Income(expenses), non-operating income, Statutory Profit Sharing.

Table 116. ROE decomposition – Semi Annual

	1H06		1H07	
	NI	RI	NI	RI
Net Interest Income	107.2	101.0	98.8	101.5
Allowance for Loan Losses	(38.2)	(36.0)	(26.2)	(26.9)
Service Revenues	53.5	50.4	47.3	48.6
Taxes on Revenues	(12.2)	(11.5)	(21.7)	(22.3)
Administrative Expenses	(78.8)	(74.3)	(63.4)	(65.1)
Other Components of Result*	(12.0)	(11.3)	(2.1)	(2.1)
Recurring Income		18.4		29.0
Non-recurring Items	28.3		(3.9)	
Net Income	47.8		24.3	

* Risco Legal, Outros Componentes do Resultado, Resultado não Operacional e Participação Estatutaria no Lucro.

The Analytical ROE has the aim of showing the behavior of the items that make up the Bank's results. In the semester, the Net Interest Income (NII), the service revenues and the extraordinary items were those that most contributed to the making up of the result, both in the view of Net Income and Recurring Income. Next to expenses, there is a reduction in the share of Administrative Expenses and of Provision for Doubtful Loans (PCLD) in relation to the same period of 2006.

8.7 Net Value Added

The table Net Value Added shows how Banco do Brasil's income is made up of the generation of value from each of the Bank's businesses, and then shows a breakdown of the distribution of these proceeds. The point of view used is the Net Interest Income, which includes financial intermediation revenues and expenses, without allowances for loan losses.

Table 117. Net Value Added

R$ million

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Net interest income	4,312	4,852	5,208	20.8	7.3	8,718	10,060	15.4
Income from Non-Financial Products	1,781	1,900	1,989	11.7	4.7	3,464	3,889	12.8
Customer Relationship Fees	718	742	772	7.5	4.0	1,382	1,514	9.6
Investment Fund Management Fees	359	395	425	18.2	7.8	715	819	14.6
Loans	194	223	220	13.5	(1.0)	383	443	15.7
Collections	228	224	233	2.1	4.2	418	457	9.4
Services Provided to Related Companies	91	100	101	11.3	1.2	179	202	12.5
Credit Cards	165	193	204	23.8	5.8	330	396	20.3
Insurance	25	24	34	33.9	44.4	48	58	20.4
Others	1,224	1,454	1,347	10.1	(7.3)	2,416	2,801	15.9
Insurance – Brokerage	109	118	113	4.5	(3.8)	208	231	11.5
Insurance – Results	79	142	183	108.6	15.1	181	305	89.3
Others Service Revenues	356	359	334	(6.1)	(7.0)	687	694	1.0
Equity Interest in Results of Subs. and Affil.	58	49	(3)	(105.5)	(106.3)	80	46	(42.5)
Other Operational Revenues	599	755	727	21.3	(3.7)	1,230	1,483	20.5
Non Operation Income	25	31	12	(50.3)	(59.8)	51	43	(16.1)
Value Added	7,316	8,206	8,544	16.8	4.1	14,588	16,750	14.8
Distribution of Value Added*	(5,770)	(6,797)	(7,476)	29.6	10.0	(10,700)	(14,323)	33.9
Operational Revenues	(2,660)	(2,284)	(2,123)	(20.2)	(6.2)	(4,750)	(4,387)	(7.7)
Provision for Credit Risk	(1,757)	(1,431)	(1,236)	(29.6)	(13.6)	(3,102)	(2,667)	(14.0)
Other Operational Income	(903)	(853)	(887)	(1.8)	6.5	(1,649)	(1,720)	4.3
Personnel Expenses	(2,308)	(2,039)	(2,051)	(11.1)	0.8	(4,373)	(4,090)	(6.5)
Personnel Expenses	(2,001)	(1,859)	(1,914)	(4.4)	3.0	(3,877)	(3,772)	(2.7)
Statutory Profits Sharing	(307)	(180)	(137)	(55.3)	(23.9)	(496)	(317)	(36.1)
Administrative Expenses	(1,460)	(1,467)	(1,647)	13.6	12.3	(2,812)	(3,114)	10.7
Tax Expenses	(251)	(1,028)	(1,259)	401.8	22.5	(1,067)	(2,287)	114.3
Taxes on Sale	(407)	(451)	(489)	20.3	8.4	(816)	(940)	15.3
Other Tax Expenses	(31)	(37)	(36)	16.8	(4.4)	(75)	(73)	(2.5)
Income and Social Contribution Taxes	186	(539)	(734)	(493.9)	36.1	(177)	(1,273)	621.1
Extraordinary Items	899	-	(398)	(144.0)	-	2,303	(446)	(119.4)
Value Added to Shareholders	1,546	1,409	1,068	(30.9)	(24.2)	3,888	2,477	(36.3)

8.8 Gross Value Added

Another way of analyzing the distribution of the value added among the Bank's various stakeholders is shown in the table below. Financial intermediation revenues are included in the value added, while intermediation expenses are included in the distribution of the value added to the Bank's different creditors.

Table 118. Gross Value Added

Net Value Added

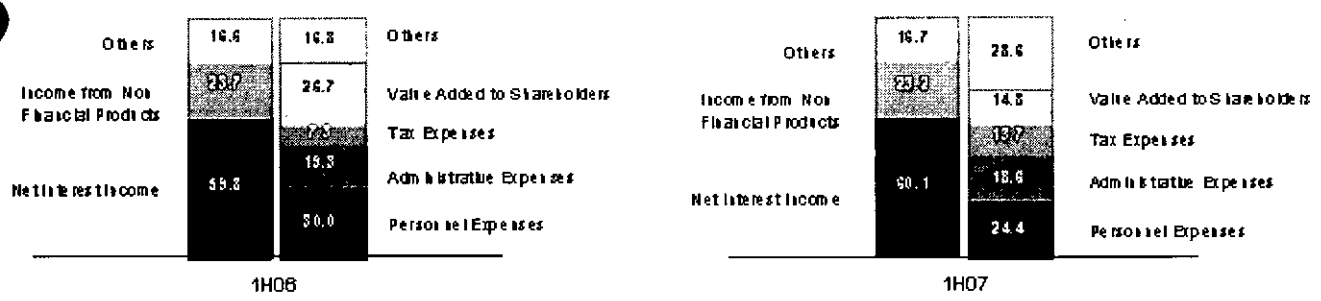


Figure 79. Net Value Added

Gross Value Added

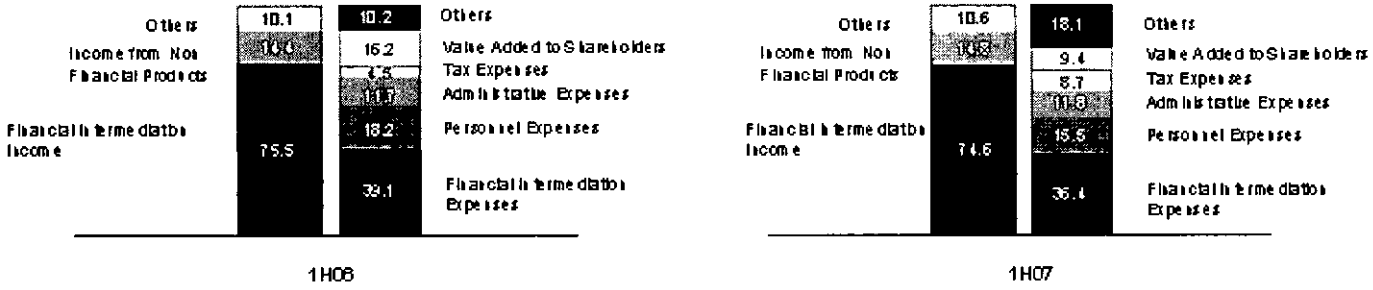


Figure 80. Gross Value Added

R$ million

	Quarterly Flow			Chg.%		Semi Annual Flow		Chg.%
	2Q06	1Q07	2Q07	on 2Q06	on 1Q07	1H06	1H07	on 1H06
Net interest income	9,210	9,660	10,016	8.8	3.8	18,102	19,666	8.6
Income from Non-Financial Products	1,781	1,900	1,989	11.7	4.7	3,464	3,889	12.8
Customer Relationship Fees	718	742	772	7.5	4.0	1,382	1,514	9.6
Investment Fund Management Fees	359	395	425	18.2	7.6	715	819	14.6
Loan Fees	194	223	220	13.5	(1.0)	383	443	15.7
Collections	228	224	233	2.1	4.2	418	457	9.4
Services Provided to Related Companies	91	100	101	11.3	1.2	179	202	12.5
Credit Cards	165	193	204	23.8	5.8	330	396	20.3
Insurance	25	24	34	33.9	44.4	48	58	20.4
Other	1,224	1,464	1,347	10.1	(7.3)	2,416	2,801	15.9
Insurance - Brokerage	109	118	113	4.5	(3.8)	208	231	11.5
Insurance – Results	79	142	183	106.8	15.1	161	305	89.3
Other Service Revenues	355	359	334	(6.1)	(7.0)	687	694	1.0
Equity Interest in Results of Subs. and Affil	56	49	(3)	(105.5)	(106.3)	80	46	(42.5)
Other Operational Revenues	599	755	727	21.3	(3.7)	1,230	1,483	20.5
Non Operation Income	25	31	12	(50.3)	(59.8)	51	43	(16.1)
Value added	12,215	13,003	13,353	9.3	2.7	23,972	26,356	9.9
Distribution of Value Added*	(10,668)	(11,595)	(12,284)	8.4	5.9	(20,083)	(23,929)	19.1
Financial Intermediation Expenses	(4,898)	(4,798)	(4,809)	(1.8)	0.2	(9,384)	(9,606)	2.4
Operational Expenses	(2,660)	(2,264)	(2,123)	(20.2)	(6.2)	(4,750)	(4,387)	(7.7)
Provision for Credit Risk	(1,757)	(1,431)	(1,236)	(29.6)	(13.6)	(3,102)	(2,667)	(14.0)
Other Operational Expenses	(903)	(833)	(887)	(1.8)	6.5	(1,649)	(1,720)	4.3
Personnel Expenses	(2,308)	(2,039)	(2,051)	(11.1)	0.6	(4,373)	(4,090)	(6.5)
Personnel Expenses	(2,001)	(1,859)	(1,914)	(4.4)	3.0	(3,877)	(3,772)	(2.7)
Statutory Profits Sharing	(307)	(180)	(137)	(55.3)	(23.9)	(496)	(317)	(36.1)
Administrative Expenses	(1,450)	(1,467)	(1,647)	13.6	12.3	(2,812)	(3,114)	10.7
Tax Expenses	(251)	(1,028)	(1,259)	401.8	22.5	(1,067)	(2,287)	114.3
Taxes on Sale	(407)	(451)	(489)	20.3	8.4	(816)	(940)	15.3
Other Tax expenses	(31)	(37)	(36)	16.8	(4.4)	(75)	(73)	(2.5)
Income and Social Contribution Taxes	186	(539)	(734)	(493.9)	36.1	(177)	(1,273)	621.1
Extraordinary Items	899	-	(396)	(144.0)	-	2,303	(446)	(119.4)
Value Added for the Shareholders	1,546	1,409	1,068	(30.9)	(24.2)	3,888	2,477	(36.3)

8.9 Insurance, Pension Plans and Capitalization

Banco do Brasil, through BB Banco de Investimentos, a wholly-owned subsidiary, has a participating interest in several companies in the areas of insurance, pension plans and capitalization, offering a broad range of non-banking products. The table below details BB's holdings in these companies, together with the line of business in which they work:

Table 119. Insurance, Pension Plans and Capitalization

Company	Share %	Business	Partnership
BrasilVeículos	70.00	Car Insurance	Sul América Seguros
Cia. De Seguros Aliança do Brasil S.A.	70.00	Life Insurance and Others	Aliança da Bahia
Brasilprev	49.99	Pension Plans	Principal Financial Group e Sebrae
Brasilcap	49.99	Capitalization	Icatu Hartford, Sul América e Aliança da Bahia
Brasilsaúde	49.92	Health Insurance	Sul América Seguros

The Statement of Income by Branch of Activity referring to 2Q07 is presented below to facilitate the understanding of the process and to improve the transparency of the insurance, pension and capitalization business.

8.9.1 Income Statement by Line of Business

Table 120. Income Statement by Line of Business

R$ thousand

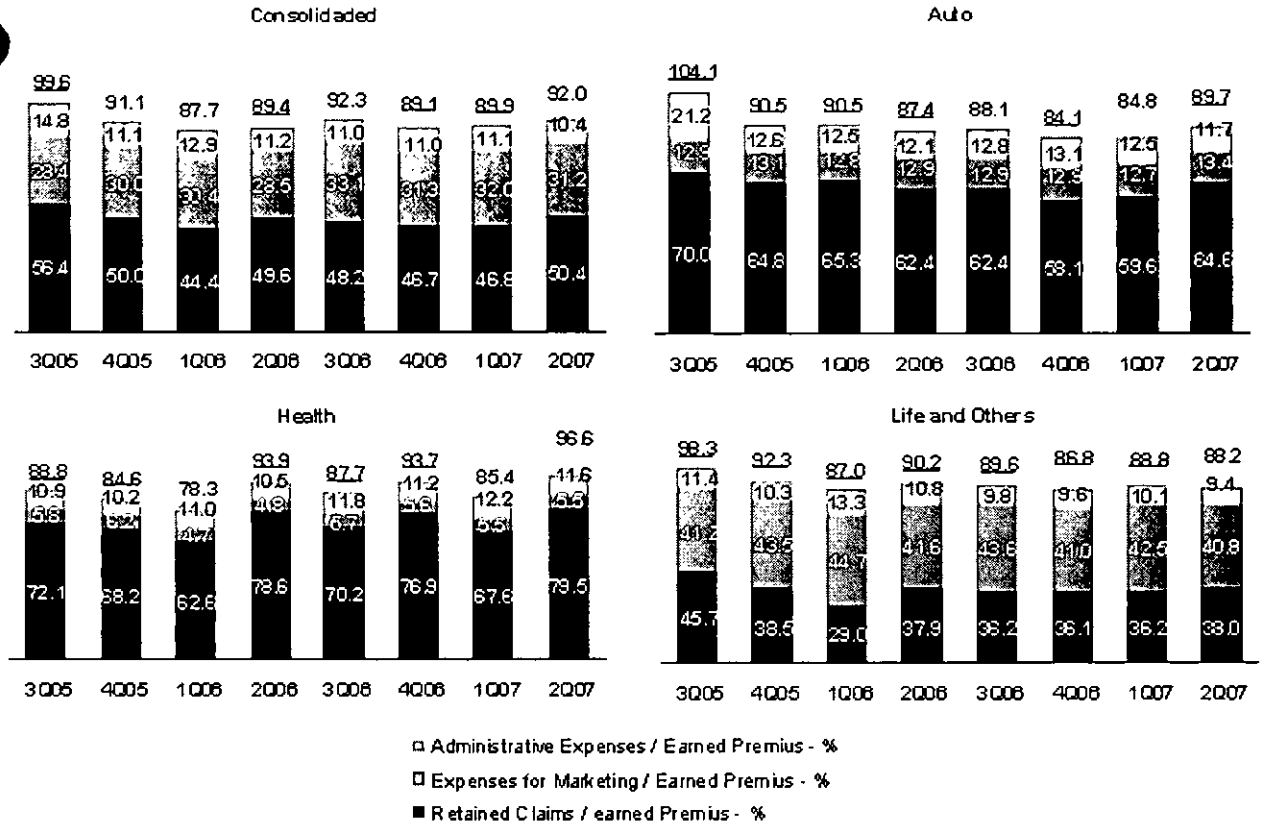
1H07	Insurance				Pension Plans	Capitalization	Consolidated
	Auto	Health	Life and Other	Total			
Rev. from Insuran, Pension Plans and Capit.	431,721	63,384	627,999	1,123,105	1,475,332	921,146	3,519,582
Retained Insurance Premiums	431,721	63,384	627,999	1,123,105	-	-	1,123,105
Revenues from Pension Plans	-	-	-	-	1,475,332	-	1,475,332
Revenues from Capitalization	-	-	-	-	-	921,146	921,146
Changes in Technical Provisions	(14,542)	132	1,428	(12,982)	(908,176)	(810,979)	(1,732,136)
Insurance	(14,542)	132	1,428	(12,982)	-	-	(12,982)
Pension Plans	-	-	-	-	(908,176)	-	(908,176)
Capitalization	-	-	-	-	-	(810,979)	(810,979)
Benefits and Redemption Expenses	-	-	-	-	(541,596)	-	(541,596)
Earned Premiums	417,179	63,517	629,427	1,110,122	-	-	1,110,122
Gross Inc. from Pension Plans and Capitaliz.	-	-	-	-	25,560	110,167	135,727
Retained Claims	(259,182)	(46,801)	(233,855)	(539,838)	-	-	(539,838)
Marketing Expenses	(54,472)	(3,500)	(216,830)	(274,802)	(27,564)	(59,430)	(361,795)
Insurances	(54,472)	(3,500)	(216,830)	(274,802)	-	-	(274,802)
Pension Plans	-	-	-	-	(27,564)	-	(27,564)
Capitalization	-	-	-	-	-	(59,430)	(59,430)
Administrative Expenses	(50,510)	(7,554)	(61,124)	(119,189)	(73,936)	(21,813)	(214,938)
Social Contribution						-	
Commercial Income	53,014	5,861	117,818	176,293	(75,939)	28,924	129,278
Other Operating Income (Expenses)	(27,755)	(3,286)	(46,120)	(76,161)	43,270	(4,914)	(37,805)
Financial Income	38,056	(1,461)	23,216	59,812	175,252	66,838	301,901
Operating Income	63,315	914	95,714	159,944	142,583	90,849	393,375
Non-operating Income	(7)	-	(21)	(28)	15	5,807	5,795
Income before Taxes	63,309	914	95,693	159,916	142,598	91,261	393,775
Income and Social Contribution Taxes	(15,133)	(505)	(34,484)	(50,122)	(52,136)	(29,031)	(131,289)
Profit Sharing	76	(993)	(3,800)	(4,717)	(2,776)	-	(7,494)
					(1,098)		
Net Income/(Loss)	48,251	(584)	57,409	105,077	86,589	62,230	253,895
Interests of Other Shareholders	(14,475)	292	(17,223)	(31,406)	(43,303)	(31,121)	(105,830)
Other Investment Changes	(1,971)	2,588	17,424	18,021	38,013	73,469	129,503

1H07	Insurance				Pension Plans	Capitalization	Consolidated
	Auto	Health	Life and Other	Total			
Equity Income Result	31,805	2,276	57,611	91,692	56,121	32,238	180,051
Service Revenues – Commission	55,260	3,356	147,081	205,698	11,419	14,210	231,327
Service Revenues – BB Fees	-	-	93,981	93,981	23,720	44,435	162,136
Service Revenues – Assets Management	1,928	240	4,078	6,246	31,330	20,124	57,701
Insurance Value Added	88,994	5,872	302,751	397,617	122,590	111,007	631,214

8.9.2 Combined Ratio

The combined ratio shows the percentage of earned premiums used up by operating expenses in the insurance business (retained claims, expenses with marketing and administrative expenses). The consolidated combined ratio came from 89.4% in 2Q06 to 92.0% in 2Q07.

Combined Ratio



.1 Summarized Balance Sheet Table 127. Balance Sheet - Assets

R$ million

	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Jun/07
LIABILITIES AND SHAREHOLDERS' EQUITY	245,511	252,977	264,636	273,836	281,615	296,366	321,898	332,968
Current and long-term assets	228,573	236,003	245,295	254,529	261,295	275,470	300,147	310,562
Deposits	122,672	137,858	139,195	139,939	144,902	158,841	160,863	164,545
Demand deposits	27,694	35,802	31,878	31,363	32,448	40,059	35,588	36,941
Savings deposits	32,093	32,844	32,975	33,215	34,447	36,714	38,942	40,831
Interbank deposits	5,885	5,383	5,262	5,855	5,579	4,878	5,028	5,146
Time deposits	56,907	63,495	68,948	69,377	72,271	76,900	80,860	81,427
Investment deposits	93	134	131	129	157	289	247	300
Money market borrowing	35,989	30,508	42,758	51,496	44,309	49,283	67,639	74,719
Own portfolio	31,308	23,122	31,249	29,559	31,038	31,916	31,985	41,880
Third-party portfolio	4,681	7,386	11,509	20,567	12,871	16,867	31,354	32,539
Others				1,370	400	446	4,300	300
Funds from acceptances and securities placed	558	3,166	2,789	2,603	2,467	2,304	2,099	1,487
Foreign securities	558	3,166	2,789	2,603	2,467	2,304	2,099	1,487
Interbank accounts	2,059	980	1,477	2,037	1,644	1,166	2,038	1,697
Receipts and payments pending settlement	2,059	979	1,476	2,036	1,643	1,163	2,036	1,695
Correspondent banks	-	1	1	1	1	3	2	2
Interdepartmental accounts	1,604	1,973	1,273	1,388	1,618	2,397	1,913	1,318
Third-party funds in transit	1,585	1,883	1,183	1,369	1,599	2,281	1,896	1,293
Internal transfers of funds	19	89	89	19	19	116	16	25
Borrowing	4,707	4,868	4,031	3,930	4,332	3,737	4,574	3,354
Foreign borrowing	4,707	4,868	4,031	3,930	4,332	3,737	4,574	3,354
Domestic onlending – official institutions	12,147	13,370	13,053	12,431	13,348	14,335	13,950	15,240
Federal Treasury	3,991	4,157	4,053	3,087	3,035	2,999	3,077	3,141
National Development Bank (BNDES)	3,779	3,908	3,960	4,210	4,308	4,658	4,716	4,843
Fed.I Program for Capital Equip. Finan. (FINAME)	3,817	4,750	4,720	4,975	5,364	6,004	5,748	6,759
Other institutions	560	556	320	180	641	684	410	498
Foreign onlending	1	0	0	0	0	0	0	4
Financial derivatives	664	571	1,448	1,156	3,432	3,511	1,969	2,052
Other accounts payable	48,171	42,918	39,274	39,548	45,242	39,895	45,301	46,145
Collection of taxes and contributions	2,814	344	3,258	2,245	1,923	181	2,109	1,851
Foreign exchange portfolio	20,011	17,500	10,687	8,521	14,859	10,013	14,946	14,166
Stockholders and statutory distributions	386	1,169	229	2,093	639	1,165	767	783
Taxes and social security	1,362	1,599	1,503	2,479	3,107	2,672	1,656	2,427
Trading and brokerage of securities	2,633	58	127	81	106	140	237	168
Financial and development funds	1,919	1,932	1,981	1,982	1,821	1,902	1,946	2,006
Special operations	-	-	1,102	1,098	1,103	1,085	1,041	978
Perpetual Securities	2	2	2	2	2	2	2	2
Subordinated Debt	7,482	7,940	8,095	8,409	8,685	8,995	9,265	9,574
Actuarial liabilities	3,087	3,277	3,291	3,308	3,326	3,485	3,530	3,562
Other liabilities	8,673	9,196	12,290	9,332	9,670	10,255	9,802	10,848
Deferred income	112	125	131	128	122	129	113	100
Shareholders' equity	16,826	16,850	19,209	19,178	20,197	20,758	21,638	22,305
Capital	10,797	10,797	10,797	11,913	11,913	11,913	11,913	12,711
(Unpaid Capital)	-	-	-	-	-	-	-	-
Capital reserves	5	5	5	356	356	356	356	-
Revaluation reserves	23	23	23	23	23	7	6	6
Revenue reserves	4,715	6,020	6,020	6,787	6,787	8,101	7,958	9,145
Mark-to-market – securities and derivatives	(27)	130	146	99	210	382	417	443
Retained earnings (accumulated losses)	1	-	1	-	1	-	-	-
(Treasury shares)	(126)	(126)	(126)	-	-	-	-	-
Income accounts	1,438	-	2,343	-	907	-	1,088	-

.2 Summarized Corporate law Income Statement

Table 129. Summarized Corporate Law Income Statement

R$ million

	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
Financial Intermediation Income	8,993	8,104	9,394	9,031	8,954	9,404	9,708	10,125
Loans	4,918	5,036	5,095	5,339	5,361	5,816	6,101	6,069
Leasing	35	36	38	40	47	48	50	45
Securities	3,076	3,333	3,521	3,283	3,405	3,274	3,043	3,167
Financial Derivatives	(85)	(229)	(139)	(181)	(199)	(118)	34	318
Foreign Exchange Portfolio	597	(501)	462	156	(64)	(5)	81	125
Compulsory Investments	451	429	427	392	405	389	400	401
Financial Intermediation Expenses	(5,418)	(6,216)	(6,556)	(6,884)	(6,453)	(6,085)	(6,418)	(6,105)
Money Market Funds	(3,840)	(3,976)	(3,984)	(4,365)	(4,402)	(4,237)	(4,388)	(4,416)
Borrowing, Assignments and Onlending	(412)	(482)	(502)	(533)	(421)	(395)	(410)	(393)
Allowance for Loan Losses	(1,166)	(1,757)	(2,071)	(1,985)	(1,630)	(1,454)	(1,621)	(1,296)
Gross Income from Financial Intermediation	3,574	1,888	2,838	2,148	2,501	3,319	3,290	4,020
Other Operating Income (Expenses)	(1,104)	(569)	(1,873)	(44)	(972)	(1,719)	(1,192)	(2,297)
Service Revenues	1,952	2,001	2,103	2,246	2,252	2,287	2,377	2,437
Personnel Expenses	(1,937)	(2,012)	(1,876)	(2,001)	(1,945)	(2,050)	(1,859)	(2,513)
Other Administrative Expenses	(1,401)	(1,498)	(1,362)	(1,450)	(1,498)	(1,564)	(1,487)	(1,847)
Taxes	(455)	(432)	(454)	(437)	(483)	(471)	(489)	(525)
Equity Int. in the Results of Subs. and Affil.	(49)	307	(154)	172	183	87	36	(63)
Other Operating Revenues	2,295	805	1,464	1,719	1,162	812	1,124	1,575
Other Operating Expenses	(1,500)	468	(1,595)	(292)	(643)	(821)	(915)	(1,561)
Operating Income	2,470	1,319	965	2,104	1,528	1,600	2,098	1,724
Non-operating Income	64	28	26	25	23	47	31	12
Income Before Taxes	2,533	1,347	991	2,129	1,551	1,646	2,128	1,736
Income and Social Contribution Taxes	(979)	(447)	1,542	(277)	(527)	(235)	(539)	(530)
Statutory Profit Sharing	(116)	(163)	(190)	(307)	(117)	(164)	(180)	(137)
Net Income	1,438	737	2,343	1,546	907	1,248	1,409	1,068

9.3 Income Statement with Reallocations Table 130. Income Statement with Reallocations

R$ million

	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
Financial Intermediation Income	8,452	8,856	8,892	9,210	9,096	9,487	9,650	10,016
Loans	4,918	5,036	5,095	5,339	5,361	5,816	6,101	6,069
Leasing	35	36	38	40	47	48	50	45
Securities	3,076	3,333	3,521	3,283	3,405	3,274	3,043	3,167
Financial Derivatives	(85)	(229)	(139)	(181)	(199)	(118)	34	318
Foreign Exchange Portfolio	597	(501)	462	158	(64)	(5)	81	125
Compulsory Investments	451	429	427	392	405	389	400	401
FX Gain (Loss) on Foreign Investments	(202)	166	(266)	38	11	(27)	(154)	(223)
Other Op. Inc. of a Fin. Intermed. Nature	(339)	587	(237)	141	131	110	96	114
Financial Intermediation Expenses	(4,252)	(4,458)	(4,486)	(4,898)	(4,693)	(4,631)	(4,798)	(4,809)
Money Market Funds	(3,940)	(3,976)	(3,984)	(4,365)	(4,272)	(4,237)	(4,388)	(4,416)
Borrowing, Assignments and Onlending	(412)	(482)	(502)	(533)	(421)	(395)	(410)	(393)
Net Interest Income	4,199	4,398	4,406	4,312	4,403	4,855	4,852	5,208
Allowance for Loan Losses	(966)	(1,498)	(1,345)	(1,757)	(1,385)	(1,257)	(1,431)	(1,236)
Net Financial Margin	3,234	2,900	3,061	2,555	3,018	3,598	3,422	3,971
Service Revenues	1,952	2,001	2,103	2,246	2,252	2,287	2,377	2,437
Taxes on Revenues	(376)	(393)	(409)	(407)	(429)	(438)	(451)	(489)
Contribution Margin	4,810	4,509	4,755	4,394	4,841	5,448	5,347	5,919
Administrative Expenses	(3,106)	(3,268)	(3,156)	(3,253)	(3,216)	(3,398)	(3,186)	(3,268)
Personnel Expenses	(1,709)	(1,802)	(1,781)	(1,839)	(1,804)	(1,946)	(1,748)	(1,713)
Other Administrative Expenses	(1,362)	(1,428)	(1,331)	(1,383)	(1,378)	(1,516)	(1,401)	(1,519)
Other Tax Expenses	(36)	(39)	(44)	(31)	(34)	(33)	(37)	(36)
Commercial Income	1,704	1,241	1,600	1,141	1,625	2,052	2,161	2,652
Legal Risk	(268)	(281)	(126)	(229)	(192)	(251)	(177)	(329)
Legal Claims	(40)	(70)	(31)	(67)	(51)	(48)	(66)	(128)
Labor Lawsuits	(228)	(211)	(95)	(162)	(141)	(204)	(111)	(201)
Other Operating Income (Expenses)	156	359	(9)	(169)	(20)	(201)	113	0
Eq. Interest in Resul. Subs. and Affil.	153	134	106	135	152	115	191	160
FX Other Operating Income/Expenses	3	224	(115)	(304)	(172)	(316)	(77)	(160)
Other Operating Income	892	1,036	631	599	716	702	755	727
Other Operating Expenses	(889)	(812)	(746)	(903)	(888)	(1,018)	(833)	(887)
Operating Income	1,592	1,319	1,465	743	1,414	1,600	2,098	2,323
Non-operating Income	64	28	26	25	23	47	31	12
Income Before Taxes	1,655	1,347	1,491	768	1,436	1,646	2,128	2,336
Income and Social Contribution Taxes	(666)	(447)	(383)	186	(488)	(235)	(539)	(734)
Interest on Own Capital Tax Benefit	-	252	-		-	232	109	112
Statutory Profit Sharing	(116)	(163)	(190)	(307)	(117)	(164)	(180)	(137)
Recurring Income	873	737	938	647	832	1,248	1,409	1,464
Extraordinary Items	565	-	1,405	899	76	-	-	
Prive Parity	-	-		1,362	-	-	-	
Extraordinary Provision for Credit Risks	-	-	(500)	-	-	-	-	
Tax Credit Recorded	-	-	1,905	-	-	-	-	
Provision for non recurring IR and CS	(313)	-	-	(463)	(39)	-	-	
Recovery of Undue Taxes	921	-	-		115	-	-	
PAA – Early Retirement Plan	-	-	-			-	-	(676)
.....PAA - Provision for IR and CS								230
Previ – Reimbursement Contribution - Plan I								76
Previ - Provision for IR and CS								(26)
Non recurring Pasep/Cofins	(43)	-	-	-	-	-	-	
Net Income	1,438	737	2,343	1,546	907	1,248	1,409	1,068

9.4 Analytical Spread Table 131. Analytical Spread

Average Balances in R$ million

	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
Remunerated Assets	192,275	197,940	213,563	217,974	229,259	238,030	254,583	269,027
Available Funds in Foreign Currency	536	403	245	487	202	470	1,266	1,269
Income from Avail. Funds in Foreign Currency	3	14	5	78	18	19	8	(1)
Annualized Rate - %	2.5	14.4	8.1	81.0	39.5	16.9	2.6	0.4
Securities + Interbank Investments	93,515	94,116	104,485	103,116	107,795	104,239	110,690	118,214
Securities Income excluding Hedges	3,078	3,333	3,521	3,283	3,405	3,274	3,043	3,167
Annualized Rate - %	13.8	14.9	14.2	13.4	13.2	13.2	11.5	11.2
Loans + Leasing	85,427	89,416	94,036	100,391	105,346	117,792	126,469	132,775
Loans + Leasing Income	4,708	4,814	4,837	5,146	5,136	5,439	5,805	5,728
Annualized Rate - %	23.9	23.3	22.2	22.2	21.0	19.8	19.7	18.4
Remunerated Compulsory Deposit	12,065	13,255	14,017	13,979	15,108	14,771	16,157	16,769
Income from Compulsory Deposits	451	429	427	392	405	389	400	401
Annualized Rate - %	15.8	13.6	12.7	11.7	11.1	10.9	10.3	9.9
Tax Credits	6,926	6,720	7,362	9,122	9,260	9,091	8,621	11,965
Other Assets	36,388	37,868	38,155	38,501	40,441	40,479	42,281	40,120
Permanent Assets	5,008	5,392	5,496	5,585	5,556	5,703	5,799	5,839
TOTAL ASSETS	240,596	247,720	264,566	271,182	284,525	293,303	311,283	326,951
Remunerated Liabilities	155,609	160,413	176,204	186,906	192,983	196,777	216,965	228,314
Savings Deposits	32,077	32,313	33,121	33,038	34,076	35,668	38,339	40,121
Expenses with Savings Deposits	(758)	(705)	(689)	(641)	(714)	(712)	(885)	(788)
Annualized Rate - %	9.8	9.0	8.3	8.0	8.6	7.8	9.6	7.9
Interbank Deposits	5,992	5,442	5,056	5,948	5,868	5,211	5,017	4,944
Expenses with Interbank Deposits	(179)	(127)	(202)	(218)	(85)	(377)	(188)	(226)
Annualized Rate - %	12.5	9.6	17.0	15.5	5.9	26.0	15.8	19.6
Time Deposits	55,201	61,725	67,378	68,494	71,357	76,619	79,404	80,911
Expenses with Time Deposits	(1,489)	(1,790)	(1,588)	(1,797)	(1,767)	(1,667)	(1,592)	(1,564)
Annualized Rate - %	11.2	12.1	9.8	10.9	10.3	8.4	8.3	7.9
Money Market Borrowing	35,526	32,715	41,962	49,599	52,730	49,654	62,499	70,954
Expenses with Money Market Borrowing	(1,376)	(1,217)	(1,442)	(1,589)	(1,577)	(1,399)	(1,641)	(1,795)
Annualized Rate - %	16.4	15.7	14.5	13.4	12.5	10.8	10.9	10.5
Foreign Borrowing	5,030	4,532	4,173	4,016	4,111	3,813	3,980	3,282
Exp. with Foreign Borr. Onlending and Banks	(57)	(66)	(56)	(54)	(63)	(44)	(48)	(41)
Annualized Rate - %	4.57	5.98	5.46	5.5	6.2	4.6	4.9	5.1
Onlending	12,067	12,681	13,310	12,592	13,200	13,946	14,126	14,569
Expenses with Onlending	(208)	(287)	(291)	(347)	(228)	(233)	(247)	(233)
Annualized Rate - %	7.07	9.37	9.04	11.39	7.1	6.5	7.2	6.5
Fin. and Develop. Funds + Subord. Debt	9,149	9,571	9,900	10,258	10,443	10,707	11,108	11,455
Expenses with Fin. and Develop. Funds	(148)	(129)	(155)	(132)	(131)	(118)	(115)	(119)
Annualized Rate - %	6.62	5.50	6.41	5.25	5.1	4.3	4.2	4.2
Foreign Securities	567	1,432	1,304	2,862	1,199	1,160	2,491	2,079
Expenses with Foreign Securities	(16)	(114)	(58)	(55)	(52)	(47)	(44)	(35)
Annualized Rate - %	11.70	35.67	19.18	7.88	18.4	15.3	7.3	6.9
Other Liabilities	69,585	70,256	70,517	64,763	71,682	75,689	72,861	76,309
Demand Deposits	27,370	31,894	31,472	32,010	31,536	35,415	35,240	38,531
Other Liabilities	42,214	38,361	39,046	32,753	40,146	40,275	37,621	39,778
Shareholders' Equity + Income Accounts	15,402	17,052	17,845	19,513	19,860	20,836	21,457	22,328
TOTAL LIAB. AND SHAREHOLDERS' EQ.	240,596	247,720	264,566	271,182	284,525	293,303	311,283	326,951

Average Balances in R$ million

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Average Balances in R$ million

	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07
Financial Intermediation Income	8,451	8,855	8,892	9,210	9,096	9,491	9,286	10,016
Income from Remunerated Assets	8,273	8,627	8,821	8,938	8,998	9,152	34	9,328
Income from Financial Derivatives	(85)	(229)	(139)	(181)	(199)	(118)	(154)	318
FX Gain (Loss) on Foreign Investments	(202)	166	(266)	38	11	(27)	73	(223)
Other FX Operations	594	(515)	447	80	(82)	(23)	-	128
Other Operating Income	(374)	550	(269)	105	98	82	68	81
Recovery of Write-offs	246	258	297	233	272	425	346	388
Financial Intermediation Expenses	(4,252)	(4,458)	(4,486)	(4,898)	(4,693)	(4,631)	(4,798)	(4,809)
Expenses with Remunerated Liabilities	(4,230)	(4,435)	(4,462)	(4,854)	(4,617)	(4,588)	(4,762)	(4,753)
Expenses with FGC on Demand Deposits	(13)	(15)	(16)	(16)	(13)	(8)	(9)	(9)
Expenses with Debt Assumption Contracts	(7)	(8)	(8)	(6)	(10)	(1)	(5)	(4)
Other Expenses	(2)			(23)	(53)	(24)	(22)	(42)
Net Interest Income	4,199	4,398	4,406	4,312	4,273	4,859	4,852	5,208
Assets – Permanent Assets	235,588	241,188	259,070	265,598	278,959	287,600	306,484	321,112
Remunerated Assets	192,275	197,940	213,563	218,553	229,259	238,030	253,695	269,027
Finan. Interm. Inc. / (Assets – Perman. Assets)	3.6	3.7	3.4	3.5	3.3	3.3	3.2	3.1
Finan. Inter. Inc. / (Assets – Perm. Assets) – Ann.	15.1	15.5	14.5	14.6	13.7	13.9	13.2	13.1
Finan. Inter. Exp. / (Assets – Permanent Assets)	1.8	1.8	1.7	1.8	1.7	1.6	1.6	1.5
Finan. Inter. Exp./(Assets – Perm. Assets) – Ann.	7.4	7.6	7.1	7.6	6.9	6.6	6.4	6.1
GFM / (Assets – Permanent Assets)	1.8	1.8	1.7	1.6	1.6	1.7	1.6	1.6
GFM / (Assets – Permanent Assets) – Ann.	7.3	7.5	7.0	6.7	6.5	6.9	6.5	6.6
Finan. Intermed. Income / (Remunerated Assets)	4.4	4.5	4.2	4.2	4.0	4.0	3.8	3.7
Finan. Intermed. Inc. / (Remun. Assets) – Ann.	18.8	19.1	17.7	18.0	16.8	16.9	16.1	15.7
Finan. Intermed. Expenses / (Remun. Assets)	2.2	2.3	2.1	2.2	2.0	1.9	1.9	1.8
Finan. Interm. Expens / (Remun. Assets) – Ann.	9.1	9.3	8.7	9.3	8.4	8.0	7.8	7.3
GFM / (Remunerated Assets)	2.2	2.2	2.1	2.0	1.9	2.0	1.9	1.9
GFM / (Remunerated Assets) – Ann.	9.0	9.2	8.5	8.1	7.9	8.4	7.9	7.9

(D4) MD&A 1st Quarter 2007 Presentation (Presentation, Economic Environment, Securities, Corporate Governance, Other Information, Summarized Financial Statements, Balance Sheet Analysis, Risk Management, Analysis of Results, Financial Statements, Notes to Financial Statements and Additional Information)

Presentation

The Performance Analysis report is aimed at presenting the economic/financial situation of Banco do Brasil (BB). Geared toward market analysts, stockholders and investors, with quarterly periodicity, the report addresses topics such as the economic environment, performance of BB instruments and corporate governance practices adopted by the Institution. Besides, there are separate analyses of the capital structure and the results.

The reader will also find tables with historical series from 8 periods of the summarized balance sheet, the summarized corporate law income statement, the income statement with reallocations, the analytic *spread*, and other information about profitability, productivity, quality of the loan portfolio, capital structure, capital market, and structural data.

The Balance Sheet Analysis brings a more detailed study of the main components of the balance sheet such as the securities portfolio, the loan portfolio, tax credits, market borrowings, shareholders' equity, amongst others.

The Analysis of Results shows, step by step, the items of the reallocated statement of income. The corporation's income statement is submitted to these reallocations with the intention of favoring a better understanding of the results, making the historical series more comparable and facilitating accurate forecasts from this data.

Finally, the financial statements and the explanatory notes for the quarter under analysis are presented.

1 – Economic Environment

In the first quarter of 2007, it was observed that regardless of uncertainties concerning the slowdown of global economic activity, and especially the dynamism of the American economy, financial and trade flows continued favorable for emerging economies in terms of liquidity and absorption of exports.

The strengthening of economic grounds in Brazil continued to show that the economy is more resistant to adverse blows. In foreign accounts, the country continued to exhibit robust balances in the trade balance (US$ 8.7 billion),

positive current transactions and a significant accumulation of international reserves (US$ 109.5 billion). These developments influenced the reduction of net overseas liabilities and the progressive downward trend of the country risk (-12.6%).

The net debt of the public sector, in proportion to the GDP, continued to side, due both to the buildup of primary surpluses and the direct effects of the decrease of the basic interest rate. A continuous qualitative improvement can also be observed in the public debt profile in terms of composition and duration.

The consolidation of the price stability process, substantiated in relatively low inflation rates and in well-anchored market outlooks, contributed decisively towards the continuity of the cycle of gradual flexibilization of the monetary policy. In this context, the perception that the country is moving in the direction of sustainable growth was reinforced by the results of the application of the new GDP calculation methodology which, by producing a positive impact on some economic indicators, particularly those related to the solvency of the country, positively influenced perspectives in relation to the macroeconomic scenario over a medium and long-term horizon, once again introducing discussions about when the country would attain investment-grade rating.

Table 1. Main Macroeconomic Indicators

	1Q06	4Q06	1Q07	12 months
Ptax Dollar Sale	(7.2)	(1.7)	(4.1)	(6.6)
Accumulated IGP-DI FGV	0.2	1.4	0.9	4.0
Accumulated IGP-M FGV	0.7	1.5	1.1	4.0
Accumulated IPCA –IBGE	1.4	0.6	0.9	3.0
Accumulated Selic	4.0	3.1	3.1	14.0
Accumulated TR (exBTN)	0.5	0.5	0.5	2.2
TJLP - IBGE	9.00	6.85	6.50	-
Ptax Dollar Sale *	2.1724	2.1380	2.0504	-

* Closing Rate
Source: Economática

Selic showed a reduction in March 2007 in relation to the end of 2006. The behavior of Selic is reflected mainly in securities income and in the expenses with the remuneration of time deposits and money market borrowing.

The dollar ended the quarter quoted at R$ 2.0504, against R$ 2.1380 in 4Q06. In view of its risk management policy of working with low foreign exchange exposure, the volatility of the foreign exchange rate only brings about residual effects in the Bank's results. The IGP-DI and IGP-M price variation indexes showed a greater change in the 12-month period, while the IPCA rate reflected a lower change over the period.

2.1 Shares

In March 2007, Banco do Brasil's capital stock was R$ 11,912,895,138.17 made up of 825,316,423 ordinary shares, represented in dematerialized form and without any nominal value. The largest shareholder is the National Treasury, with 68.7% of the capital, followed by Caixa de Previdência dos Funcionários do Banco do Brasil (Previ) with 11.4%, and BNDESPar – the equity investment company of National Bank for Economic and Social Development – which has 5.0% of the capital. The others shares are spread out in the market (14.8%).

Table 2. Shareholding Breakdown

%

Shareholders	1Q06	4Q06	1Q07
Federal Treasury	72.1	68.7	68.7
Previ	13.9	11.4	11.4
BNDESPar	5.7	5.0	5.0
Shares in Treasury	1.4	-	-
Free Float	**6.9**	**14.8**	**14.8**
Individuals	2.5	4.2	4.0
Companies	1.0	3.4	3.9
Foreign Capital	3.3	7.2	6.9
Total	**100.0**	**100.0**	**100.0**

The Bank signed the contract of adhesion to Novo Mercado (New Market) of Bovespa in the first half of 2006, with the commitment of attaining a minimum free float of 25% of its stock in the next three years. BB's shareholder base is characterized by the great number of shareholders with a small share in the capital. As can be seen from the table below, 293,045 shareholders (98.0%) account for 1.6% of the capital, while 5,883 shareholders (2.0%) hold 98.4% of the total of the shares.

Table 3. Shareholders by Range of Shares

Range of shares owned	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
1 to 10 shares	173,868	58.2	616,732	0.1
11 to 50 shares	68,288	22.8	1,654,143	0.2
51 to 100 shares	16,864	5.6	1,240,140	0.2
101 to 1,000 shares	34,025	11.4	9,653,954	1.2
Over 1,000 shares	5,883	2.0	812,151,454	98.4
Total	**298,928**	**100.0**	**825,316,423**	**100.0**

Table 4. Free Float by Range of Shares

Range of shares owned	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
1 to 10 shares	173,868	58.2	616,732	0.5
11 to 50 shares	68,288	22.8	1,654,143	1.4
51 to 100 shares	16,864	5.6	1,240,140	1.0
101 to 1,000 shares	34,025	11.4	9,653,954	7.9
Over 1,000 shares	5,880	2.0	109,354,031	89.3
Total	**298,925**	**100.0**	**122,519,000**	**100.0**

With regard to the tax residence of the investors, it is to be noted that the quantity of shareholders resident in Brazil is 298,535, who hold 93.1% of the total of the shares, while the quantity of foreign shareholders is 393, who hold 0.1% of the total of the shares. In March 2006 the foreigners held 3.3% of the total quantity of shares of the Bank, as opposed to 6.9% of the total in March 2007.

Table 5. Tax Residence of the Investors

March 2007	N. Shareholders	% Shareholders	Qty. Shares	% Qty. Shares
Brazil	298,535	99.9	768,020,421	93.1
Abroad	393	0.1	57,296,002	6.9
Total	**298,928**	**100.0**	**825,316,423**	**100.0**

Total Distribution of the Free Float

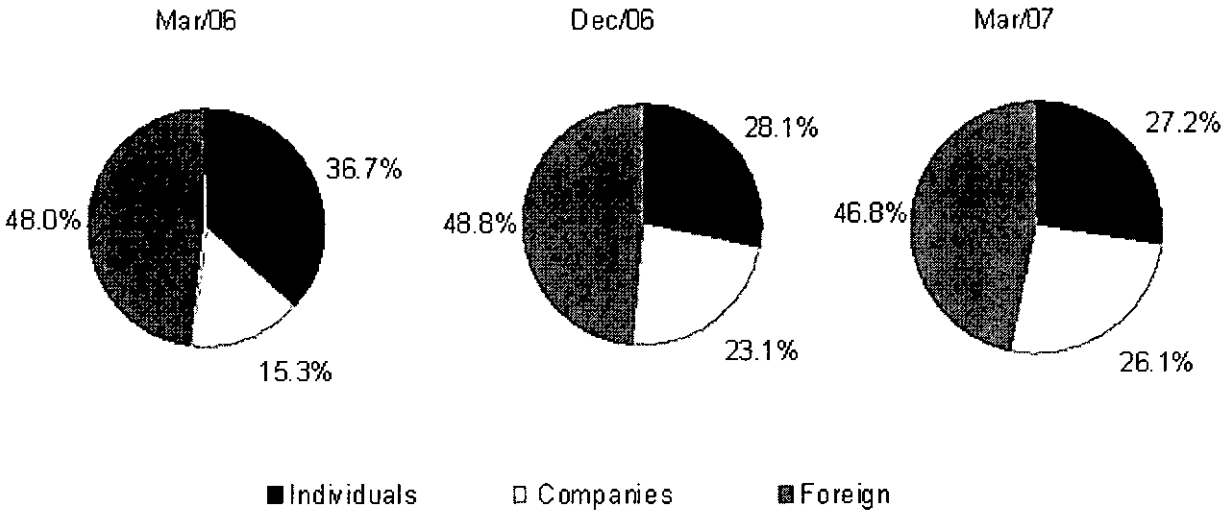


Figure 1. Total Distribution of the Free Float

With regard to the total of the Bank's shares that are well spread out in the market (14.8%), that is, the free float, the predominance of foreign capital can be seen (46.8%), followed by Individuals (27.2%) and Companies (26.1%).

The major part of the free float, 87.5% (107.2 million shares), is under custody of the Brazilian Clearing and Depository Corporation (CBLC), distributed as shown in the following figure. It can be observed that in March 2006 foreign investors held 66.4% of the total marketable shares at CBLC, followed by individuals, with 17.1%. The Bank recorded growth of the share of legal entities in March 2007, which rose from 16.5% in 1T06 to 29.1% in 1Q07, while foreign capital had its share reduced.

Free Float Distribution at the CBLC

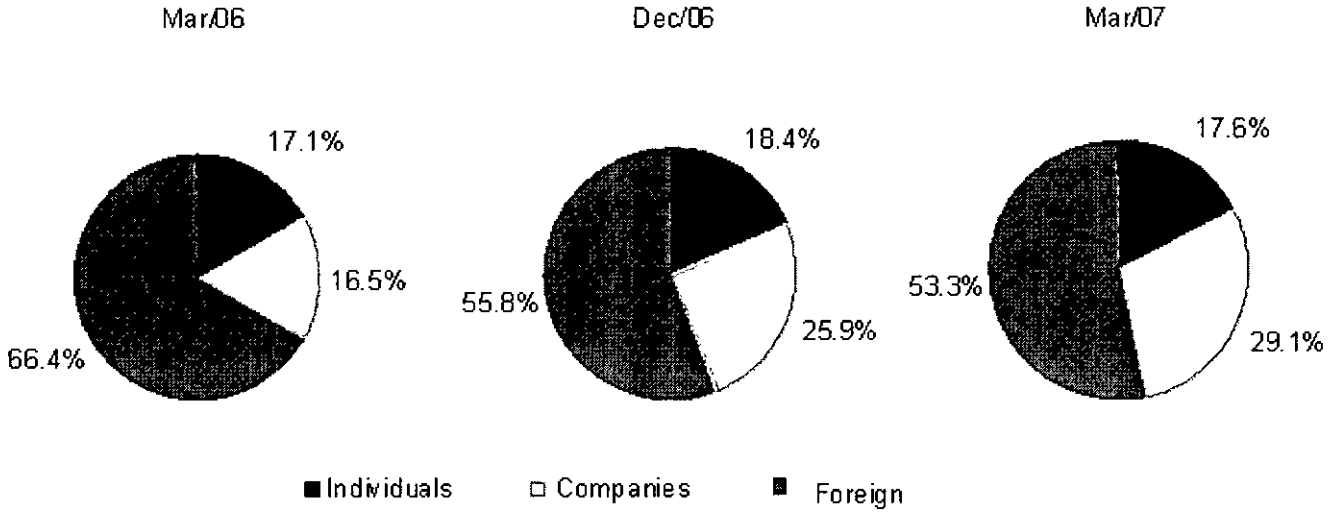


Figure 2. Free Float Distribution at the CBLC

Equity Held by Foreign Investors

In an extraordinary meeting held on 04.19.2006, the National Monetary Council (CMN) approved, to be forwarded to the

President of the Republic, a proposal for foreign interest increase in Banco do Brasil S.A.'s capital stock, from 5.6% to 12.5%. The increase in equity held by foreign investors was approved by means of presidential decree s/n.°, of May 31, 2006, in accordance with the provisions of article 52 of the Temporary Constitutional Provisions Act.

From 2002 onwards, a noteworthy increase has been noted in the participating interest of foreigners in the Bank's capital. With the Stock Public Offer and Subscription of "B" Bonus, carried out last year, the equity held by foreign investors has significantly increased significantly, from 3.4% in 2005 to 6.9% at the end of March 2007, representing 46.8% of free float.

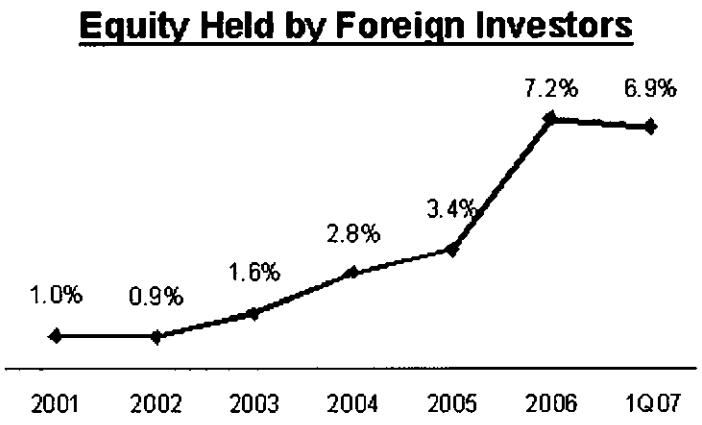


Figure 3. Equity Held by Foreign Investors

2.2 Warrants

In 1996, on the occasion of BB's capital increase, three series of warrants were issued: A, B, and C, maturing in 2001, 2006, and 2011, respectively. The exercise price for these warrants was established at R$ 8.50, with readjustment by the IGP-DI "pro rata temporis".

The breakdown of the warrant holders in March 2007 is shown in the following table:

Table 6. Breakdown of the Warrant Holders

		%
	1Q06	**1Q07**
Individuals	38.1	35.6
Companies	38.5	48.3
Foreign Capital	23.4	16.1
Total	**100.0**	**100.0**

"B" Warrants showed the following characteristics in March 31, 2007:

Table 7. C Series Warrants

Series	Code	Exercise Date	Number	Exercise Price R$	Quotation in R$
C Bonds	BBAS 13	03.31 to 06.30.2011	27,028,746	22.41	41.00

In a simulation, considering the total of 825.3 million shares, the potential dilution in the Bank's capital is 3.4%, going from the assumption that until 2011 there will be no additional capital increases and that all the C bonuses will be exercised by or before maturity. Conversion: 1 Warrant = 1.043933 shares Total of Shares = 825,316,423

Table 8. Expected Dilution of Capital

Warrants	Qty. Warrants	Qty. Shares	Dilution of Capital - %
C Series	27,028,746	28,216,200	3.4

Market

Exhibiting a volatile behavior in 1Q07, Bovespa closed 3.0% higher accumulated in the quarter, ending the month of March at 45,804 points. Nevertheless, the São Paulo Stock Exchange renewed a series of all-time records, attaining an impressive level of 47,210 points.

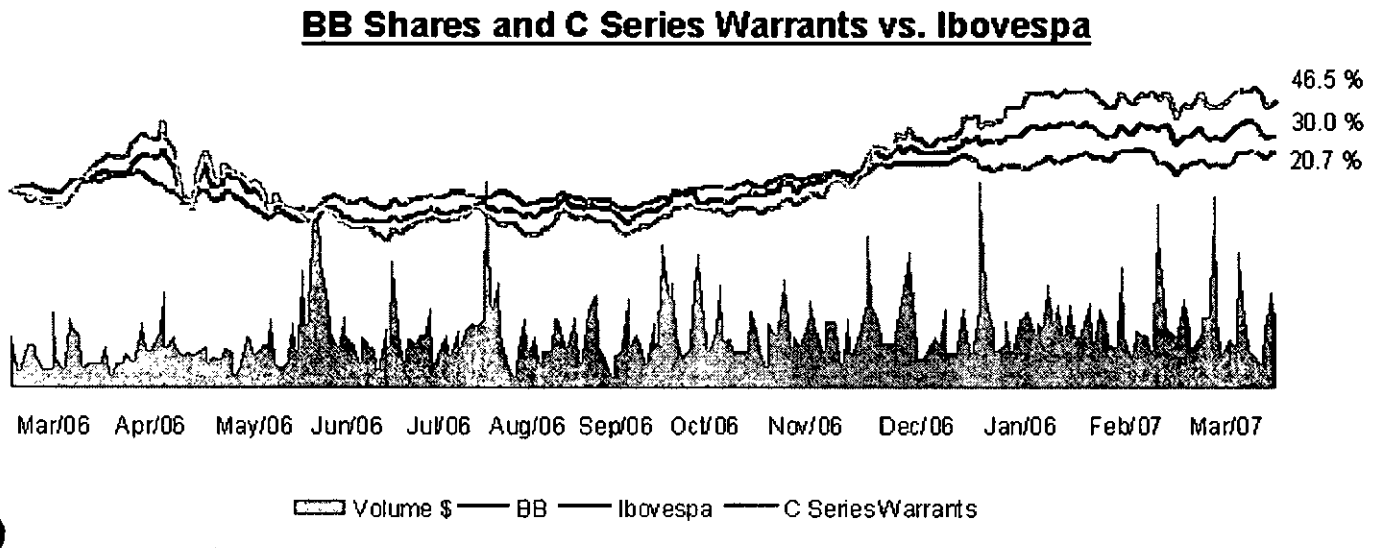
In the first week of the year, influenced mainly by the devaluation of metal and oil commodities, the Sao Paulo Stock Exchange suffered an accumulated slump of 5%. Throughout the month, keeping tags on positive news reports about the American economy and with the recovery of the price of these commodities, the market reacted positively, ending the month of January down only 0.56%.

After spending almost the whole month of February with figures up, including the 4-time renewal of the maximum score of the exchange, concern about the Chinese market took hold around the world, with a negative influence on Bovespa, which closed the month down 3.3%. The Brazil risk had an excellent performance in the month of February, closing at 178 points, the lowest historical level theretofore attained.

In the last month of 1Q07, despite the climate of instability in global markets and the skepticism regarding the growth prospects of the American and world economy in the next few months, the domestic financial market exhibited a favorable behavior throughout the month, closing up 2.94%. The good performance of the domestic market in March 2007 was mainly influenced by the optimistic scenario of the economy in the country, which ordered a review of the figures referring to its GDP of 2006 (growth of 3.7%), which placed Brazil among the top 10 economies of the world. Besides the growth that was higher than expected, another encouraging factor was the continuity of the loosening process of the monetary policy, a result of the good behavior of the rates of inflation accumulated in 12 months, influencing the resumption of the warm-up of economic activity.

BB shares

BB share closed the quarter quoted at R$ 66.69. In the YTD in 12 months shares and "C" bonuses recorded valuation of 30,0% and 46.5%, respectively, while Ibovespa climbed 20,7% in the last 12 months, according to the following graph:



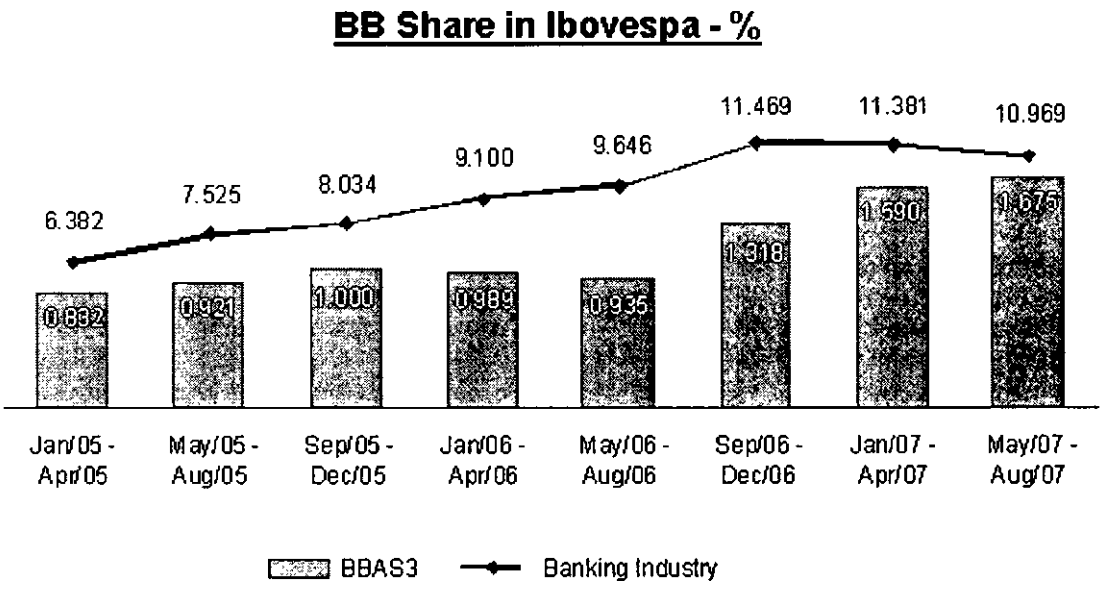
Source: Economática

Figure 4. BB Shares and C Series Warrants vs. Ibovespa

Participation in Ibovespa

The Bovespa Index (Ibovespa) is an index that represents the Brazilian stock market, made up of papers that were traded in at least 80% of the trading sessions carried out. From this, the Tradability Index is worked out, made up by the financial volume and by the quantity traded of each paper transacted, which determines the ranking of the paper's share in the market. Out of the total of papers, the 80% with the highest Tradability index are determined, to represent the Ibovespa index.

Throughout 2005, a gradual reduction has been seen in the participation of shares from the banking sector in the composition of Ibovespa's theoretical portfolio. The stock of Banco do Brasil started the current four-month period (May/07 - Aug/07) with a 1.68% share on Ibovespa, occupying 16th place in the index. The increase in the Bank's market share, as compared to prior periods, is due to the increased liquidity of the paper in the market, resulting from the Stock Public Offer carried out in the first quarter of 2006.

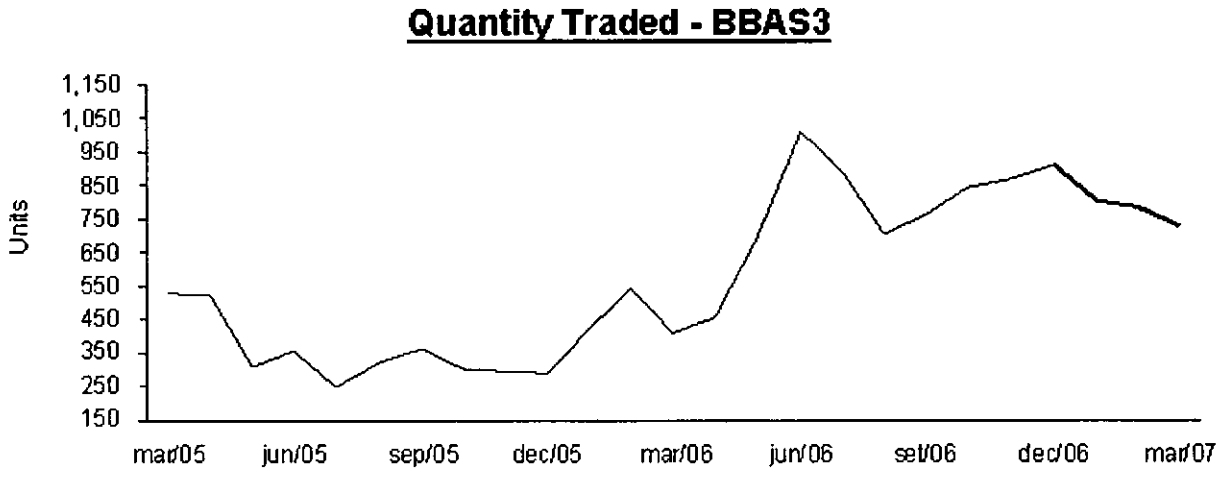


Source: Bovespa

Figure 5. BB Share in Ibovespa

The Bank's quantity of trades and the financial volume traded were higher in 1Q07 than in the same period of the previous year. The increase witnessed as of the 2nd semester was due basically to greater demand for the Bank's papers following the Public Offering, which fact contributed to the greater presence by BB papers in the Ibovespa index.

The daily average quantity traded in 1Q07 was 771, as opposed to 459 in 1Q06. In June 2006 the average amount rose to a peak of 1,013 dealings. The Bank ended the quarter with 730 dealings.



Source: Economática

Figure 6. Quantity Traded - BBAS3

In relation to the average daily amount traded, the Bank totaled R$ 36.5 million in 1Q07, against R$ 15.3 in 1Q06. The average volume rose to a high point of R$ 37.8 million in January 2007 and ended the quarter at R$ 34.9 million.

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Figure 7.

Market Ratios

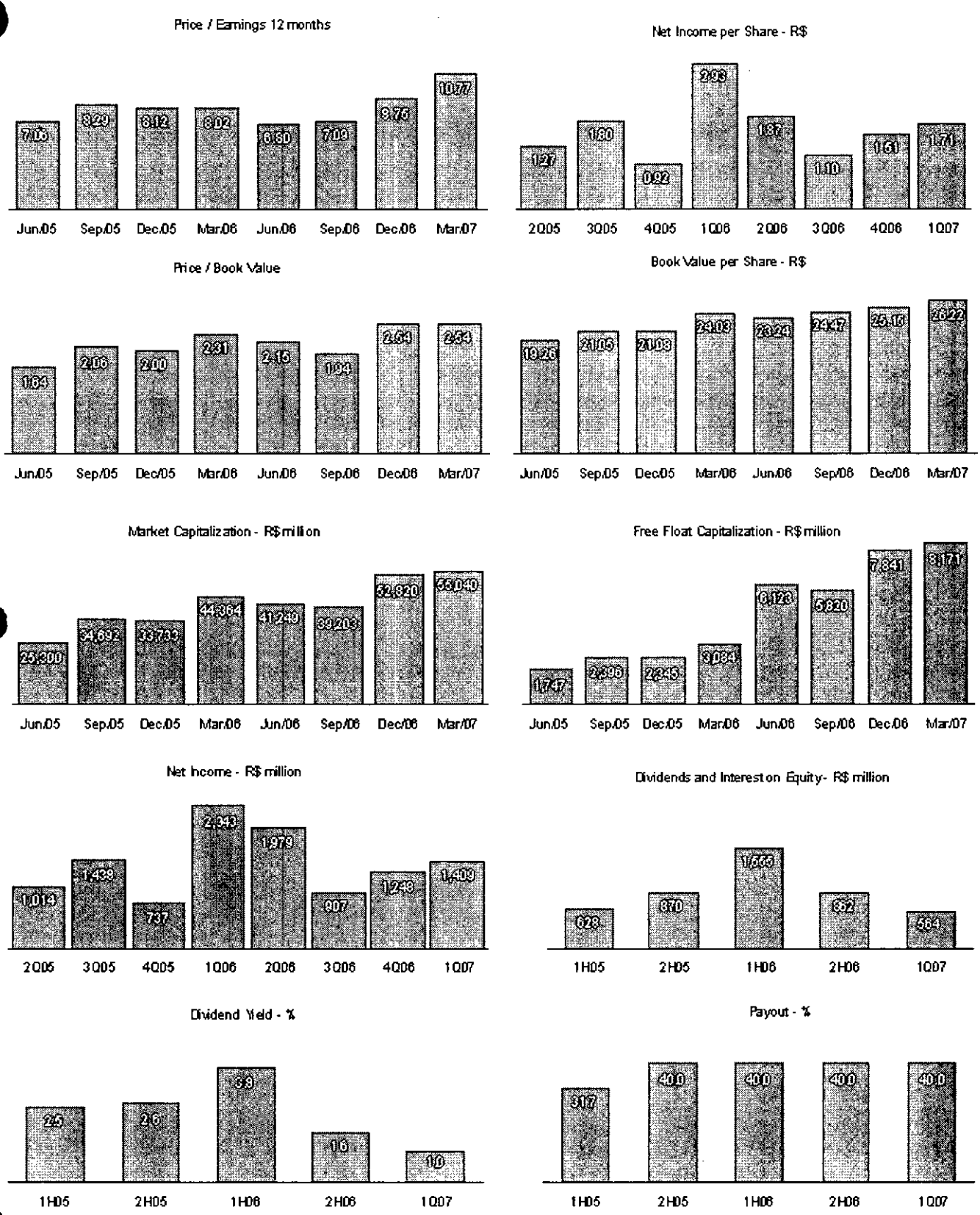


Figure 8. Market Ratios

Market ratio

The P/L ratio, which indicates a time estimate, in years, for investors to recover the capital invested in the purchase of shares, assuming the full distribution of company profits; attained 10.77x in March 2007, as opposed to 8.02x in March 2006.

The net income per share reached R$ 1.71 in 1Q07, against R$ 2.93 in 1Q07.

The Price/equity value per share (VPA) ratio of 2.54 in March 2007 denotes that the Bank's shares are traded more than twice the VPA, i.e., the Bank is worth 254% of the amount of Stockholders´ Equity at Bovespa.

Market capitalization reached R$ 55,040 million at the end of March 2007, against R$ 44,364 million in the same period of the previous year. The capitalization of the free float recorded R$ 8,171 million, 165% higher than the R$ 3,084 million in March 2007.

The Board of Directors approved, in 03.19.2007, the payout rate equivalent to the minimum percentage of 40% of net income for the year 2007, in compliance with the policy for payment of dividends and/or interest on own capital with quarterly, according to article 43 of By-laws. The Bank distributed the sum of R$ 563.5 million to stockholders in 1Q07 (R$ 321.1 million of Interest on Own Capital, or JCP, and R$ 242.4 million of Dividends), which represents the sum of R$ 0.6828 per share in the period. The Dividend Yield, calculated with a basis on the division of the distributed annual divided by the market value of the Bank, attained 1,0%.

The graph below shows the behavior of the main multiples of the Bank over the last quarters.

3 – Corporate Governance

First federal company to join Novo Mercado of Bovespa, a segment that groups the institutions with the most stringent corporate governance practices, Banco do Brasil seeks to adopt management principles that serve as a reference for the market. To this effect, the by-laws of BB establish practices that ensure the balance of rights among stockholders, the sustainability of business, the transparency of management acts, the settling of accounts with stockholders and society, and ethics in the relationship with its audiences.

BB's management bodies are the Board of Directors, advised by the Audit Committee, and the Executive Board, made up of the Board of Officers (president and seven vice-presidents) and by 22 statutory directors. The Bank also has a permanent Fiscal Council.

At any level of the Bank, the decisions are taken collectively. With the purpose of involving all 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 guarantee agility, quality and security for the decision taking.

During a meeting held on January 18, 2007, aiming to refine its relationship with the market, the Board of Directors approved the forwarding of the proposal for splitting shares of BB, in the ratio of 1:3, for examination by the general meeting of stockholders on April 25. The intention of this action is to increase the liquidity of the Company's instruments and to encourage the purchase of instruments by small investors, since the batch of shares will have a lower price.

Another initiative for optimizing this relationship was the setting, for the year 2007, of the payout rate, equivalent to the minimum percentage of 40% of net income, defined by the Board of Directors, in compliance with the policy for payment of dividends and/or interest on own capital with quarterly periodicity, according to article 43 of BB's Bylaws.

Finally, it is worth emphasizing the formal installation in office of the then provisional president of Banco do Brasil, Antonio Francisco de Lima Neto, on April 9. Lima Neto has been an employee of BB since 1979 and has occupied the following positions, as well as others: Vice-president of Retail and Distribution, Provisional Vice-president of International Business and Wholesale and Director of the Commercial area.

5.3.1 Details of the Reallocations

The adjustments made in the statement of income to get the Reallocated Statement of Income are detailed below.

The adjustments do not change the final result, since they only intend to arrange more coherently revenue and expense items, considering the performance dynamics of a financial institution. Basically, these adjustments were intended to:

a) allow the financial margin recorded in the period to reflect, effectively, the gain from all the remunerated assets, seeking to inform the market what was the spread achieved from the division of this margin by the assets, except the permanent assets. For this, it was necessary to:

- Include in the financial margin the income recorded in Other Operating Income that had financial intermediation characteristics and which was derived from remunerated assets recorded in the Balance Sheet Under Other Assets;

- Identify the foreign exchange gain/(loss) on financial assets and liabilities abroad in the period in a specific financial margin item (financial equity);

- To keep in financial margin, amounts related to negative foreign exchange adjustments that were recorded in Other Operating Income and Expenses to avoid inverting the balance of accounts of a financial intermediation nature.

b) segregate the impacts of extraordinary events in order to demonstrate recurring income of the Bank in the period.

Reallocations in the gross financial margin

- The foreign exchange gain (loss) on foreign financial equity is reallocated from equity interest in the results of subsidiaries and affiliates for inclusion in the financial margin. This adjustment is required to maintain the equilibrium and coherence of the analysis of the spread, since assets and liabilities previously included in permanent assets are included in other balance sheet items after consolidation. The spread would be improperly calculated without reallocation.

- The reallocations of Other Operating Income/Expenses to Other Operating Income of a financial intermediation nature are detailed below:

Table 14. Reallocations – Other Operating Income / Expenses

R$ million

	Quaterly Flow			Chg. %	
	1Q06	**4Q06**	**1Q07**	**on 1Q06**	**on 4Q06**
Income from Special Operations	15	14	12	(24.5)	(14.5)
Income from Specific Credits	17	18	19	11.8	1.3
FX Readjustment	(269)	78	66	-	(15.9)
FX Readjustment Income	806	78	338	(58.1)	333.5
FX Readjustment Expense	(1,075)	-	(273)	(74.7)	-
Total	**(237)**	**110**	**96**	-	(12.9)

Reallocations in the net financial margin

- The expense with the Allowance for Loan Losses includes credits without characteristics of financial intermediation, so this part of the allowance is reallocated to Other Operating Expenses.

Reallocations in the contribution margin

- Considering the model used for the income statement, tax expenses on revenues were reallocated and included in the contribution margin.

Reallocations in the operational result

- The expenses with Legal Claims and Labor Lawsuits were separated in the Income Statement with Reallocations, into a group called Legal Risk. It aims to provide a better analysis of the administrative expenses and giving more transparency to this kind of risk.

Extraordinary Items

- In 1Q06 R$ 1.9 billion of Tax Credit on Inter-temporal Differences was recorded as assets, relating to periods prior to 2006, pursuant to Resolution CMN 3,355, of 3/31/2006.

- In 1Q06, there was exceeding provision totaling R$ 500.0 million, with the purpose of supporting future volatility of the provision needs related to the loan portfolio. The study was based on the historical analysis of said expenses.

6.1 Breakdown

Banco do Brasil is the largest financial institution in Brazil, with total assets of R$ 321,898 million. In the last 12 months, BB increased its assets by 21.6%.

Earning Assets had a growth of 22.2% in 12 months. The figure below shows an increase in relative share of remunerated assets in the Bank's total assets, which rose from 81.5% to 81.9% (Mar/06 - Mar/07). This was mainly a result of the increase of loans in March 2007, which was up 35.9% over March 2006 and 5.4% over December 2006.

With regard to the liabilities, an increase is to be seen in the relative share of Remunerated Liabilities from 68.0% to 69.7% (Mar/06 – Mar/07). This movement is mainly due the seasonal decrease in demand deposits in 1Q07 in relation to 4Q06 (-11.2%) and also due the increase in Money Market Borrowing, which was up 37.2% over December 2006. The combination of these factors resulted in an increase in borrowing cost of the Bank, pressuring negatively the Net Interest Income.

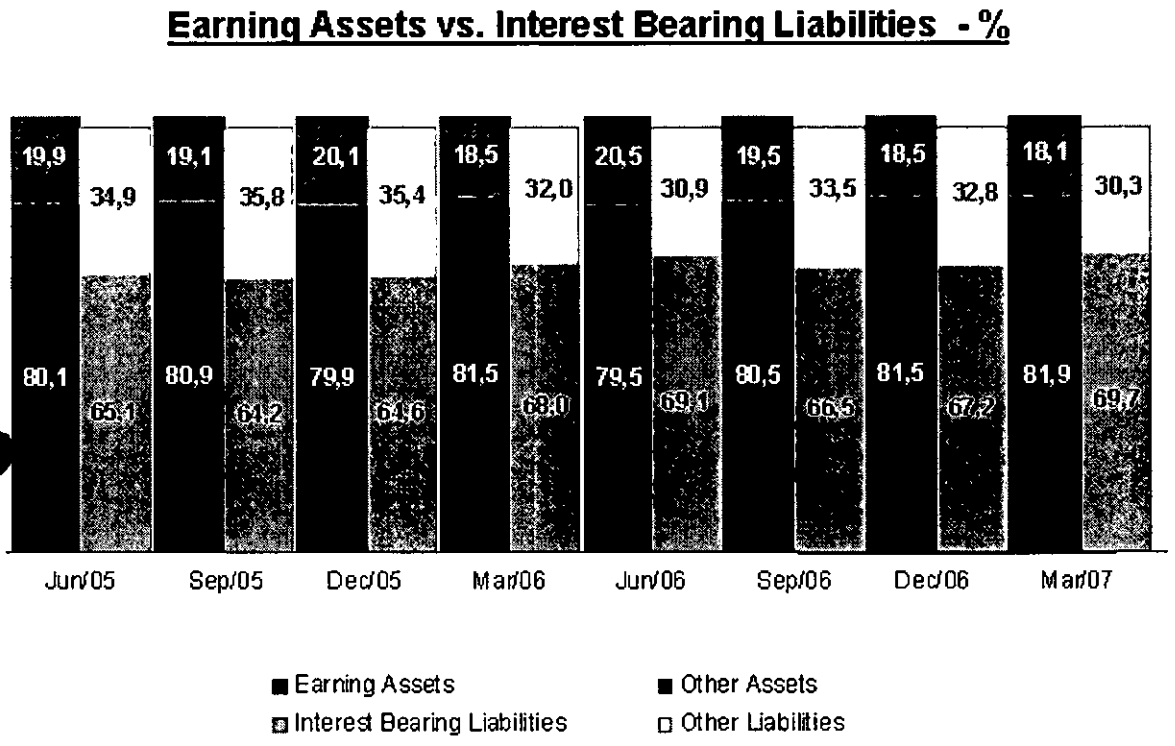


Figure 9. Earning Assets vs. Interest Bearing Liabilities

MD&A 1Q07

6.2 Analysis of Assets

In the 12-month period, securities showed a decrease in the participation of total assets, going down from 25.9% to 22.8%. The total balance of TVM (Securities) ended the quarter at R$ 73,350 million, as opposed to R$ 68,631 million in 1Q06 and R$ 73,108 in December 2006.

The growth of loans and leasing stands out, with their balance net of allowances increasing 35.9% in relation to 1Q06, reaching R$ 120,064 million. The relative share of these operations climbed from 33.4% in March 2006 and from 38.4% in December 2007 to 37.3% in March 2007.

The slight reduction of the relative share of Liquidity Assets (excepting TVM) from 15.0% to 14.5% (Mar/06 - Mar/07) is due mainly to the increase of Loans and Leasing. The raise in Liquidity Assets (Mar/06 – Mar07) was due to 89.8% increase in repurchase agreements - third-party portfolios.

The decrease in the liquidity balance as compared to March 2007 was due to the increase in repurchase agreements (especially with third-party portfolios), from R$ 42,758 million to R$ 67,639 million, a 58.2% increase in the period.

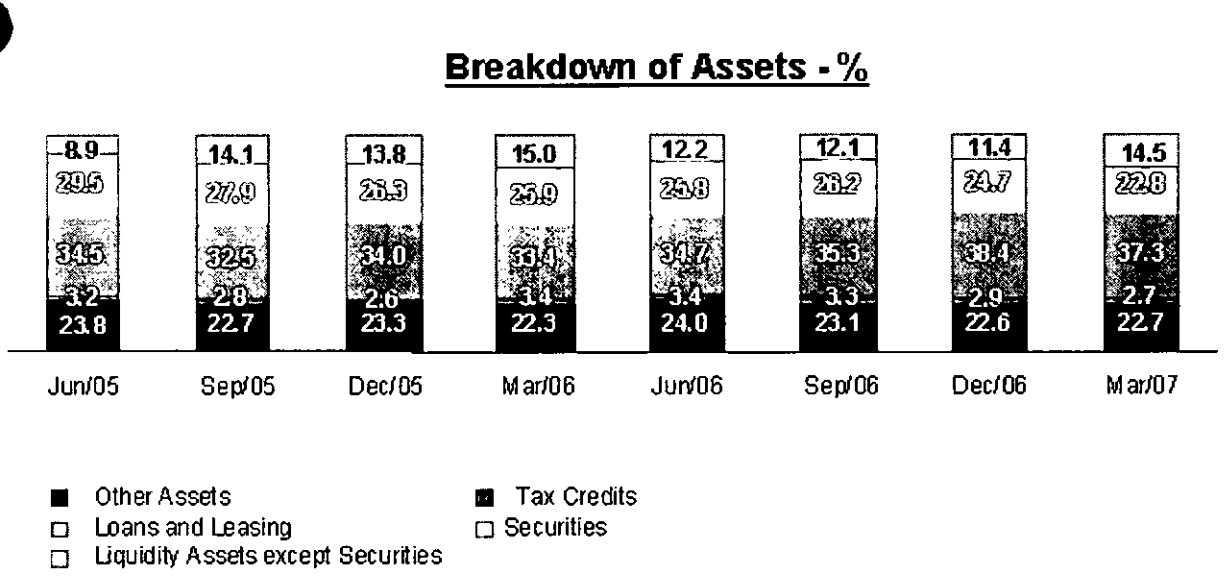


Figure 10. Breakdown of Assets

Table 15. Breakdown of Assets

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Total Assets	**233,793**	**245,511**	**252,977**	**264,635**	**273,836**	**281,615**	**296,356**	**321,898**
Liquidity Assets except Securities	20,843	34,628	34,824	39,800	33,433	34,051	33,837	46,695
Securities	68,973	68,610	66,470	68,631	70,677	73,766	73,108	73,350
Loans and Leasing	80,734	79,798	85,961	88,336	94,906	99,505	113,869	120,064
Tax Credits	7,523	6,815	6,687	8,905	9,223	9,311	8,604	8,642
Other Assets	55,720	55,660	59,035	58,962	65,597	64,982	66,939	73,147

6.3 Liquidity Analysis

One way of measuring the liquidity of a financial institution consists in determining the difference between liquidity assets and liquidity liabilities. The analysis of the figure below reveals a 23.6% reduction in this indicator compared with March 2006. Even so, the liquidity of the Bank is R$ 43.3 billion, representing a confortable situation.

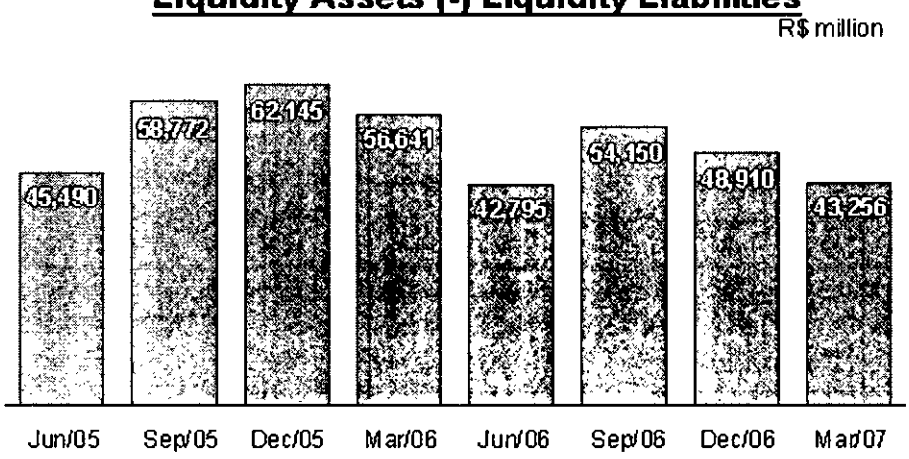


Figure 11. Liquidity Assets (-) Liquidity Liabilities

The decrease in the liquidity balance as compared to March 2007 was due to the increase in money market borrowing due to an increase repurchase agreements (especially with third-party portfolios). Money Market Borrowing were from R$ 42,758 million to R$ 67,639 million, a 58.2% increase in the period.

Table 16. Liquidity Balance

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Liquidity Assets (A)	**87,495**	**100,646**	**98,036**	**104,660**	**100,146**	**104,038**	**103,071**	**115,921**
Available Funds	3,464	4,939	5,828	4,056	3,674	4,559	4,749	5,511
Interbank Investments	17,379	29,690	28,996	35,744	29,758	29,492	29,088	41,185
Securities(except linked to Bacen)	66,652	66,018	63,212	64,860	66,713	69,986	69,235	69,226
Liquidity Liabilities (B)	**42,005**	**41,874**	**35,891**	**48,019**	**57,352**	**49,888**	**54,162**	**72,665**
Interbank Deposits	5,837	5,885	5,383	5,262	5,855	5,579	4,878	5,026
Money Market Borrowing	36,168	35,989	30,508	42,758	51,496	44,309	49,283	67,639
Liquidity Balance (A - B)	**45,490**	**58,772**	**62,145**	**56,641**	**42,795**	**54,150**	**48,910**	**43,256**

6.4 Securities Portfolio

In March 2007, the securities portfolio showed a decrease of 6.9% in relation to the same period of the previous year. Most of the growth of the portfolio occurred in the category of Marketable Securities, which went from R$ 4,327 million to R$ 7,361 million in the period, corresponding to a growth of 70.1%. On the other hand, there was a reduction of 3.2% in the category of Securities Held to Maturity.

It is worth emphasizing the slight change in the portfolio profile in comparison with March 2006, with an increase of the relative share of securities classified in the Marketable Securities category in the whole TVM portfolio and reduction of the share of securities classified in the Held to Maturity category, pursuant to the following table.

Table 17. Securities Portfolio by Category

R$ million

	Balances								Share %	
	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07	Mar/06	Mar/07
Securities	**68,973**	**68,610**	**66,470**	**68,631**	**70,677**	**73,766**	**73,108**	**73,350**	**100.0**	**100.0**
Available for Trading	6,087	2,722	3,077	4,327	5,568	5,205	7,494	7,361	6.3	10.0
Available for Sale	35,265	39,075	37,832	38,815	39,781	43,180	40,641	40,711	56.6	55.5
Held to Maturity	26,266	26,106	25,275	25,069	24,865	24,934	24,409	24,263	36.5	33.1
Financial Derivatives	1,355	707	287	421	463	448	564	1,016	0.6	1.4

In the following table, the concentration in securities with a maturity of between 0 and 5 years can be seen. In March 2007 these securities accounted for 90.2% in the total amount, which was higher than the 89.3% share for the same period of the prior year.

Table 18. Securities Portfolio by Maturities

R$ million

	Up to 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total
	Balance	Share %	Balance	Share %	Balance	Share %	Balance	Share %	
Jun/05	18,477	27.6	40,706	60.7	6,908	10.3	921	1.4	67,012
Sep/05	16,926	25.1	42,510	63.1	7,232	10.7	651	1.0	67,320
Dec/05	17,116	26.0	41,900	63.7	6,189	9.4	567	0.9	65,771
Mar/06	18,159	26.7	42,565	62.6	6,379	9.4	873	1.3	67,977
Jun/06	21,931	31.3	40,555	57.9	6,681	9.5	842	1.2	70,008
Sep/06	22,707	31.0	42,017	57.4	7,535	10.3	938	1.3	73,197
Dec/06	24,057	33.2	42,039	58.0	5,164	7.1	1,217	1.7	72,476
Mar/07	22,430	30.9	42,910	59.2	5,292	7.3	1,676	2.3	72,309

In

the chart below we note a slight raise in securities maturing after 5 years as compared to March 2006, and an increase in securities maturing up 1 year.

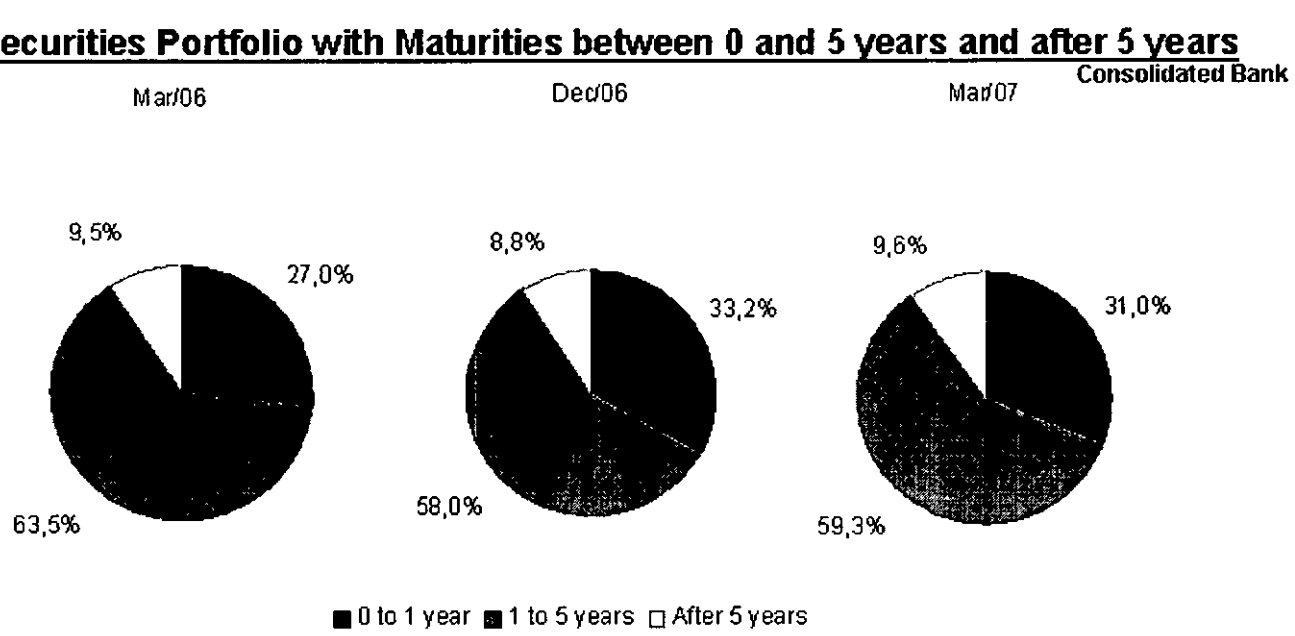


Figure 12. Securities Portfolio with Maturities between 0 and 5 years and after 5 years

MD&A 1Q07

6.5.1 Retail Loan Portfolio

The retail loan portfolio comprises the products intended, mainly, for individuals and micro and small businesses. In March 2007, the portfolio reached a balance of R$ 43,378 million, which represents an increase of 33.8% in relation to the same period of the previous year and 7.3% in relation to December 2006.

Table 22. Retail Loan Portfolio

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Direct Consumer Credit (CDC)	10,879	11,920	11,981	12,839	14,468	15,968	16,909	18,595
CDC Crédito em Consignação	2,558	3,286	3,810	4,695	6,040	7,356	8,296	9,343
CDC Veículo	277	202	188	247	426	635	894	1,202
Receivables	6,887	6,842	6,922	6,657	6,804	6,946	7,235	7,539
BB Giro Rápido (WCL)	3,838	3,973	3,893	4,145	4,262	4,266	4,310	4,560
Giro	148	176	191	300	746	1,649	2,800	2,850
Credit Cards	2,089	2,218	2,489	2,625	2,676	2,836	3,080	3,198
Overdraft Accounts	2,638	2,666	2,227	2,585	2,572	2,407	2,211	2,660
Others	3,568	2,904	3,283	3,264	3,327	3,432	3,889	3,976
Total	**30,046**	**30,699**	**30,987**	**32,415**	**34,855**	**37,504**	**40,435**	**43,378**

Loans to Individuals – Banco do Brasil meets the credit needs of individuals through mass distributed products. BB's credit scoring system calculates pre-approved limits for Direct Consumer Finance (CDC), overdraft account, and credit cards, based on a series of customer information.

Direct Consumer Finance transactions showed a 44.8% growth in relation to March 2006, and 10.0% in relation to December 2006, reaching R$ 18,595 million, with an average value per transaction of R$ 2,241.91 at the end of March 2007. CDC has the highest relative share in the Retail portfolio, with 42.9% in March 2007, as opposed to 39.6% in relation to March 2006.

The increase was basically due to the growth of Pay Roll Loans, which went up from R$ 4,695 million in March 2006 to R$ 9,343 million in March 2007, growing 99.0% in the period. It's worth pointing out that this modality represents 50.2%

of Direct Consumer Finance portfolio of the Bank. The Direct Consumer Finance can be contracted by the Internet, automated teller machines and in the branch network. Besides that, it combines low operational costs with credit that is well spread out.

In 2006, the Bank restructured its vehicle-financing portfolio, which went from R$ 247 million in March 2006 to R$ 1,202 million in March 2007, corresponding to growth of 386.6%. In comparison with 4Q06, CDC Veículo increased by 34.5%. In September 2006, the Bank signed a partnership agreement for ten years with a company from the Localiza group, which will allow BB to finance the sale of used cars of Localiza and its affiliates, to account and non-account holders of BB. The partnership should generate a vehicle financing flow of R$ 125 million for BB in the first year alone, with an annual growth rate of 15%. The arrangement will also involve the trading of other products, such as car insurance.

In March 2007, 52.7% of the individual customers had accounts with a credit limit. Revolving Credit Check transactions ended the 1Q07 with a balance of R$ 2,660 million, a 2.9% increase in relation to the same prior-year period.

The balance of Credit Card transactions was up 21.8% (Mar/07 - Mar/07), with a balance of R$ 3,198 million. Banco do Brasil expanded its credit card base by 52.2% in the last 12 months, growing from 9.5 billion to R$ 14.4 billion (Mar/06 – Mar/07).

Main Retail Loan Portfolio Product

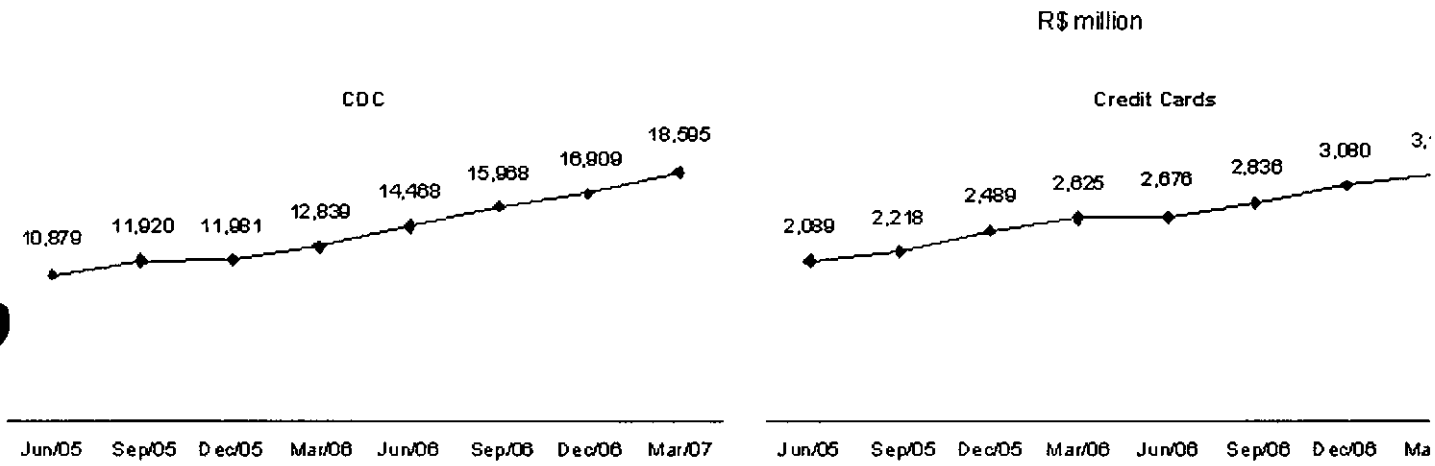


Figure 14. Main Retail Loan Portfolio Product

Loans to SMEs - Transactions intended for micro and small businesses accounted for 43.9% of the retail portfolio in December 2007, against 45.5% recorded in the same period of previous year. The balance of these transactions was R$ 19,053 million, a 29.1% increase in relation to March 2006 and 4.0% in relation to December 2006.

Table 23. MSB Credit Products

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Receivables	6,887	6,842	6,922	6,657	6,804	6,946	7,235	7,539
BB Giro Rápido	3,838	3,973	3,893	4,145	4,262	4,266	4,310	4,560
Proger Urbano Emp.	1,998	2,172	2,327	2,442	2,639	2,849	3,062	3,258
Giro	148	176	191	300	746	1,649	2,800	2,850
Others	825	823	1,195	1,214	1,547	2,349	921	846
Total	**13,696**	**13,986**	**14,528**	**14,757**	**15,999**	**18,058**	**18,328**	**19,053**

Transactions based on receivables totaled R$ 7,539 million in March 2007, a 13.2% increase in relation to the same period of the previous year and a 4.2% increase in relation to December 2006. The main products intended for this segment are receivables, accounting for over 90.6% of the total.

BB Giro Rápido offers financing for working capital without red tape and without requiring tangible collateral. The transaction is divided into a part with an overdraft account and another for working capital, paid in installments over 12 months. At the end of March 2007, this line of credit reached a balance of R$ 4,560 million, a 10.0% increase (Mar/06 –

Mar/07).

The Proger Urbano Empresarial transactions use funding from the Worker's Support Fund (FAT) to finance projects or investment with the respective working capital, which provides for the generation of employment and income in urban areas. These transactions showed an increase of 16.7% (Mar/06 – Mar/07), ending the period with a balance of R$ 3,258 million.

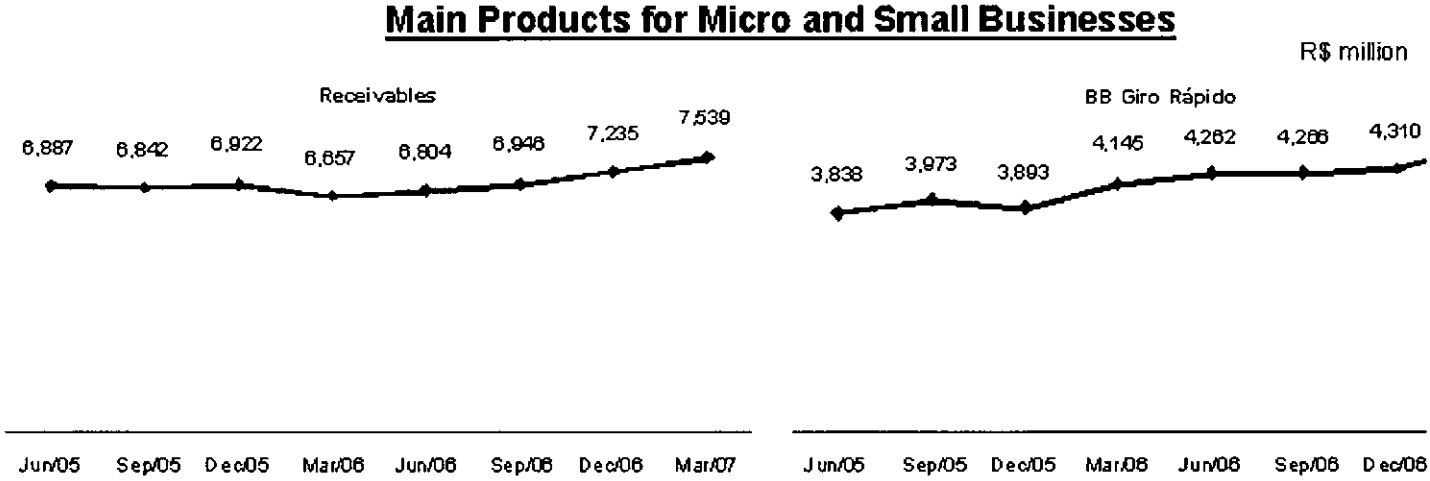


Figure 15. Main Products for Micro and Small Businesses

Loans for the lower income population - With the Federal Government's decision to expand the financial services industry to the population with a lower income and to microentrepreneurs, Law 10,735/03 was passed, which makes provisions about the channeling of resources equivalent to 2% of demand deposits taken by financial institutions towards microcredit transactions, at an interest rate of up to 2% a month.

The wholly-owned subsidiary Banco Popular do Brasil (BPB) was created to operate in this segment, with a structure separate from BB Multiple Bank, in order to guarantee the transparency of the process, besides the adequacy of products, processes, loan policy and operating costs.

Banco Popular closed 1Q07 with its network of correspondent banks present in 1288 municipalities, with R$ 30.5 million extended in loans, which correspond to approximately 161 thousand loan transactions in the period, in an average amount of R$ 189 and a balance in the portfolio of R$ 62.1 million. Since its creation in 2004, BPB has already lent more than R$ 358.6 million, through 3.0 million loans in an average amount of R$ 120 each.

In addition, Banco Popular is continuing to increase its operations within the ambit of the National Program for Guided Productive Microcredit (PNMPO), expanding its operations jointly with the Organizations of Civil Companies of Public Interest (OSCIP).

Table 24. BPB Highlights

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Assets - R$ thousand	147,545	158,715	134,412	152,960	154,212	147,070	147,508	161,200
Deposits - R$ thousand	54,689	85,151	85,337	95,075	105,033	105,875	106,946	105,949
Loan Portfolio* - R$ thousand	43,959	48,726	53,617	56,129	49,015	44,338	44,054	42,746

*Including Provision for Credit Risk

6.5.2 Commercial Loan Portfolio

The Commercial Loan Portfolio covers the products intended mainly for medium and large-sized companies and corporate customers. Banco do Brasil has adopted a segmentation model that has the objective of perfecting the management of this customer base, dividing them into the sectors of Industry, Commerce, and Services, and into the medium, large, and corporate segments. The model helps to attain a better knowledge of the specific needs of each company and seeks to develop, diversify and achieve a return from the business. In March 2007, the portfolio reached a balance of R$ 24,087 million, an increase of 61.5% (Mar/06 – Mar/07) and 10.8% in relation to December 2006.

Table 25. Commercial Loan Portfolio

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Working Capital – Others	4,486	4,606	4,399	5,500	5,876	6,927	11,062	13,148
Investment Finance	3,238	3,376	3,515	3,629	3,923	4,060	4,778	5,017
Receivables	2,779	2,811	3,398	3,183	2,897	3,015	3,239	3,093
Overdraft Accounts	2,170	1,847	1,878	1,825	1,827	1,642	1,503	1,524
Others	516	74	688	776	895	1,005	1,154	1,305
Total	**13,189**	**12,714**	**13,878**	**14,914**	**15,418**	**16,649**	**21,735**	**24,087**

Portfolio growth in the last quarter was due to the contracting of loans with major clients. The Working Capital product grew 18.9% in relation to December 2006.

The product that stands out most in this portfolio is Working Capital – Others, reaching a 54.6% of the total portfolio, an increase of 139.1% (Mar/06 – Mar/07), closing the year with R$ 13,148 million.

The investment transactions comprise, in the main, lines of credit intended for the expansion or modernization of production, via the acquisition of machines and equipment, including freight vehicles. The balance of these transactions grew 38.2% (Mar/06 – Mar/07) and 5.0% in relation December 2006, to reach R$ 5,017 million in March 2007.

Main Products for Wholesale Customers

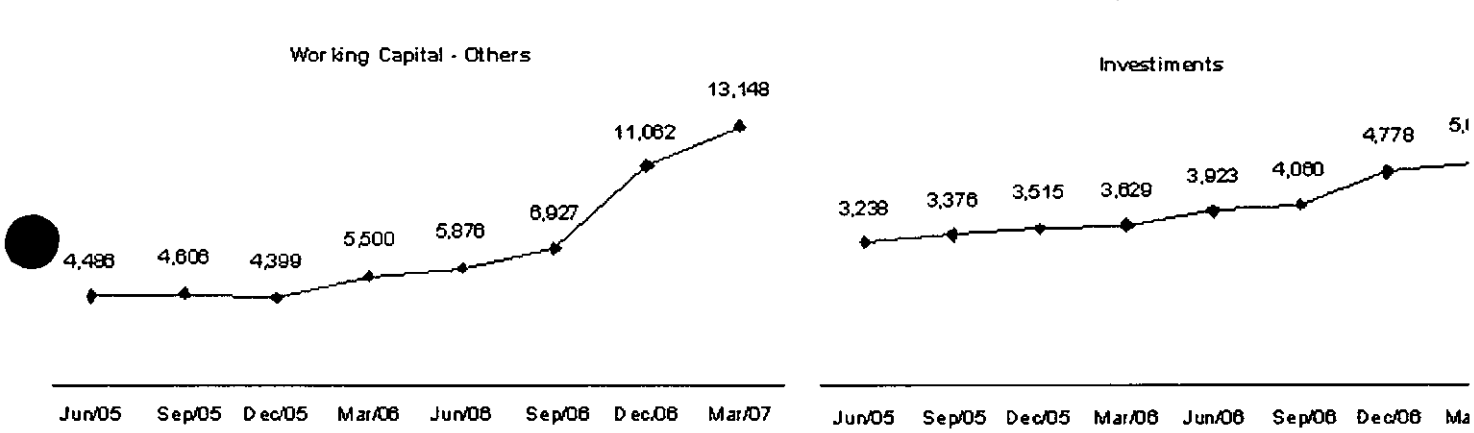


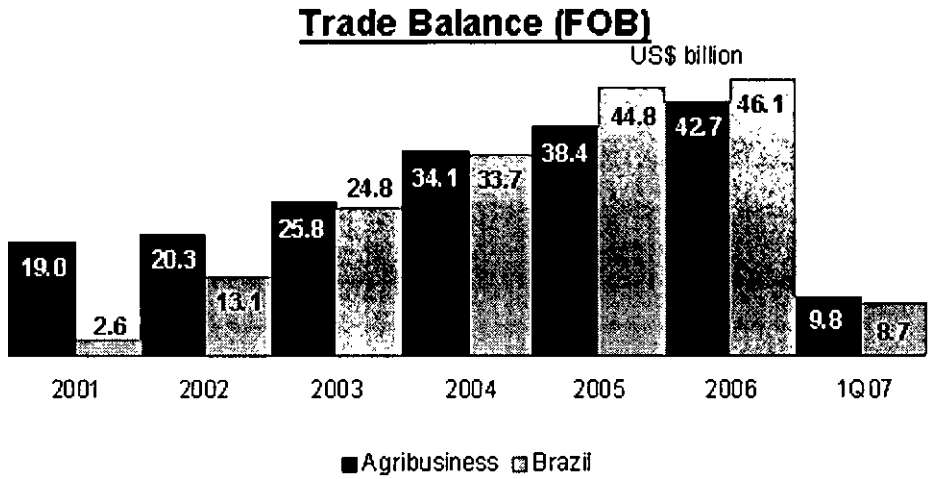
Figure 16. Main Products for Wholesale Customers

Receivable operations closed March 2007 with a balance of R$ 3,093 million, a 2.8% decrease in relation to the same period of previous year and a decrease of 4.5% in relation to December 2006. These are short term transactions and present a low credit risk for the Bank. For the companies, they mean an excellent alternative for working capital financing and an opportunity for boosting their sales, offering longer terms for their customers.

6.5.3 Agribusiness Loan Portfolio

Agribusiness is one of the main sectors of the Brazilian economy, of fundamental importance to the growth of the Country. In its role as an agent of public policies, Banco do Brasil represents a link between the government and the rural producer, acting as the largest financier of Brazilian agribusiness in all its segments and in all stages of the productive chain, from the small farmer to the large agroindustrial companies.

The Brazilian Trade Balance has increased as a result of the positive contribution from agribusiness. The trade balance of this sector generated a US$ 9.8 billion surplus in 1Q07, growing 18.1% in relation to 1Q06.



Source: MAPA – Ministério da Agricultura, Pecuária e Abastecimento

Figure 17. Trade Balance (FOB)

The table below shows exports broken down into the main products:

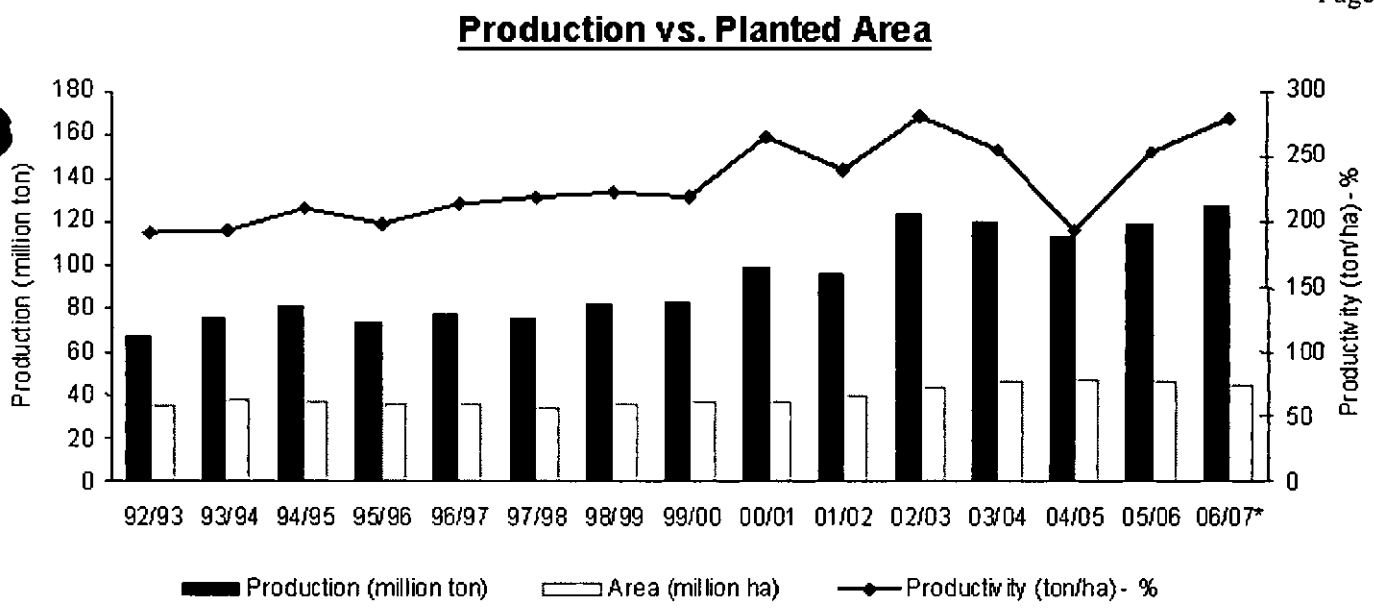
Table 26. Exports

US$ million

	2003	2004	2005	2006	1Q07
Soybeans and Related Products	8,125	9,922	9,477	9,308	1,661
Meat	3,641	6,060	8,066	8,641	2,416
Leather, Hides and Shoes	2,465	2,672	3,069	3,471	951
Sugar	2,298	3,137	4,684	7,772	1,583
Forest Products	5,451	5,852	7,197	7,897	2,004
Coffee, Mate and Spices	1,424	1,860	2,669	3,535	991
Fruit Juice	1,292	1,103	1,245	1,570	539
Tobacco	1,090	1,406	1,707	1,752	270
Other Products	4,852	2,122	3,961	4,087	1,372
Total	**30,638**	**34,134**	**42,075**	**48,033**	**11,786**

Source: MAPA – Ministério da Agricultura, Pecuária e Abastecimento

The sector's extremely positive performance in the last few years is due to the permanent quest for new technologies and for valuing the services provided by the professionals from this area, always aiming at improving profitability and continuity in the enterprises. In the following chart, the increased productivity per planted area, as a result of gains in productivity, can be visualized.



*Prevision

Figure 18. Production vs. Planted Area

Regarding the distribution of agribusiness transactions by region of the country in March 2007, it can be seen a higher concentration in the South region.

Table 27. Agribusiness Loan Portfolio by Region

Region	Share - %
North	3.5
Northeast	6.1
Midwest	26.4
Southeast	25.2
South	38.8

Rural credit finances the costs of producing and marketing of agricultural products, stimulates rural investments, including warehousing, processing and the industrial transformation of agricultural products. Furthermore, it encourages the introduction of rational methods in the productive system.

BB's agribusiness loan portfolio grew 26.2% (Mar/06 – Mar/07) and 3.8% in relation to December 2006, ending the period with a balance of R$ 46,774 million. The portfolio growth is due to the new contracts involving the 2006/2007 harvest. Loans for financing costs and marketing, intended to finance the goods and services needed for the production of crops and livestock production, account for 58.5% of the agribusiness portfolio.

Loans for investments, intended for the modernization of the productive activity, accounted for 41.0% of this portfolio and have an average term of 4 years.

Table 28. Agribusiness Loan Portfolio by Purpose

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Costs	15,036	13,658	16,133	15,891	16,161	15,380	18,705	19,179
Investment	14,233	14,619	15,463	16,051	16,857	17,505	18,582	19,196
Marketing	2,214	2,347	3,097	3,644	5,106	5,832	7,375	8,181
Other	687	623	1,016	1,468	1,790	1,603	401	218
Total	**32,171**	**31,247**	**35,709**	**37,054**	**39,914**	**40,320**	**45,063**	**46,774**

The funds made available by the Bank are obtained from savings deposits (MCR 6-4), demand deposits (MCR 6-2), the Program for Generating Employment and Income in the Rural Area (Proger Rural), the National Program for Strengthening Family Farming, of the Ministry of Agrarian Development (Pronaf), the Constitutional Fund for Developing

the Central-West (FCO) and the National Bank for Economic and Social Development (BNDES), amongst others.

Table 29. Agribusiness Loan Portfolio by Product

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Agricultural and Livestock Costs	11,460	10,280	12,342	12,381	12,704	11,957	14,309	14,739
Pronaf/Proger Rural	7,776	7,746	8,905	9,317	9,750	9,844	11,119	11,597
BNDES/Finame Rural	3,702	3,878	3,967	4,028	4,098	4,215	4,363	4,395
FCO Rural	3,158	3,208	3,272	3,367	3,471	3,591	3,730	3,796
Loans to Companies	1,459	1,598	2,342	2,904	4,121	4,787	6,491	7,444
Others	4,616	4,538	4,881	5,057	5,771	5,926	5,051	4,803
Total	**32,171**	**31,247**	**35,709**	**37,054**	**39,914**	**40,320**	**45,063**	**46,774**

Proger Rural is a product that offers fixed loans for agricultural and cattle breeding funding, besides financial support for fixed and semi-fixed investments; And the National Family Agriculture Empowerment Program - Pronaf is aimed at the financing of agricultural activity funding. These two products added up to R$ 11,597 million at the end of March 2007, growing 24.5% in relation to the same period of the previous year.

FCO Rural offers a financial supplement for working capital and costs for the rural producer of the Central-West region of Brazil. Transactions in the product grew 12.7% in the past 12 months, and 1.8% in relation to December 2006, totaling R$ 3,796 million in March 2007.

The BNDES/Finame Rural products have the objective of financing investments in the modernization of machines and equipment intended for rural production. Transactions with these products totaled R$ 4,395 million at the end of March 2007, growing 9.1% in relation to March 2006.

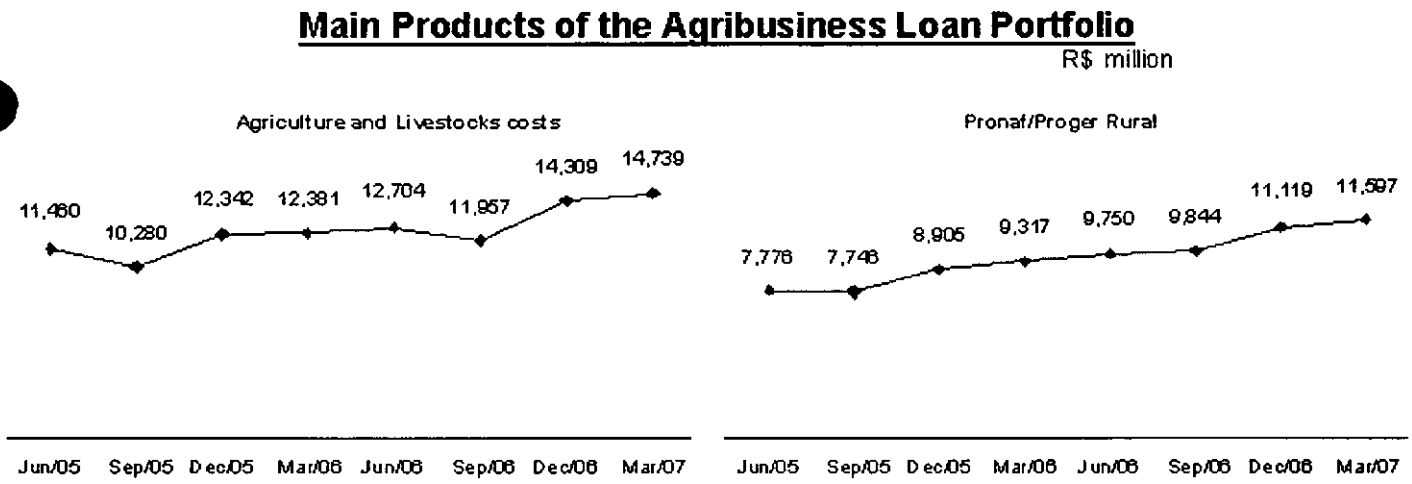


Figure 19. Main Products of the Agribusiness Loan Portfolio

The following table shows the balance of the loan transactions intended for agribusiness by item financed:

Table 30. Agribusiness Loan Portfolio by Financed Items

R$ million

Items Financed	Mar/06	Share %	Dec/06	Share %	Mar/07	Share %	Chg.% on Mar/06	Chg.% on Dec/06
Bovinocultura	4,136	11.2	4,791	10.6	5,113	10.9	23.6	6.7
Soybeans	4,565	12.3	3,571	7.9	3,196	6.8	(30.0)	(10.5)
Corn	2,820	7.6	2,560	5.7	2,918	6.2	3.5	14.0
Sugar Cane	484	1.3	1,235	2.7	1,341	2.9	177.0	8.6
Machinery and Equipment	1,178	3.2	1,038	2.3	1,063	2.3	(9.8)	2.4
Coffee	701	1.9	1,036	2.3	1,028	2.2	46.6	(0.8)
Rice	947	2.6	793	1.8	849	1.8	(10.4)	7.0
Avicultura	430	1.2	571	1.3	572	1.2	33.1	0.1
Fertilizers	688	1.9	560	1.2	556	1.2	(19.2)	(0.7)
Cotton	787	2.1	554	1.2	526	1.1	(33.1)	(5.0)
Manioc	392	1.1	491	1.1	522	1.1	33.3	6.3
Pork	359	1.0	482	1.1	490	1.0	36.4	1.7
Wheat	367	1.0	437	1.0	336	0.7	(8.5)	(23.0)
Others	19,201	51.8	26,946	59.8	28,264	60.4	47.2	4.9
Total	**37,054**	**100.0**	**45,063**	**100.0**	**46,773**	**100.0**	**26.2**	**3.8**

In its work of financing Brazilian agribusiness, Banco do Brasil reaches all the segments, from the small producer to the large agro-industrial companies. The table below reveals this work, showing that while financing mini and small producers accounts for 86.4% of the total of contracts, the transactions with the other agents show a 74.0% share of the amount financed.

Table 31. Funds Released for the 06/07 Crop by Segment

R$ million

	Qty. Contracts	Qty. Contracts - %	Amount Contracted	Amount Contracted - %
Mini	501,602	47.5	1,774	8.8
Small	410,683	38.9	3,467	17.2
Medium and Large Sized	143,157	13.6	13,829	68.5
Cooperatives	512	0.0	1,117	5.5
Total	**1,055,954**	**100.0**	**20,186**	**100.0**

Next, the Agribusiness Loan Portfolio by Funding Sources is shown.

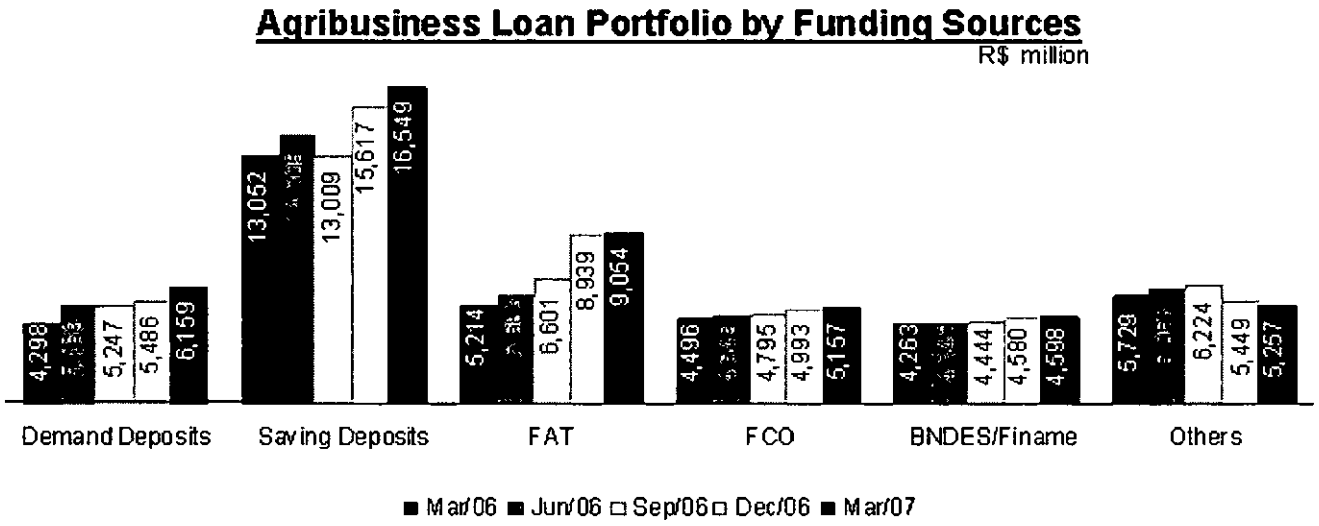


Figure 20. Agribusiness Loan Portfolio by Funding Sources

Investments in Savings Deposits, the main funding line of the portfolio, grew 26.8% in the last 12 months, reaching a balance of R$ 16,549 million in March 2007.

The Bank uses funds from Ouro savings accounts and the FAT (Worker's Support Fund) in rural financings at reduced interest rates. To make this kind of intermediation viable, the National Treasury compensates the Bank, in the form of equalization, for the difference between the funding, risks, administrative and tax costs and the amount charged to the taker of the loans. In 1Q07, equalization revenues contributed towards the growth of the Bank's Loan Revenues, as a consequence of the increase of these revenues for the 2006/2007 crop. The following figure shows a history of the revenues received by way of interest rate equalization.

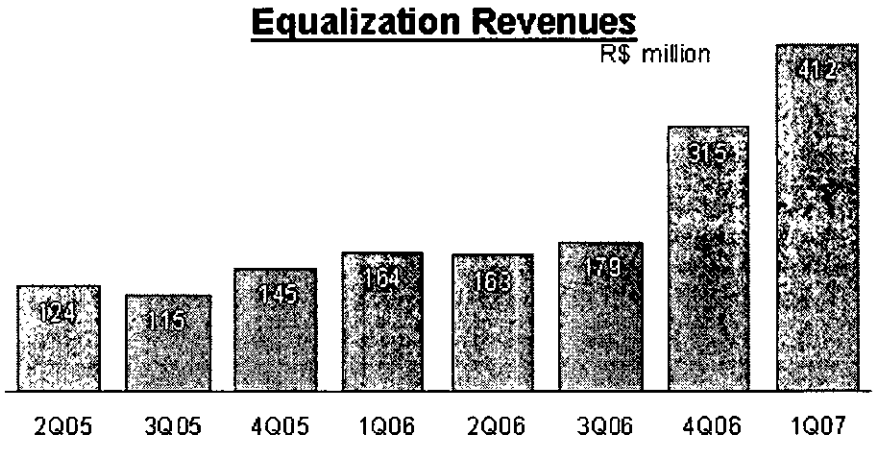


Figure 21. Equalization Revenues

Up to the last edition of this report, the corresponding series of installments which were paid to the Bank as equalization revenues was obtained of managerial information. From the 1T07, this series was recomposed by accounting information, on the pourpose to show up the real consequences of that kind of revenue in the Bank's result.

In this way, it's possible to observe an increase of R$ 248.0 millions in installments which were paid to the Bank as equalization in 1Q07 if compared to 1Q06, and of R$ 97.0 millions regarding the 4Q06.

Besides the applicable risks administration mechanisms to all BB's loan portfolios, the Bank applies, in the management of the agribusinesses portfolio, specific methods for identifying risks and minimizing losses.

The bank has instruments of risk mitigation for Agribusiness portfolio. By the end of 1Q076, 24.1% of portfolio were protected for these instruments. The figure bellow shares the risk mitigation, indicating that, for the total mitigated, third part risk and Insurance (Proagro and Agribusinesses insurance) represent the higher share (90.6%). The remaining 9.4% are distributed among agreement with agribusiness companies and Others.

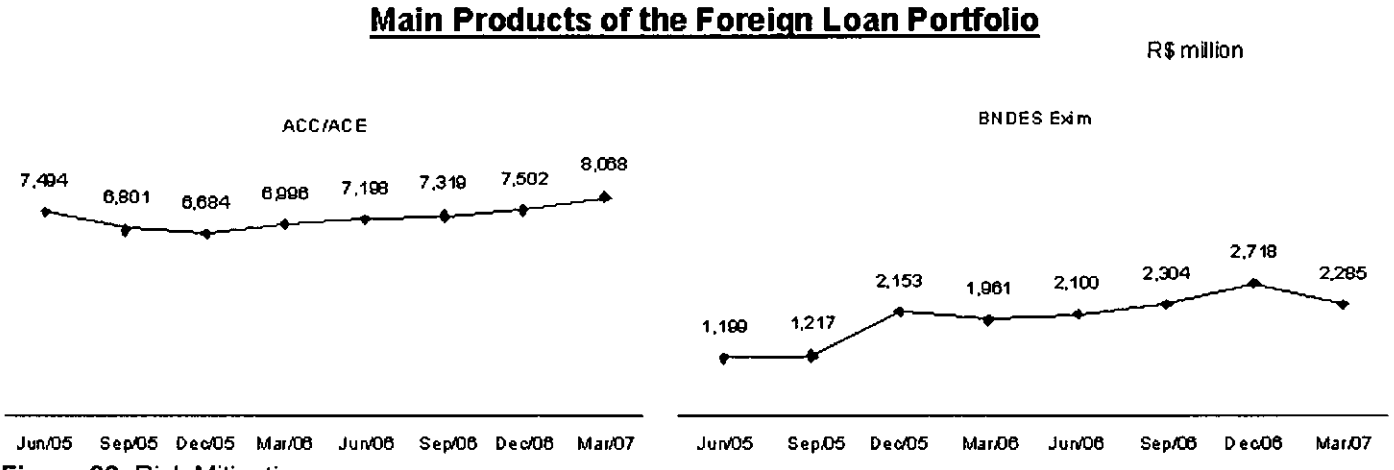


Figure 22. Risk Mitigation

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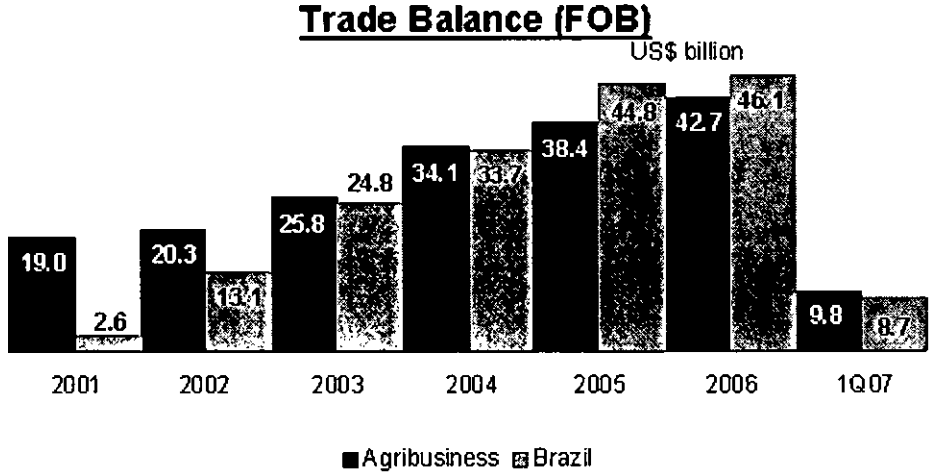

Source: MAPA – Ministério da Agricultura, Pecuária e Abastecimento

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Other Products	4,852	2,122	3,961	4,087	1,372
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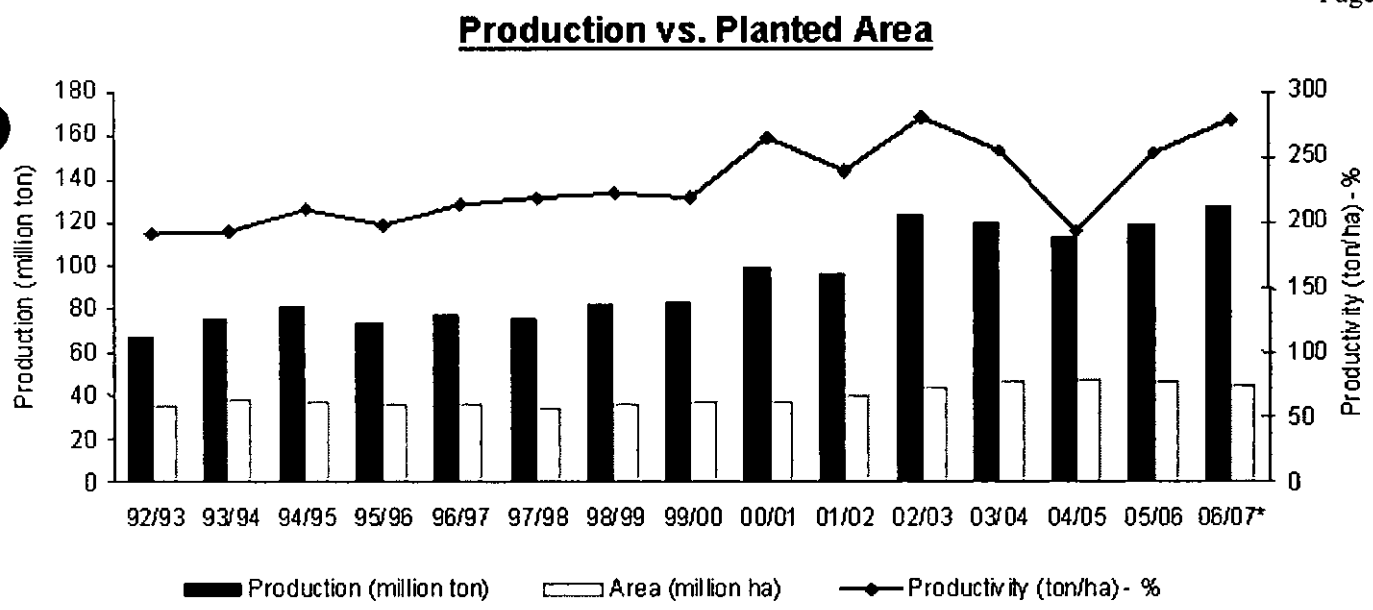

*Prevision

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Table 28. Agribusiness Loan Portfolio by Purpose

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Costs	15,036	13,658	16,133	15,891	16,161	15,380	18,705	19,179
Investment	14,233	14,619	15,463	16,051	16,857	17,505	18,582	19,196
Marketing	2,214	2,347	3,097	3,644	5,106	5,832	7,375	8,181
Other	687	623	1,016	1,468	1,790	1,603	401	218
Total	**32,171**	**31,247**	**35,709**	**37,054**	**39,914**	**40,320**	**45,063**	**46,774**

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Table 29. Agribusiness Loan Portfolio by Product

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Agricultural and Livestock Costs	11,460	10,280	12,342	12,381	12,704	11,957	14,309	14,739
Pronaf/Proger Rural	7,776	7,746	8,905	9,317	9,750	9,844	11,119	11,597
BNDES/Finame Rural	3,702	3,878	3,967	4,028	4,098	4,215	4,363	4,395
FCO Rural	3,158	3,208	3,272	3,367	3,471	3,591	3,730	3,796
Loans to Companies	1,459	1,598	2,342	2,904	4,121	4,787	6,491	7,444
Others	4,616	4,538	4,881	5,057	5,771	5,926	5,051	4,803
Total	**32,171**	**31,247**	**35,709**	**37,054**	**39,914**	**40,320**	**45,063**	**46,774**

Proger Rural is a product that offers fixed loans for agricultural and cattle breeding funding, besides financial support for fixed and semi-fixed investments; And the National Family Agriculture Empowerment Program - Pronaf is aimed at the financing of agricultural activity funding. These two products added up to R$ 11,597 million at the end of March 2007, growing 24.5% in relation to the same period of the previous year.

FCO Rural offers a financial supplement for working capital and costs for the rural producer of the Central-West region of Brazil. Transactions in the product grew 12.7% in the past 12 months, and 1.8% in relation to December 2006, totaling R$ 3,796 million in March 2007.

The BNDES/Finame Rural products have the objective of financing investments in the modernization of machines and equipment intended for rural production. Transactions with these products totaled R$ 4,395 million at the end of March 2007, growing 9.1% in relation to March 2006.

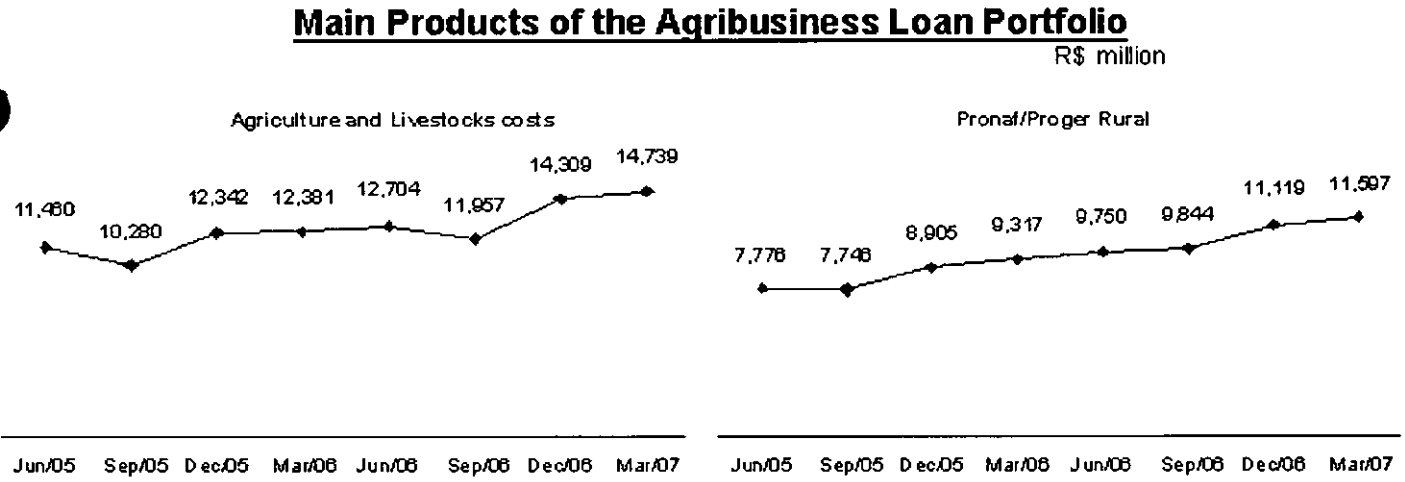


Figure 19. Main Products of the Agribusiness Loan Portfolio

The following table shows the balance of the loan transactions intended for agribusiness by item financed:

Table 30. Agribusiness Loan Portfolio by Financed Items

R$ million

							Chg.%	
Items Financed	Mar/06	Share %	Dec/06	Share %	Mar/07	Share %	on Mar/06	on Dec/06
Bovinocultura	4,136	11.2	4,791	10.6	5,113	10.9	23.6	6.7
Soybeans	4,565	12.3	3,571	7.9	3,196	6.8	(30.0)	(10.5)
Corn	2,820	7.6	2,560	5.7	2,918	6.2	3.5	14.0
Sugar Cane	484	1.3	1,235	2.7	1,341	2.9	177.0	8.6
Machinery and Equipment	1,178	3.2	1,038	2.3	1,063	2.3	(9.8)	2.4
Coffee	701	1.9	1,036	2.3	1,028	2.2	46.6	(0.8)
Rice	947	2.6	793	1.8	849	1.8	(10.4)	7.0
Avicultura	430	1.2	571	1.3	572	1.2	33.1	0.1
Fertilizers	688	1.9	560	1.2	556	1.2	(19.2)	(0.7)
Cotton	787	2.1	554	1.2	526	1.1	(33.1)	(5.0)
Manioc	392	1.1	491	1.1	522	1.1	33.3	6.3
Pork	359	1.0	482	1.1	490	1.0	36.4	1.7
Wheat	367	1.0	437	1.0	336	0.7	(8.5)	(23.0)
Others	19,201	51.8	26,946	59.8	28,264	60.4	47.2	4.9
Total	**37,054**	**100.0**	**45,063**	**100.0**	**46,773**	**100.0**	**26.2**	**3.8**

In its work of financing Brazilian agribusiness, Banco do Brasil reaches all the segments, from the small producer to the large agro-industrial companies. The table below reveals this work, showing that while financing mini and small producers accounts for 86.4% of the total of contracts, the transactions with the other agents show a 74.0% share of the amount financed.

Table 31. Funds Released for the 06/07 Crop by Segment

R$ million

	Qty. Contracts	Qty. Contracts - %	Amount Contracted	Amount Contracted - %
Mini	501,602	47.5	1,774	8.8
Small	410,683	38.9	3,467	17.2
Medium and Large Sized	143,157	13.6	13,829	68.5
Cooperatives	512	0.0	1,117	5.5
Total	**1,055,954**	**100.0**	**20,186**	**100.0**

Next, the Agribusiness Loan Portfolio by Funding Sources is shown.

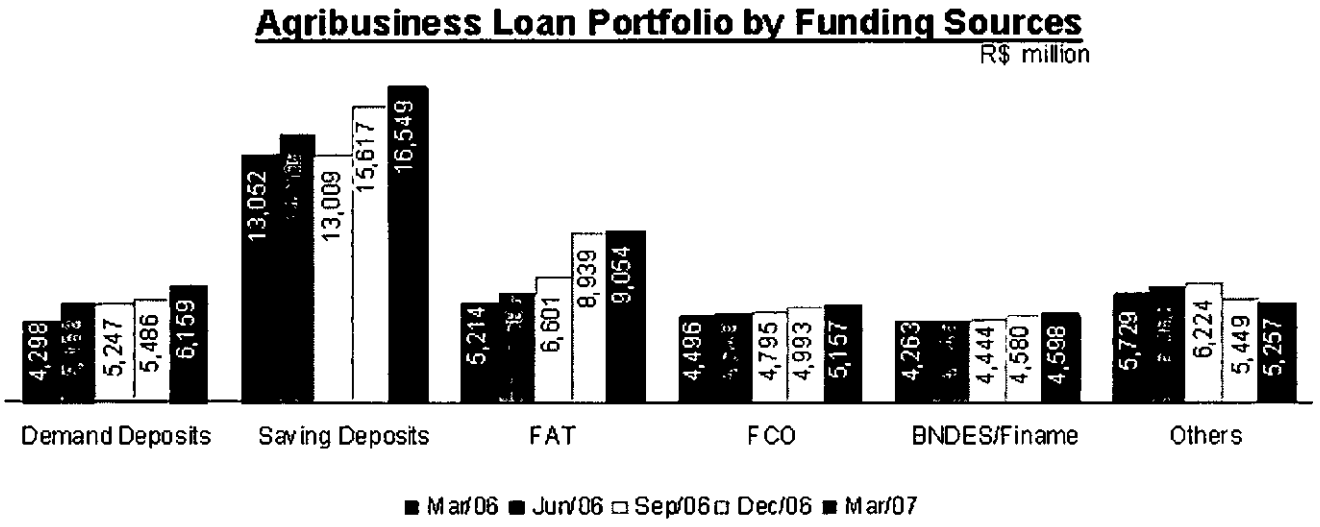


Figure 20. Agribusiness Loan Portfolio by Funding Sources

Investments in Savings Deposits, the main funding line of the portfolio, grew 26.8% in the last 12 months, reaching a balance of R$ 16,549 million in March 2007.

The Bank uses funds from Ouro savings accounts and the FAT (Worker's Support Fund) in rural financings at reduced interest rates. To make this kind of intermediation viable, the National Treasury compensates the Bank, in the form of equalization, for the difference between the funding, risks, administrative and tax costs and the amount charged to the taker of the loans. In 1Q07, equalization revenues contributed towards the growth of the Bank's Loan Revenues, as a consequence of the increase of these revenues for the 2006/2007 crop. The following figure shows a history of the revenues received by way of interest rate equalization.

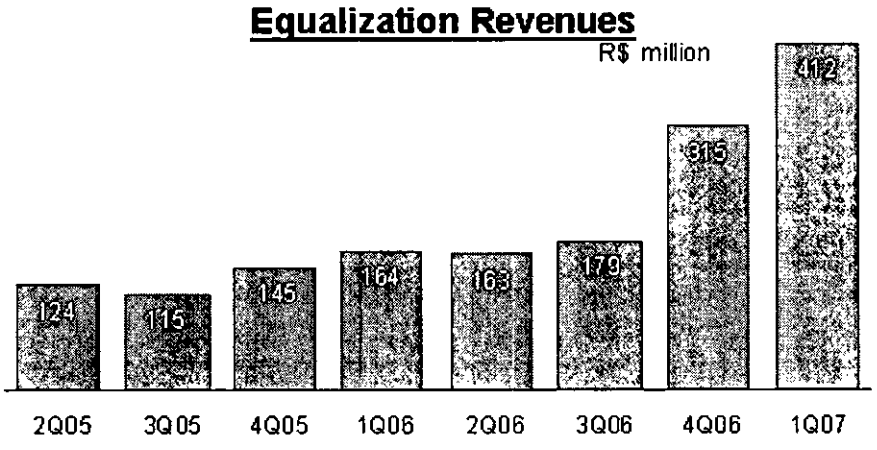


Figure 21. Equalization Revenues

Up to the last edition of this report, the corresponding series of installments which were paid to the Bank as equalization revenues was obtained of managerial information. From the 1T07, this series was recomposed by accounting information, on the pourpose to show up the real consequences of that kind of revenue in the Bank's result.

In this way, it's possible to observe an increase of R$ 248.0 millions in installments which were paid to the Bank as equalization in 1Q07 if compared to 1Q06, and of R$ 97.0 millions regarding the 4Q06.

Besides the applicable risks administration mechanisms to all BB's loan portfolios, the Bank applies, in the management of the agribusinesses portfolio, specific methods for identifying risks and minimizing losses.

The bank has instruments of risk mitigation for Agribusiness portfolio. By the end of 1Q076, 24.1% of portfolio were protected for these instruments. The figure bellow shares the risk mitigation, indicating that, for the total mitigated, third part risk and Insurance (Proagro and Agribusinesses insurance) represent the higher share (90.6%). The remaining 9.4% are distributed among agreement with agribusiness companies and Others.

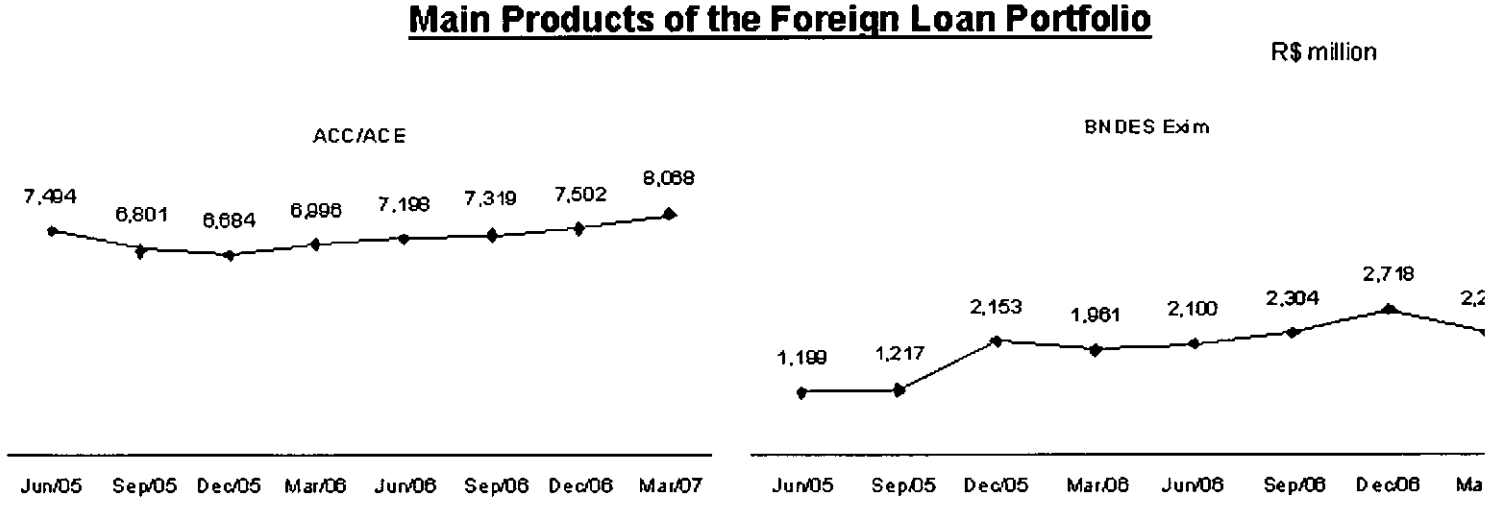


Figure 22. Risk Mitigation

6.5.4 Foreign Trade Loan Portfolio

The balance of Banco do Brasil's foreign trade loan portfolio ended 1Q07 with R$ 11,190 million, an increase of 15.4% in relation to March 2006, and of 1.7% in relation to December 2006. Banco do Brasil offers several tools to support foreign trade, such as training, consultancies that accompany, step by step, all the stages of an international transaction, the Foreign Trade Counter, a virtual environment for trade between Brazilian companies and the global market, amongst others.

This portfolio's main product is ACC/ACE, which accounts for 72.1% of the total. In March 2007, this modality reached a balance of R$ 8,068 million, an increase of 15.3% in relation to the same period of previous year and an increase of 7.5% in relation to December 2006. In March 2007, the volume contracted from ACC/ACE reached US$ 3.2 billion, growing 11.9% in relation to March 2006.

Table 32. Foreign Trade Loan Portfolio

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
ACC/ACE	7,494	6,801	6,684	6,996	7,198	7,319	7,502	8,068
BNDES Exim	1,199	1,217	2,153	1,961	2,100	2,304	2,718	2,285
Import Finance	791	688	762	713	867	891	766	809
Others	5	7	23	26	18	19	14	27
Total	**9,489**	**8,713**	**9,623**	**9,695**	**10,183**	**10,532**	**11,000**	**11,190**

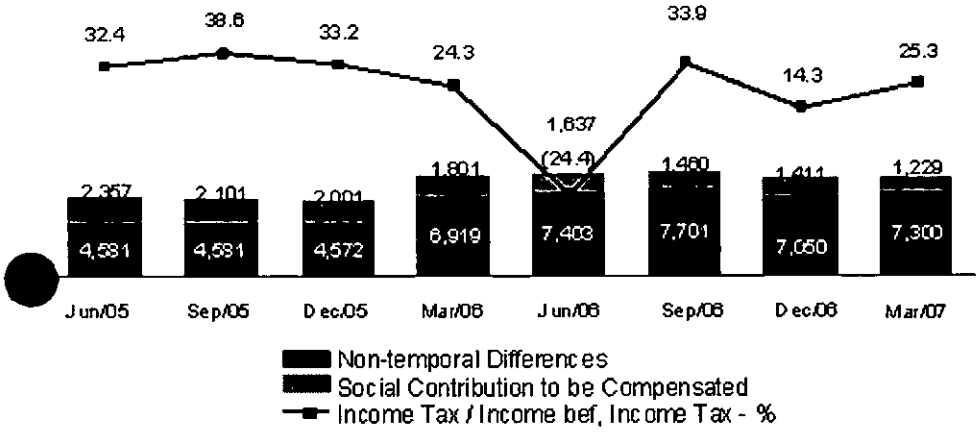


Figure 23. Main Products of the Foreign Loan Portfolio

The table below shows details of the ACC/ACE transactions:

Table 33. ACC/ACE Average Volume per Contract

ACC/ACE	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
Volume Contractad (US$ million)	3.168	2.839	2.808	2.822	2.882	3.286	3.064	3.226
Quantity of Contracts	8.152	8.077	7.801	7.587	7.303	7.386	6.932	6.646
Average Volume per Contract (US$ thousandl)	388	351	359	372	394	445	442	485

6.5.5 Concentration of the Portfolio

BB's business loan portfolio in Brazil showed a concentration of 35.6% in the transactions with the 100 largest borrowers at March 2007, compared to 29.5% in March 2006.

Table 34. Concentration of the Loan Portfolio Among the 100 Largest Borrowers

Period	1st Customer	2nd to 20th	21st to 100th	100th Largest
Jun/05	1.2	12.2	18.9	32.2
Sep/05	1.3	11.9	16.0	29.2
Dec/05	1.3	11.9	16.7	29.9
Mar/06	1.0	11.1	17.4	29.5
Jun/06	1.1	11.8	18.6	31.5
Sep/06	1.1	12.2	17.8	31.1
Dec/06	3.9	14.6	18.6	37.1
Mar/07	5.0	13.2	17.5	35.6

The table below shows the distribution of the business loan portfolio in Brazil by macro-sector of the economy.

Table 35. Concentration of the Loan Portfolio by Macro-sector

R$ million

							Chg. %	
Macro-sector	Mar/06	Share %	Dec/06	Share %	Mar/07	Share %	on Mar/06	on Dec/06
Metalworking and Steel	4,500	8.5	8,816	13.2	9,803	12.2	117.8	11.2
Foodstuffs of Vegetable Origin	6,724	12.7	7,974	12.0	8,310	10.4	23.6	4.2
Services	6,987	13.2	6,802	10.2	6,896	8.6	(1.3)	1.4
Automotive	4,341	8.2	5,449	8.2	4,887	6.1	12.6	(10.3)
Oil	3,877	7.3	5,035	7.6	5,558	6.9	43.3	10.4
Eletricity	1,772	3.3	3,781	5.7	4,572	5.7	158.0	20.9
Eletrical and Eletronic Goods	2,976	5.6	3,611	5.4	3,735	4.7	25.5	3.4
Other Activities	3,029	5.7	3,551	5.3	4,019	5.0	32.7	13.2
Pulp and Paper	2,091	3.9	3,530	5.3	3,511	4.4	67.9	(0.5)
Foodstuffs of Animal Origin	2,693	5.1	3,431	5.2	3,526	4.4	30.9	2.8
Textiles and Garments	2,255	4.3	3,234	4.9	3,360	4.2	49.0	3.9
Building	2,258	4.3	2,818	4.2	3,106	3.9	37.5	10.2
Chemicals	1,895	3.6	2,595	3.9	2,666	3.3	40.7	2.7
Retail Trade	2,092	3.9	2,497	3.8	2,817	3.5	34.6	12.8
Agricultural Consumables	2,468	4.7	2,389	3.6	2,754	3.4	11.6	15.3
Transport	1,924	3.6	2,023	3.0	2,429	3.0	26.2	20.1
Timber and Furniture	1,395	2.6	1,890	2.8	1,933	2.4	38.5	2.3
Telecommunications	1,110	2.1	1,836	2.8	1,547	1.9	39.4	(15.7)
Wholesale Trade / Sundry Industries	1,591	3.0	1,622	2.4	2,054	2.6	29.1	26.7
Leather and Shoes	878	1.7	1,301	2.0	1,288	1.6	46.7	(1.0)
Beverages	655	1.2	1,209	1.8	1,331	1.7	103.2	10.0
Total	**53,013**	**100.0**	**66,578**	**100.0**	**80,102**	**100.0**	**51.1**	**6.2**

6.6 Tax Credits

There was a reduction of 3.0% (R$ 263.0 million) in the inventory of Tax Credits - CT in 1Q07 in relation to the same prior-year period, due to the greater consumption of the balance of Social Contribution Recoverable.

It is worth pointing out that 84.5% of the tax credits derive from intertemporal differences, arising from the tax legislation not permitting the inclusion of given revenues and expenses in the basis for calculation at the moment when they occur (accrual basis), but at the moment they are settled financially (cash basis). If we disregard these tax credits, the consumption in the period came to 32.4%, in relation to March 2006.

Breakdown of Tax Credit

Table 36. Breakdown of tax Credit

R$ million

	Jun/05	Set/05	Dez/05	Mar/06	Jun/06	Set/06	Dez/06	Mar/07
Non-temporal Differences	4,581	4,581	4,572	6,919	7,403	7,701	7,050	7,300
Social Contribution to be Compensated	2,357	2,101	2,001	1,801	1,637	1,460	1,411	1,229
Others*	584	132	114	185	167	150	144	113
Total Tax Credit	**7,523**	**6,815**	**6,687**	**8,905**	**9,207**	**9,311**	**8,604**	**8,642**
Income Tax / Income bef. Income Tax - %	32.4	38.6	33.2	24.3	(24.4)	33.9	14.3	25.3

* Negative futures market adjustments, Tax credit abroad and Pasep and Cofins credits recorded

The figure below shows the composition of tax credit at the level of Inter-temporal Differences and of Social Contribution recoverable. The Income Tax /Lair ratio in March 2007 was slightly higher than that observed in the same prior-year period.

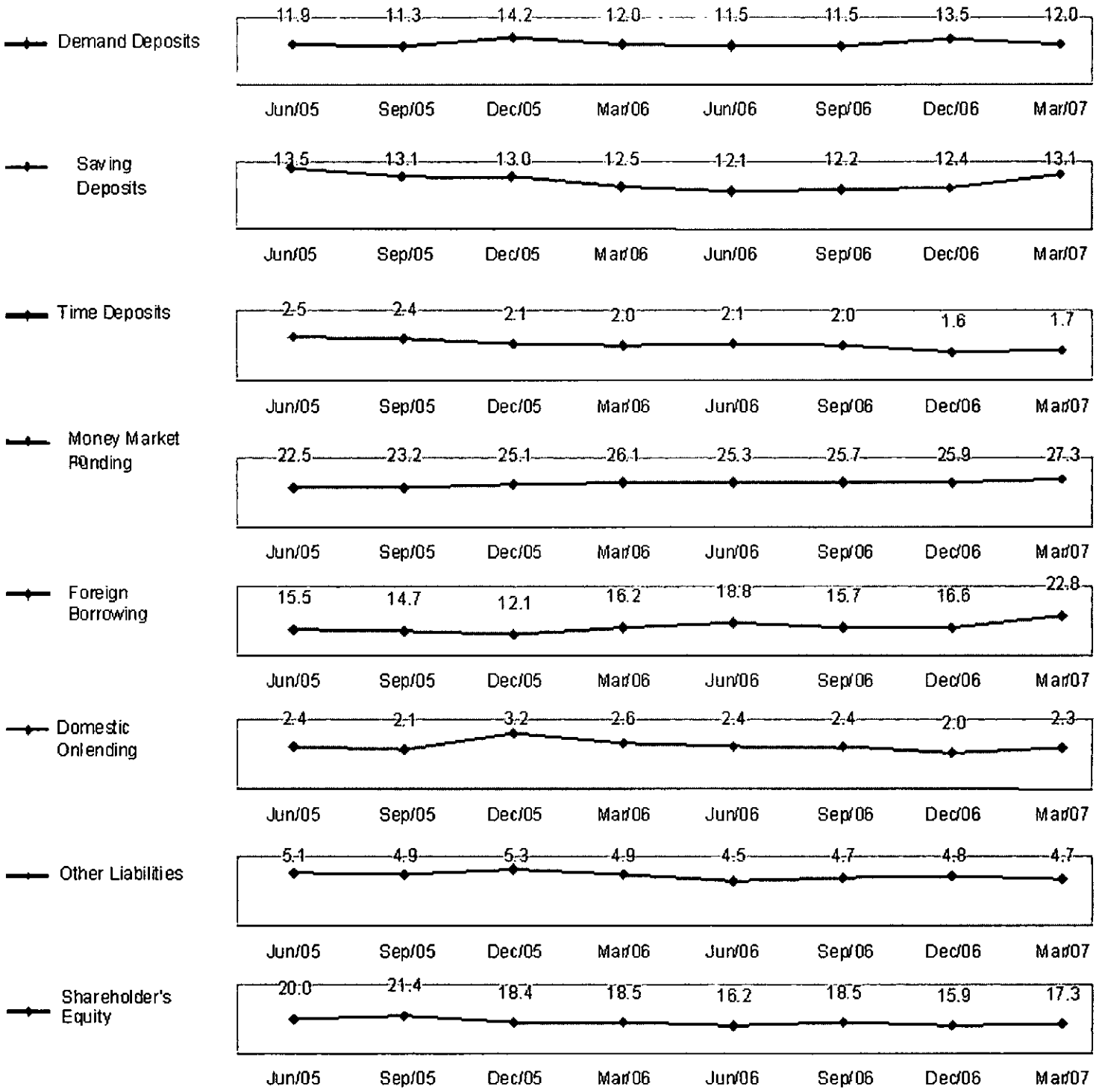


Figure 24. Breakdown of Tax Credit

Tax credits were realized at the Multiple Bank in 1Q07 in the sum of R$ 615.2 million, equivalent to R$ 30.7% of the estimated use in 2007 (R$ 2,002.0 million).

According to the last technical study on the consumption of tax credits in the multiple bank, the realization of the nominal values of recorded tax credits is projected for 5 years. The timetable of use for the coming periods forecasts consumption of R$ 2,002 million in 2007, R$ 2,144 million in 2008, R$ 1,445 million in 2009, R$ 1,325 million in 2010 and R$ 1,498 million in 2011.

6.7 Analysis of Liabilities

The funding obtained by the Bank by means of demand deposits, savings and time deposits grew 15.4% over the balance of March 2006. Demand deposits showed an increase of 11.6%, reaching R$ 35,588 million, savings deposits grew 18.1%, totaling R$ 38,942 million, and time deposits showed an increase of 17.3%, reaching R$ 80,860 million in March 2007.

The increase in money market borrowings as compared to March 2006 was due to the growth of repurchase agreements, third-part portfolios - cash position, in view of given market opportunities.

Table 37. Liabilities

	1Q06	4Q06	1Q07	12 months
Ptax Dollar Sale	(7.2)	(1.7)	(4.1)	(6.6)
Accumulated IGP-DI FGV	0.2	1.4	0.9	4.0
Accumulated IGP-M FGV	0.7	1.5	1.1	4.0
Accumulated IPCA –IBGE	1.4	0.6	0.9	3.0
Accumulated Selic	4.0	3.1	3.1	14.0
Accumulated TR (exBTN)	0.5	0.5	0.5	2.2
TJLP - IBGE	9.00	6.85	6.50	-
Ptax Dollar Sale *	2.1724	2.1380	2.0504	-

* Closing Rate
Source: Economática

The following figure shows the changes in the percentage share of the main liabilities in such a way as to facilitate an understanding of the composition of the sources of financing.

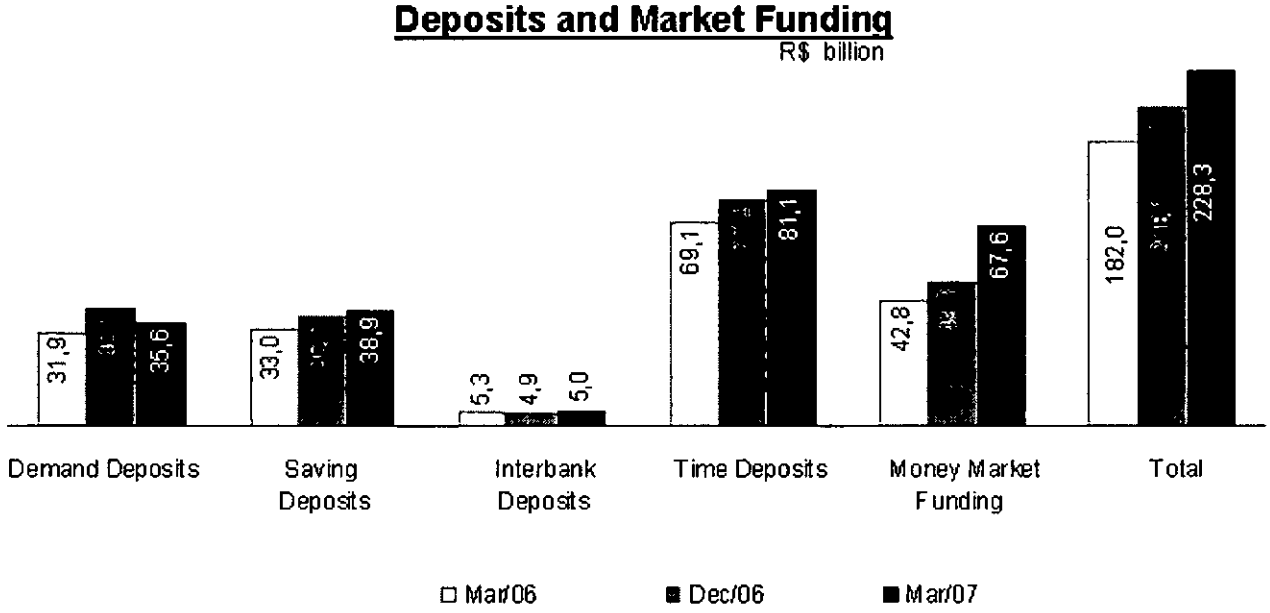


Figure 25. Change in the Share of the Main Liabilities

6.8 Deposits and Money Market Funding

Banco do Brasil's market funding reached R$ 228.3 billion in March 2007, an increase of 25.5% in relation and of 9.7% in relation to March 2006 and December 2006, respectively. Main funding are Open Market Funding (R$ 67.6 billion) and Time Deposits (R$ 80.9 billion), corresponding to 65.1% of the total.

Market Share[2] of BB Funding

R$ million

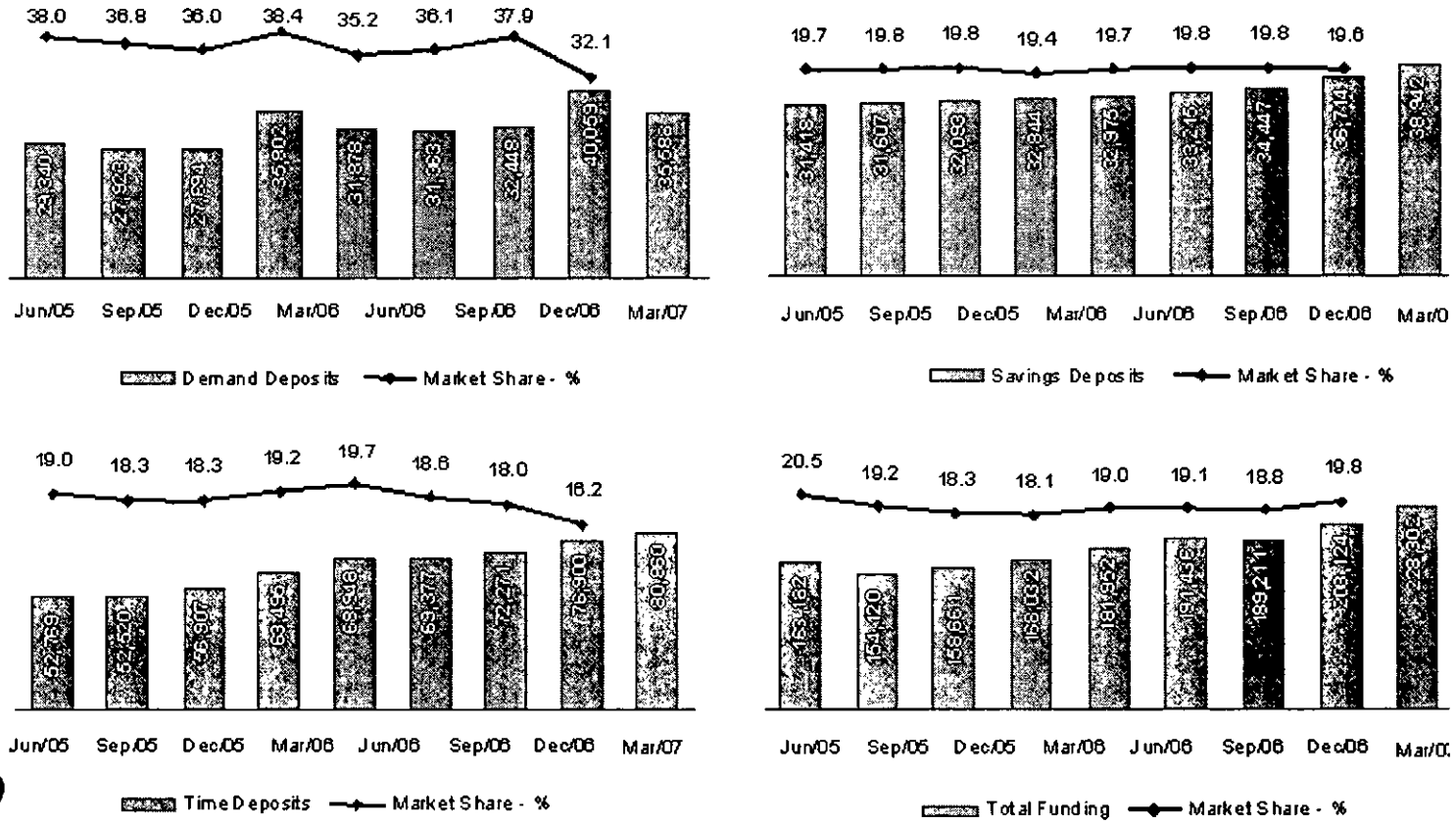


Figure 26. Deposits and Market Funding

BB's position of leadership in market funding shows the trust that Brazilians have in the institution, accounting for 19.8% of the total funding of the Brazilian banking industry.

Brazilian Sovereign Risk (points) vs. Marking to Market (R$ million)

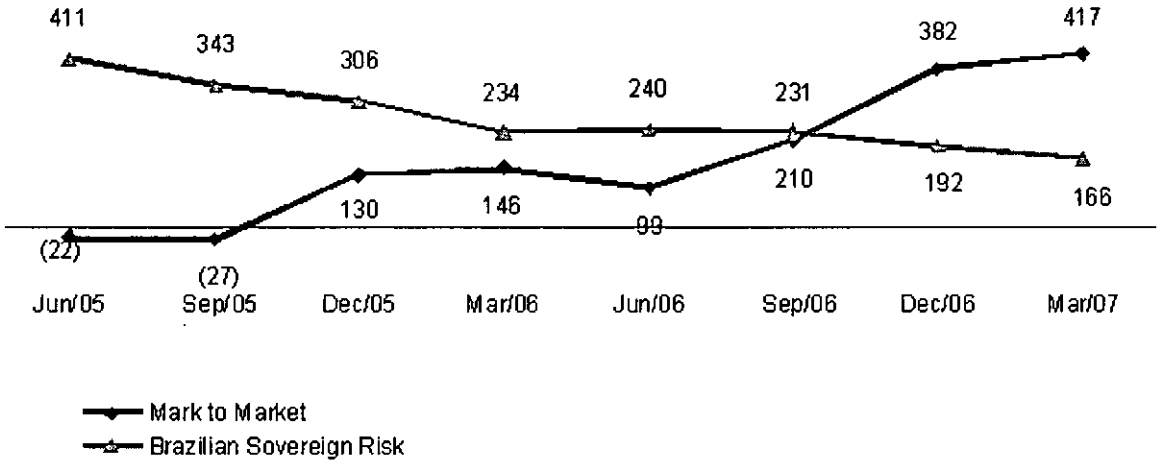


Figure 27. Market Share of BB Funding

6.8.1 Foreign Borrowing

Its foreign borrowing demonstrates that Banco do Brasil's credibility goes beyond the national frontiers, making BB a very attractive investment option for international investors. The following table shows the issues in circulation.

Table 38. Foreign Borrowing

Issue Date	Volume in US$ million	Term in years	Cupom (%)	Interest Interval	Issue price	Return for the Investor (%)	Premium over Treasury	Rating	Program
06.09.97	200	10	9,375	Half-Yearly	99,2190	9,500	287	Baa3	GMTI
12.27.01	450	7	7,890	Quarterly	100,0000	7,890	325	BBB/Baa1	MT10
07.03.02	300	7	L3M+0,60	Quarterly	100,0000	5,013	*266	AAA/Aaa	MT10
09.11.02	40	7	7,890	Quarterly	100,0000	7,890	489	BBB/Baa1	MT10
03.17.03	120	7	7,260	Quarterly	100,0000	7,260	450	BBB/Baa1	MT10
07.10.03	178	8	5,911	Quarterly	100,0000	5,955	350	BBB+/Baa1	Visan
07.10.03	45	8	4,777	Quarterly	95,0000	5,955	350	BBB+/Baa1	Visan
12.19.03	250	10	6,550	Quarterly	100,0000	6,550	292	BBB/Baa1	MT10
09.20.04	300	10	8,500	Half-Yearly	99,1740	8,625	447	A2	Subord. Deb
12.17.04	**73	3	zero-cupom	-	62,0385	17,250	***180	-	GMTI
01.23.06	500	Perpetual	7,950	Quarterly	100,0000	7,950		Ba1	Perpetu: Securitie
* 492 basis points over Libor									
** amount in US$ equivalent to R$ 200 million, PTAX 2,75080									
*** preliminary calculation in Reais with swap into US$									

In January 2006, Banco do Brasil prepared its first issue in the perpetual security market, launched abroad. This issue totaled US$ 500 million, higher than previous US$ 200 million and sustained the success of the issue whose demand overcame US$ 4.2 billion. The issue attracted the Asiatic, European and American markets.

Perpetual Securities are borrowing instruments recognized by BIS rules and widespread in the international banking industry in order to compound their capital base. With this issue, Banco do Brasil increased the leverage capacity of its loan operations. This issued was classified as Ba1 by Moody's agency.

6.9 Shareholders' Equity

Banco do Brasil ended the 1Q07 with Shareholders´ Equity of R$ 21,638 million, an amount 12.6% higher than the same period of last year and 4.2% higher than December 2006. The increase in shareholders' equity in the last 12 months was due to appropriation of results, disposal of treasury shares in the Stock Public Offer period and the exercise of subscription of the "B" Bonus.

An analysis of the graph below shows the inversely perfect relation between Brazilian country risk and the impact of marking to market on shareholders' equity, indicating that the discount on the securities has been reducing because of the greater confidence of the investors in the Brazilian market.

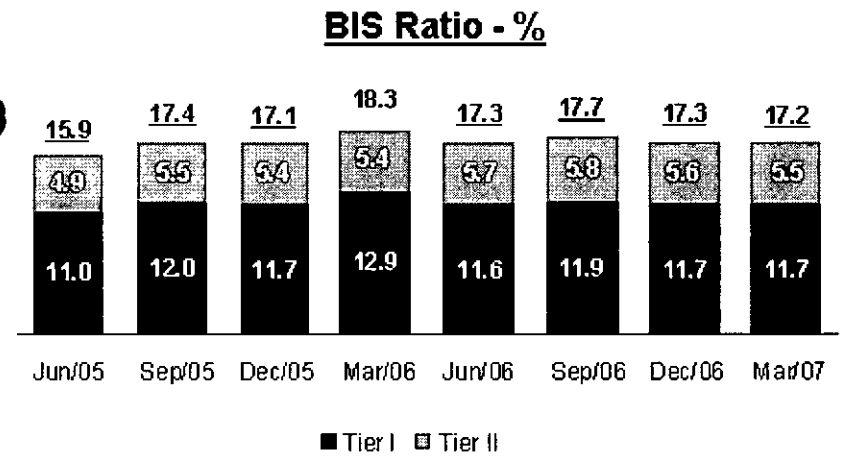


Figure 28. Brazilian Sovereign Risk

(points) vs. Marking to Market (R$ million)

Table 39. Shareholders' Equity

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Shareholders' Equity	**15,393**	**16,826**	**16,850**	**19,209**	**19,178**	**20,197**	**20,758**	**21,638**
Capital	10,797	10,797	10,797	10,797	11,913	11,913	11,913	11,913
Reserves	4,743	4,743	6,048	6,048	7,166	7,166	8,463	8,220
MtM - Securities and Derivatives	(22)	(27)	130	146	99	210	382	417
(Treasury shares)	(126)	(126)	(126)	(126)	-	-	-	-
Income accounts	-	1,438	-	2,343	-	907	-	1,088

6.10 BIS Ratio

Banco do Brasil closed the 1Q07 with referential shareholders' equity 16.8% higher than that seen in March 2006, and 3.6% higher than December 2006, reaching R$ 31,852 million.

Stockholders' Equity was up 12.7% over March 2006, due mainly to the transfer to income. The K ratio is higher than the 11% required by the Central Bank and allows BB leverage of up to R$ 104,386 million in loan assets.

Table 40. BIS Ratio

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Set/06	Dec/06	Mar/07
APR – Risk Weight Assets	**131,205**	**132,194**	**139,598**	**145,339**	**152,674**	**162,045**	**170,886**	**178,659**
Required Shareholders 'Equity	**14,955**	**15,064**	**15,836**	**16,404**	**18,150**	**18,554**	**19,569**	**20,384**
APR Requirement	14,433	14,541	15,356	15,987	16,794	17,825	18,797	19,652
Swap Requirement	173	259	223	219	214	280	332	315
FX Exposure Requirement	-	-	-	-	743	-	-	-
Interest Rate Exposure Requirement	349	264	258	198	399	449	439	417
Referential Shareholders 'Equity	**21,566**	**23,872**	**24,639**	**27,263**	**28,604**	**29,919**	**30,756**	**31,867**
Tier I	14,958	16,392	16,817	19,169	19,138	20,155	20,729	21,599
Capital	10,797	10,797	10,797	10,797	11,609	11,913	11,913	11,913
Capital Increase	-	-	-	-	304	-	-	-
Retained Earnings (Accumulated Losses)	-	-	-	1	-	1	-	0
Capital Reserves	5	5	5	5	356	356	356	356
Revenue Reserves	4,715	4,715	6,020	6,020	6,787	6,787	8,101	7,858
Mark-to-Market – Securities and Derivatives	(22)	(27)	130	146	99	210	382	417
Treasury Shares	(126)	(126)	(126)	(126)	-	-	-	-
Income Accounts	-	1,438	-	2,343	-	907	-	1,088
60% Tax Credits Realized After 5 years	(411)	(411)	(10)	(16)	(17)	(19)	(23)	(33)
Deferred Assets								(15)
Mark-to-market Settlement								(4)
Tier II	6,608	7,481	7,822	8,093	9,466	9,765	10,027	10,268
Subordinated Debt	6,585	7,457	7,799	8,070	8,367	8,660	8,957	9,241
Hybrid Instruments of Capital and Debt	-	-	-	-	1,076	1,081	1,063	1,020
Revaluation Reserves	23	23	23	23	23	23	7	6
Mark-to-market Settlement								4
Shareholders 'Equity Surplus/Deficit	**6,612**	**8,808**	**8,803**	**10,858**	**10,454**	**11,366**	**11,187**	**11,483**
Leverage Surplus/Deficit	**60,106**	**80,074**	**80,029**	**98,713**	**95,036**	**103,325**	**101,698**	**104,386**
K Coefficient %	**15.9**	**17.4**	**17.1**	**18.3**	**17.3**	**17.7**	**17.3**	**17.2**

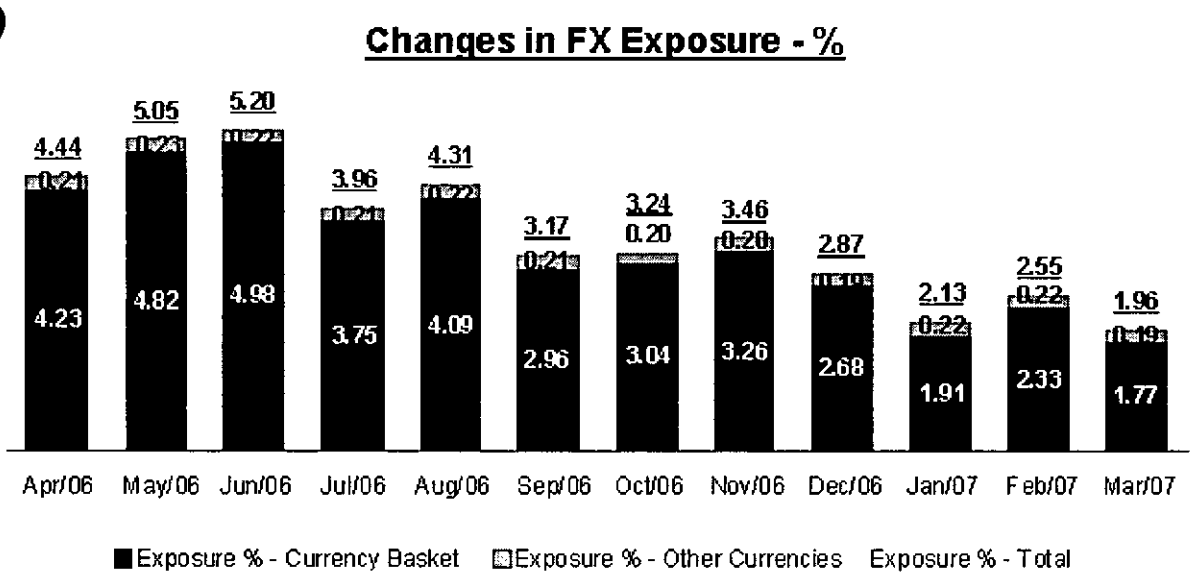


Figure 29. BIS Ratio - %

CMN Resolution 3059/02 determined, as from 01.01.2004, an additional allocation of capital for the stock of tax credits that exceed a 5 year consumption period from the date of the balance sheet. According to the instruction, 40% of the remaining balance will be deducted from Tier I capital in 2005, 60% in 2006, and so on, until it arrives at 100% in 2008.

Table 41. Changes in Composition of BIS Ratio

R$ million

	Referential Shareholders' Equity	Required Shareholders' Equity	Effect in Basel Ratio	Effect in Leaverage
Net Income deducted of Interest on Own Capital	4,500	-	2,4	40,911
Increase of Subordinated Debt	1,171	-	0,6	10,649
Other Changes in Referential Shareholders' Equity	(2,086)	-	(1,1)	(18,961)
60% Tax Credit after 5 years	(17)	-	(0,0)	(150)
Perpetual Securities	1,020	-	0,6	9,271
Shares in Treasury	-	-	-	-
Increase of Refer, Shareholders' Eq, Requir, on Int, Rate Exp,		219	(0,2)	(1,989)
Increase of Refer, Shareholders' Equity Requir, on Swap		96	(0,1)	(873)
Increase of Refer, on		-	-	-
Increase of Refer, Shareholders' Eq, Requir,on Risk Weight Assets		3,665	(3,2)	(33,320)
Annual Changes	**4,589**	**3,980**	**(1,1)**	**5,537**
Balance at Mar/06	27,263	16,404	18,3	98,713
Balance at Mar/07	31,852	20,384	17,2	104,250
Net Annual Changes	**4,589**	**3,980**	**(1,1)**	**5,537**

In the table above, it is possible to see the determinant factors for the decrease of capital adequacy ratio. The main effects in the Referential Shareholders' Equity in the last 12 months were insufficient to support the increase of R$ 3,665 million in the referential shareholders' equity requirement on risk weighted assets and the allocation of capital for the Interest Rate, Foreign Exchange and Swap risk.

6.11 Fixed Asset Ratio

In the last 12 months, the fixed asset index was reduced by appropriation of profits and increase of the subordinated debt and of hybrid capital and debt instruments. With the current fixed asset level, BB was able to increase its fixed assets by R$ 11.399 million, without leading to be out of the maximum 50% limit of the referential equity.

Table 42. Fixed Asset Ratio

R$ million

	Jun/05	Sep/05	Dec/05	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Shareholder's Equity	15,393	16,826	16,850	19,209	19,178	20,197	20,758	21,638
Subordinated Debt Qualifying as Capital	6,585	7,457	7,799	8,070	8,367	8,660	8,957	9,241
Perpetual Securities					1,076	1,081	1,063	1,020
Others	(411)	(411)	(10)	(16)	(19)	(22)	(25)	(50)
Referential Shareholders' Equity (A)	**21,566**	**23,872**	**24,639**	**27,263**	**28,604**	**29,919**	**30,753**	**31,850**
Permanent Assets	5,016	5,008	5,580	5,524	5,646	5,542	5,794	5,835
Stock Exchange and Cetip Clearing	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(6)
Leasing Assets	(658)	(705)	(788)	(869)	(1,003)	(1,110)	(1,198)	(1,272)
Losses with Leasing to be Amortized	(22)	(23)	(24)	(26)	(28)	(29)	(30)	(33)
Total Fixed Assets (B)	**4,334**	**4,278**	**4,766**	**4,626**	**4,613**	**4,400**	**4,564**	**4,527**
Fixed Asset Ratio (B/A) - %	**20,1**	**17,9**	**19,3**	**17,0**	**16,1**	**14,7**	**14,8**	**14,2**
Margin (Surplus)	**6,449**	**7,658**	**7,554**	**9,005**	**9,688**	**10,558**	**10,813**	**11,398**

6.12 Risk Management

With the integration of the structure for managing the conglomerate's market, liquidity, operational and credit risks, the Risk Management Directorate is responsible for the global management of risks. This integration brings an increase in the synergy of processes and of the degree of specialization and a better allocation of capital, observing the New Basel

Accord.

The Global Risk Committee (CGR) is responsible for the integrated management of the Bank's risk, defining exposure limits, contingency plans and risk measurement models.

In its internal procedures, Banco do Brasil already uses the concept of economic capital. The table below compares the commitment based on Basel I (Regulatory Capital) with capital commitment based on Basel II (Economic Capital):

R$ million - 03.30.07

	Regulatory Capital	Economic Capital
Credit Risk	19,967	3,926
Market Risk	417	2,866*
Operational Risk	0	1,069
Total	**20,384**	**7,861**

*Trading Book

6.12.1 Market and Liquidity Risk Management

Liquidity and market risks in Banco do Brasil is oriented by scenario analysis, considering stress situations.

To market risk management, BB aparts commercial and treasury operations from trading operations, with proper limits and strategies.

BB uses statistical and simulation methodologies to measure the market and liquidity risks of its positions. Amongst them, mention should be made of:

- Value at Risk (VaR);
- Sensitivity (parallel shift and curvature of risk factors);
- Stress Analysis.

The Value at Risk (VaR) is a measure of maximum expected loss in monetary values, under normal market conditions, in a determined line period, with a chosen level of probability. At BB, the VaR is measured by historical simulation methodology, with probability of 95%, for a period of 1 (one) day.

The methodology for historical simulation uses the changes observed in interest rates, market indices, foreign exchange rates, shares and commodities. For the Brazilian market, this model for measuring the risk of instruments and portfolios is the most appropriate. This methodology undergoes a process of backtesting, which consists of comparing the distribution of the values calculated with the financial results actually occurred.

With a view to determining the sensitivity of the Bank's capital to the impacts of extreme market movements, stress scenario tests are carried out. These scenarios are constructed from shocks in the market, and are based on significant historical moments or forecast economic-financial scenarios.

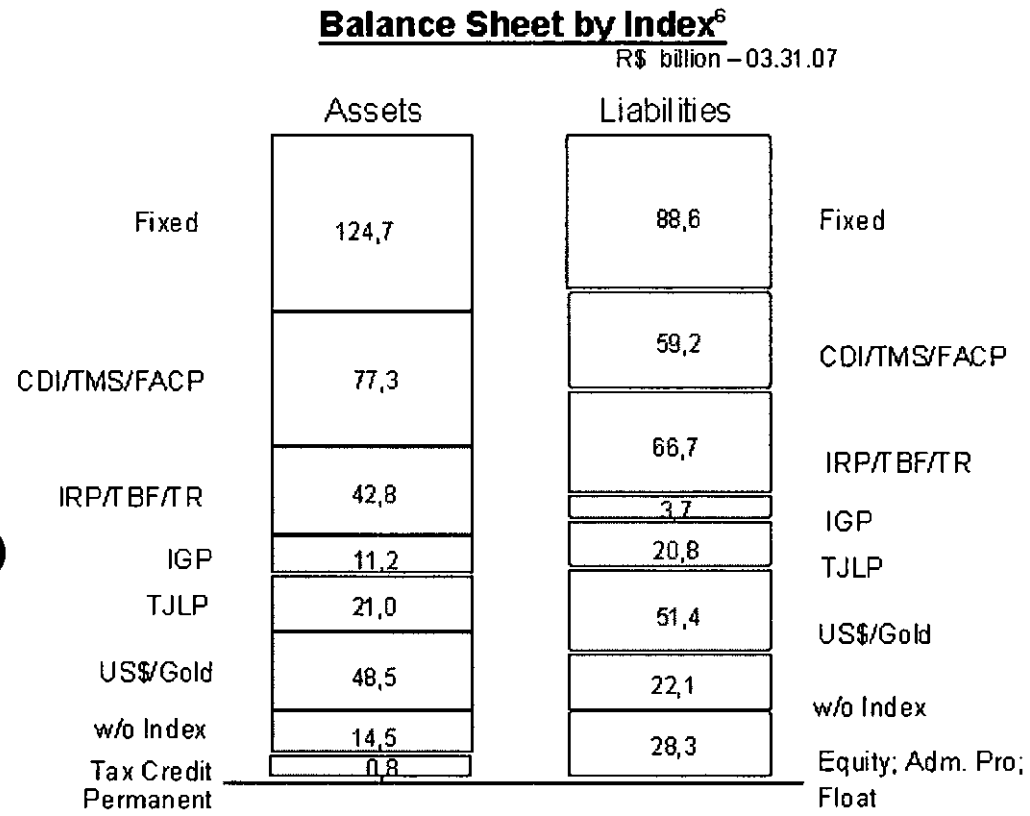
Building the scenarios is the responsibility of the Scenarios Commission, under the coordination of the Bank's economics area.

Banco do Brasil adopts the policy of managing its foreign currency exposure so as not generating capital requirement for its coverage, respecting the exposure limit of 5% in relation to the Referential Shareholders' Equity, as defined in CMN Resolution CMN 2891, of 09/26/2001. It is worth emphasizing that for strategic reasons, the Board of Directors authorized, on 03/09/2006, the Global Risk Committee to set in R$ 1 billion the maximum limit of capital consumption for foreign exchange exposure.

The Central Bank made optional the use of a methodology that takes into consideration exposures in Euro, Dollar, Swiss Franc, Yen, Pound Sterling and Gold as a single currency, incorporating the diversification effect in the calculation of foreign exchange exposure. In order to improve foreign exchange risk management, Banco do Brasil adopted this methodology.

Below, we present an information balance sheet of foreign currency assets and liabilities referenced to the American dollar, position at March 31, 2007, exposing liability of US$ 338 million:

Table 43. Balance Sheet of Foreign Exchange Assets and Liabilities



The chart that follows shows the behavior of Banco do Brasil's foreign exchange exposure since April/2006, in relation to the referential shareholders' equity: Figure 30. Changes in FX Exposure - % The following table shows the balance sheet of Banco do Brasil, as of March 31, 2007, setting forth the amounts in Reais and in foreign currencies in internal and external, accounting position:

Table 44. Balance Sheet by Currencies - Assets

R$ million
03.31.2007

			Foreign Currency	
	Balance Sheet	Local Currency	Brazil	Abroad
ASSETS	**321,898**	**275,724**	**18,373**	**27,801**
Current Assets and Long-Term Receivables	**316,063**	**270,042**	**18,352**	**27,670**
Cash and cash equivalents	5,511	3,374	1,481	656
Short-term interbank investments	41,185	30,321	-	10,864
Securities and derivative financial instruments	73,350	69,113	814	3,423
Interbank accounts	29,844	29,844	-	-
Interdepartmental accounts	33	33	-	-
Loan and lease operations	120,064	103,602	4,320	12,143
Other receivables and assets	46,076	33,756	11,737	584
Permanent Assets	**5,835**	**5,682**	**21**	**132**
Investments	1,176	1,129	21	26
Property and equipment	2,782	2,682	-	100
Leased assets	1,305	1,305	-	-
Deferred charges	571	565	-	5

Table 45. Balance Sheet by Currencies – Liabilities

R$ million
03.31.2007

			Foreign Currency	
	Balance Sheet	Local Currency	Brazil	Abroad
LIABILITIES AND SHAREHOLDER'S EQUITY	**321,898**	**279,683**	**17,417**	**24,799**
Current and Long-term Liabilities	**300,147**	**257,937**	**17,417**	**24,793**
Deposits	160,663	146,589	2,436	11,638
Demand Deposits	35,588	32,227	2,434	927
Savings Deposits	38,942	38,942	-	-
Interbank Deposits	5,273	1,410	-	3,863
Time Deposits	80,860	74,010	2	6,849
Money Market Borrowing	67,639	63,217	-	4,422
Funds from Acceptances and Securities Placed	2,099	-	-	2,099
Interbank Accounts	2,038	2,038	-	-
Intrabank Accounts	1,913	146	1,766	-
Onlending	18,524	13,950	1,573	3,001
Financial Derivatives	1,969	1,220	704	45
Other Liabilities	45,301	30,778	10,937	3,586
Unearned Income	**113**	**107**	-	6
Shareholders's Equity	**21,638**	**21,638**	-	-

Banco do Brasil manages its expositions in a consolidated manner, analyzing the impacts of several scenarios and stress tests. We present below the composition of assets and liabilities of Banco do Brasil in the country, detailed by index:

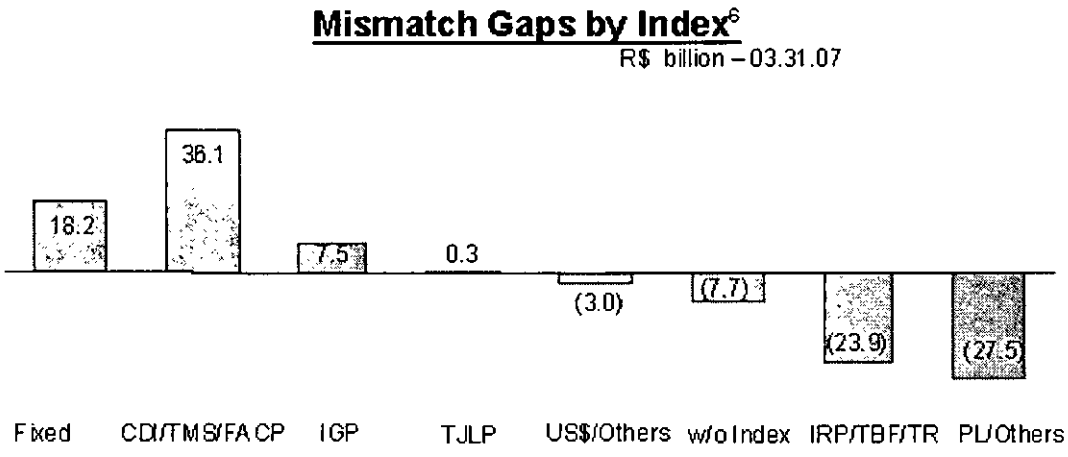


Figure 31. Balance Sheet by Index

The chart below shows Banco do Brasil's net mismatches, by index in Brazil.

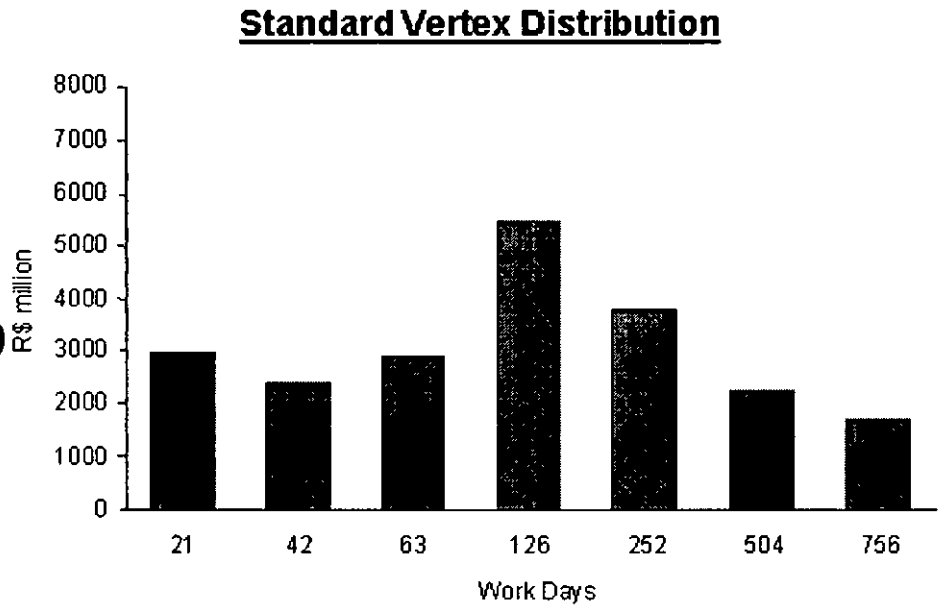


Figure 32. Mismatch Gaps by Index

Consolidated BB Portfolio

The consolidated portfolio of Banco do Brasil is formed by asset and liability positions, comprised of commercial and treasury operations, including derivative financial instruments, recorded in the consolidated balance sheet of the BB Group.
The following table shows the value at risk (VaR) of BB consolidated at the end of the 1st quarter of 2007.

Table 46. V@R Consolidated

	As of 03.31.2007
VaR R$ thousand	97,589

The following table details the average, minimum and maximum VaR of BB Consolidated portfolio observed between January and March 2007:

Table 47. Average V@R, Minimum and Maximum of BB Consolidated Portfolio

BB Consolidated	Minimum	Average	Maximum
VaR R$ thousand	79,636	89,402	97,589

Abroad BB Portfolio

The consolidated portfolio of Banco do Brasil is formed by asset and liability positions, comprised of commercial and treasury operations, including derivative financial instruments, recorded in the consolidated balance sheet of the BB Group.
The following table shows the value at risk (VaR) of BB consolidated at the end of the 1st quarter of 2007.

Table 48. Abroad Portfolio

US$ thousand

	MtM Amount	V@R
Abroad Portfolio	104,880	5,861

The following table details the average, minimum and maximum VaR of BB Consolidated portfolio observed between January and March 2007:

Table 49. Average V@R, Minimum and Maximum

US$ thousand

Abroad Network	Minimum	Average	Maximum
Abroad Network	5,861	6,312	6,848

Fixed Interest Rate Portfolio

The risk management strategy for the set of Real-denominated operations and remunerated at pre-fixed interest rates establishes the VaR limit definition for corrected cost portfolio, which is composed by products accounted for by the corrected cost value. The products accounted for by the market value are managed by means of Domestic Treasury specific-portfolio limits.

The VaR methodology used in managing and accompanying the limits of these portfolios is the same as defined by the Brazilian Central Bank, through Circular 2,972 of 03.23.2000, that is, a 99% confidence level for the period of 10 days and the allocation of the marked-to-market values by standard vertices.

Table 50. Portfolios Indexed to Fixed Interest Rates

R$ thousand

Fixed Interest Rate Portfolio	Σ VP Vertices	V@R
Cost Adjusted Portfolio	42,910,572	136,946

The graph below shows the distribution by vertexes of the aforesaid restated cost portfolio:

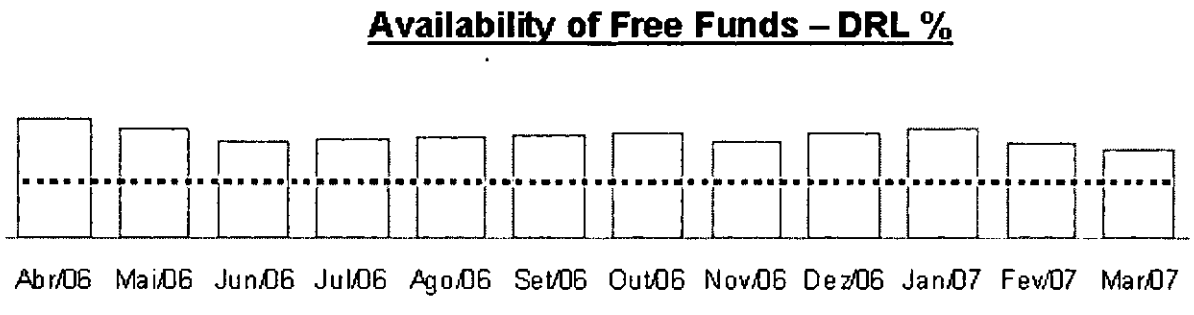


Figure 33. Standard Vertex Distribution

Trading Portfolios

For the purposes of management, Banco do Brasil segregates the trading transactions from the others, establishing specific strategies and limits. The diversification effect shows the risk reduction of the portfolio arising from the

correlations between the assets that it comprises. The table below shows the Var for the international trading portfolio by risk factor:

Table 51. Domestic Trading Portfolio

Risk Factor	MtM Amount	V@R
Fixed Income	47,541	186
Variable Income	1,134	13
Dollar	-	-
Diversification effect	-	(5)
Total	**48,675**	**194**

Table 52. International Trading Portfolio

US$ thousand

	International Trading	
Risk Factor	**Valor MtM**	**V@R**
US Dollar	32,374	91
Euro	8,787	55
Sterling Pound	4,310	32
Other Currencies	(148)	1
Diversification effect		(54)
Total	**45,323**	**125**

The table below sets out the average, minimum and maximum VaR of the domestic and international trading portfolio observed between January and March 2007:

Table 53. Average V@R, Minimum and Maximum

thousand

Trading	Minimum	Average	Maximum
Domestic (R$)	0	122	214
International (US$)	35	84	125

6.12.2 Liquidity Risk Management

Banco do Brasil maintains adequate levels of liquidity, as a result of its broad and diversified depositor base and the quality of its assets, and of the strong control over liquidity risk, in accordance with the Market and Liquidity Risk Policy established for the conglomerate.

The management instruments adopted are:

- Short, Medium and Long Term Liquidity Forecasts.
- Risk limits.
- Liquidity Contingency Plan.

The main risk limits are the minimum liquidity reserve and the availability of free funds (DRL) indicator, established by the Global Risk Committee.

The DRL Indicator, utilized in the planning and in the execution of the institution's budget, is aimed at guaranteeing a balance between the obtainment and investment of financial resources of the business portfolio and ensuring the financing of Liquidity with structural resources. The DRL limit, defined annually, guides the budget elaboration according to funding and commercial investment goals and the Liquidity management established by the Board of Directors.

The minimum liquidity reserve is the minimum level of cash to be held by the Bank, compatible with the degree of exposure to risk arising from the characteristics of its assets and liabilities and from the market conditions, used as a parameter for identifying a liquidity crisis and activating the liquidity contingency plan and, if necessary, adopting liquidity contingency measures.

Securities Portfolio by Index

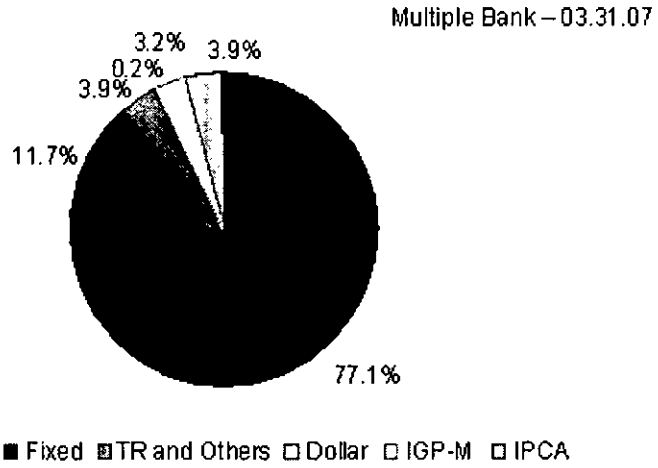


Figure 34. Availability of Free Funds – DRL %

7.1 Net Interest Income

Table 54. Net Interest Income

R$ million

	Quarterly Flow			Chg. %	
	1Q06	**4Q06**	**1Q07**	**on 1Q06**	**on 4Q06**
Financial Intermediation Income	**8,892**	**9,487**	**9,650**	**8.5**	**1.7**
Loans	5,095	5,816	6,101	19.7	4.9
Leasing	38	48	50	31.7	3.5
Securities	3,521	3,274	3,043	(13.6)	(7.1)
Financial Derivatives	(139)	(118)	34	-	(129.1)
Foreign Exchange Portfolio	452	(5)	81	(82.1)	-
Compulsory Investments	427	389	400	(6.3)	2.8
FX Gain (Loss) on Foreign Investments	(266)	(27)	(154)	(42.0)	462.0
Other Op, Inc, of a Fin, Intermed, Nature	(237)	110	96	-	(12.9)
Financial Intermediation Expenses	**(4,486)**	**(4,631)**	**(4,798)**	**7.0**	**3.6**
Money Market Funds	(3,984)	(4,237)	(4,388)	10.1	3.6
Borrowing, Assignments and Onlending	(502)	(395)	(410)	(18.4)	3.8
Net Interest Income	**4,406**	**4,855**	**4,852**	**10.1**	**(0.1)**

The Net Interest Income represents the result from financial intermediation business before provisions for credit risks. In 1Q07, the margin was R$ 4,852 million, growing 10.1% in relation to the same period of 2006. This scenario occurred basically due to the increase in loan operations. In comparison with 4Q06, this margin was practically stable.

The Net Interest Income grew R$ 446 million in relation to 1Q06. Spread decreased from 2.0631% to 1.9126%, reflecting the gradual reduction in the interest rates in the last 12 months. The growth of the Net Interest Income was driven by the rise of remunerated assets volume, which went up from R$ 213,563 million in 1Q06 to R$ 253,695 million in 1Q07. It is worth to remind that, although exchange rate variation has impacted several items of the NII, its effect on the formation of the margin was small, because of BB's low foreign exchange exposure.

The table below demonstrates the formation of the Net Interest Income from the changes in the spread and from the growth in the volume of investments in the 12-month period.

Table 55. Analysis of Volume (Remunerated Assets) and Quartely Spread – 1Q06 and 1Q07

R$ million

	1Q06	1Q07	Var. Abs.
Volume: Assets – Remunerated Assets *	213,563	253,695	40,133
Net Interest Income	4,406	4,852	446
Spread - % **	2.0631	1.9126	(0.1505)
Gain/(loss) with volume		5,234	828
Gain/(loss) with spread		4,085	(321)
Gain/(loss) with volume and spread			(60)
* Average Balances			
** Net Interest Income / (Assets – Permanent Assets)			

7.1.1 Analysis of Uses

The annualized investment rate of Financial Intermediation Income over Remunerated Assets decreased from 17.7% to 16.1%. This decline was basically due to the reduced Selic [base interest] rate, which serves as a reference for the larger part of the Security Portfolio.

Table 56. Investment Rate

Average Balances in R$ million

	1Q06	4Q06	1Q07
Remunerated Assets	**213,563**	**238,030**	**253,695**
Fin, Interm, Income (Reallocated Income Statement)	8,892	**9,487**	9,650
Fin, Interm, Income, / (Remunerated Assets)	4.2	4.0	3.8
Fin, Interm, Income, / (Remunerated Assets)- Ann.	17.7	16.9	16.1

The average balance of Available Funds in Foreign Currency grew significantly in relation to 1Q06, from R$ 245 million to R$1,266 million in 1Q07, an increase of 416.7%. In comparison with 4Q06, growth was 169.4%. The investment rate in this item in the period showed great volatility, because of the behavior of the dollar.

Table 57. Investment Rate on Available Funds in Foreign Currency

Average Balances in R$ million

	1Q06	4Q06	1Q07
Available Funds in Foreign Currency	**245**	**470**	**1,266**
Income from Available Funds in Foreign Currency	5	19	8
Annualized Rate - %	8.14	16.9	2.6

Securities income in 1Q07 totaled R$ 3,043 million, an amount 13.6% lower than that recorded in the same period of previous year. The variation was basically due to the Selic rate decrease in the period. This trend also reflected in the investment rate, which dropped to 270 base points.

Table 58. Investment Rate on Securities and Interbank Investments

Average Balances in R$ million

	1Q06	4Q06	1Q07
Securities + Interbank Investments	**104,485**	**104,239**	**110,690**
Securities Income excluding Hedges	3,521	3,274	3,043
Annualized Rate - %	14.2	13.2	11.5

The following table shows the origin of the revenues of the securities portfolio. In 1Q07, the accrual of revenues from the portfolio showed decrease of 13.6% in relation to 1Q06, basically because of the decrease in the Selic rate. The result of marking-to-market – MTM showed a negative effect of R$ 7 million in the quarter. Short-term interbank investments accounted for R$ 903 million in 1Q07, due to a growth of 39.7% in the Open Market Investments (Mar/06 – Mar/07).

Table 59. Securities Income

R$ million

	Quarterly Flow			Chg.%	
	1Q06	4Q06	1Q07	on 1Q06	on 4Q06
Securities Income	**3,521**	**3,274**	**3,043**	**(13.6)**	**(7.1)**
Fixed Income Securities	3,517	3,105	3,042	(13.5)	(2.0)
Revaluation – Curve	2,543	2,216	2,134	(16.1)	(3.7)
Income/Loss from Negotiation	27	17	12	(56.9)	(30.6)
Mark to Market	14	15	(7)	-	-
Interbank Accounts	932	856	903	(3.1)	5.5
Others	4	169	1	(87.5)	(99.7)

The figure below shows the main indices in BB's securities portfolio.

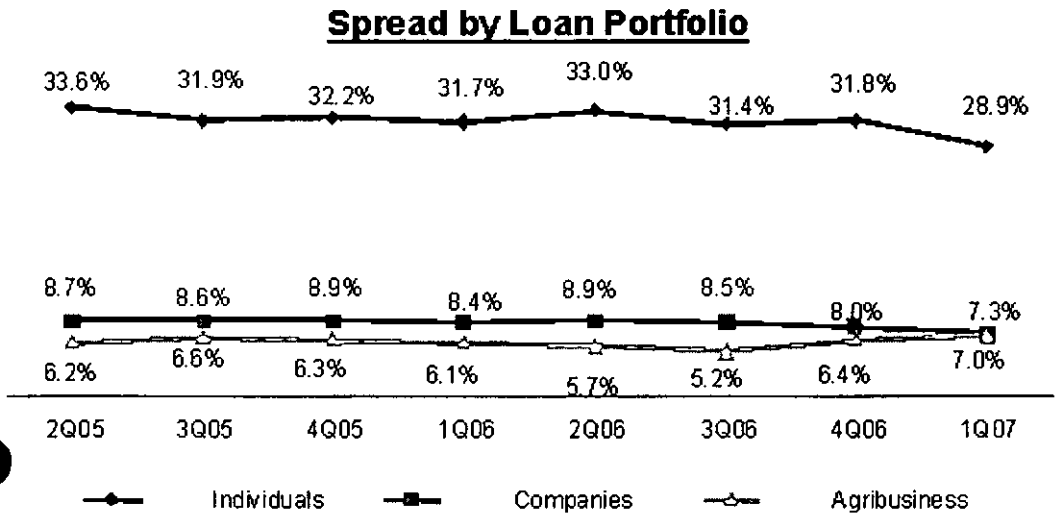


Figure 35. Securities Portfolio by Index

Loan and Lease Operation Revenues in 1Q07 reached R$ 5,805 million, a 20.0% increase in relation to 1Q06 and 6.7% in relation to 4Q06. The reduction of Selic has led to the reduction of the final interest rates, which can be noted due to the annualized reduction of these transactions. Annualized investment rate went down from 22.2% in 1Q06 to 19.8% in 4Q06 and 19.7% in 1Q07.

Table 60. Investment Rate on Loans and Leasing

Average Balances in R$ million

	1Q06	4Q06	1Q07
Loans + Leasing	**94,036**	**117,792**	**126,416**
Loans + Leasing Income	4,837	5,439	5,805
Annualized Rate - %	22.2	19.8	19.7

*Income from recoveries of loans written off as losses are not included.

The figure below shows the evolution in the spread on loans by portfolio. The graph shows that the spread in the Individuals portfolio continues the most appealing in relation to the other. In spite of the downward trend of interest rates in the last 12 months, the portfolio continues operating at levels that are close to those practiced in the same period of last year, without recording the reduction of 375 base points observed in the Brazilian Selic rate.

It is worth emphasizing that in the beginning of 2007, there was a change in the refinement criterion of managerial spread on portfolios, mainly due to opportunity cost. According to the new rule, instead of the verification period, the interest rate (TMS) of operation's contracting period will be considered as a cost of opportunity. In this way, it's expected that the volatility caused by the difference between application and collection rates will be minimized. This new criterion had a significant influence in the individual loan portfolio.

Due to Agribusiness, the upward in 1Q07 in relation to the 4Q06 was a result of the increase of 30.8% in equalization

revenues obtained in the quarter, as it can be observed in figure 21 (Equalization Revenues).

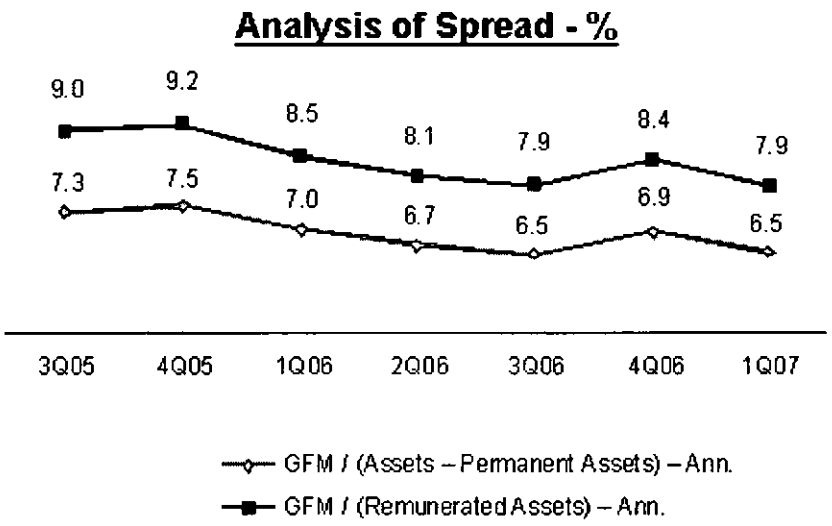


Figure 36. Spread by Loan Portfolio

The behavior of the dollar explains the changes in the items below. The relationship of these accounts with exchange variance occurs essentially through the relevant investments of BB maintained abroad and other transactions involving foreign exchange.

Table 61. FX Gain (Loss) and Other FX Operations

R$ million

	1Q06	4Q06	1Q07
FX Gain (Loss) on Foreign Investments	(266)	(27)	(154)
Other FX Operations	447	(23)	73
Dollar	(7.2)	(1.7)	(4.1)

7.1.2 Analysis of Funding

The annualized funding rate of Financial Intermediation Expenses on Interest-bearing Liabilities went down from 10.6% in 1Q06 to 9.8% in 4Q06 and 9.2% in 1Q07. This trend is explained mainly from a decline in the cost of Bank's key sources of funds, primarily time deposits and open market funding.

Table 62. Funding Cost

Average Balances in R$ million

	1Q06	4Q06	1Q07
Remunerated Assets	**176,204**	**196,777**	**215,558**
Financial Intermediation Expenses	(4,486)	(4,631)	(4,798)
Finan, Interm, Expenses, / (Remunerated Assets)	2.5	2.4	2.2
Finan, Interm, Expenses, / (Remunerated Assets)- Ann,	10.6	9.8	9.2

Table 63. Cost of Foreign Borrowing

Average Balances in R$ million

	1Q06	4Q06	1Q07
Foreign Borrowing	**4,173**	**3,813**	**3,980**
Expenses with Borrowing, Onlending, and Foreign Banks	(56)	(44)	(48)
Annualized Rate - %	5.5	4.7	4.9

A reduction was recorded in expenses with Open Market funding. The annualized rate went from 9.0% in 1Q06 to 8.5% in 4Q06 and 8.1% in 1Q07, due to the behavior of the interest rate in the period.

Table 64. Market Funding Cost

Average Balances in R$ million

	1Q06	4Q06	1Q07
Money Market Borrowing	**178,988**	**202,567**	**220,260**
Expenses with Money Market Borrowing	(3,901)	(4,156)	(4,308)
Annualized Rate - %	9.0	8.5	8.1
Saving Deposits	33,121	35,668	38,339
Expenses with Saving Deposits	(669)	(712)	(895)
Annualized Rate - %	8.3	8.2	9.7
Interbank Deposits	5,056	5,211	5,017
Expenses with Interbank Deposits	(202)	(377)	(188)
Annualized Rate - %	17.0	32.3	15.8
Time Deposits	67,378	76,619	79,404
Expenses with Time Deposits	(1,588)	(1,667)	(1,612)
Annualized Rate - %	9.8	9.0	8.4
Money Market Borrowing	41,962	49,654	62,499
Expenses with Money Market Borrowing	(1,442)	(1,399)	(1,613)
Annualized Rate - %	14.5	11.8	10.7
Demand Deposits	31,472	35,415	35,001

7.1.3 Analysis of Spread

In 1Q07, the overall annualized quarterly spread from financial intermediation has shown a decrease in relation to 1Q06, even with the 10.1% rise in the Gross Financial Margin and 18.8% rise in the volume of Remunerated Assets. This trend reflects the Bank's business environment, with higher competition and a scenario of decrease in interest rates.

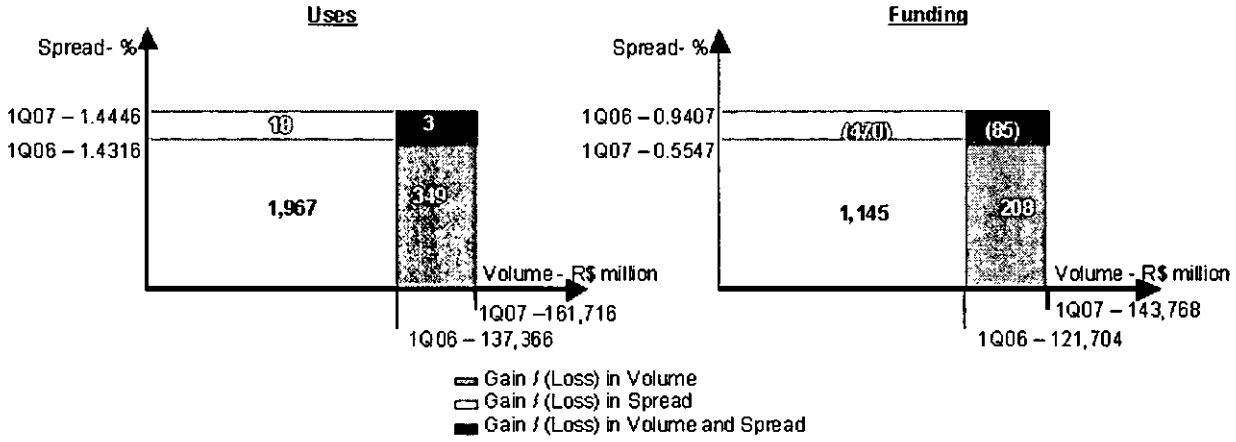


Figure 37. Analysis of Spread - %

Table 65. Investment Rates and Funding Costs

R$ million

	1Q06	4Q06	1Q07
Finan, Interm, Income / (Assets – Permanent Assets)	3.4	3.3	3.2
Finan, Interm, Income / (Assets – Permanent Assets) – Ann,	14.5	13.9	13.2
Finan, Interm, Expenses / (Assets – Permanent Assets)	1.7	1.6	1.6
Finan, Interm,, Expenses / (Assets – Permanent Assets) – Ann,	7.1	6.6	6.4
GFM / (Assets – Permanent Assets)	1.7	1.7	1.6
GFM / (Assets – Permanent Assets) – Annualized	**7.0**	**6.9**	**6.5**
Finan, Interm, Income / (Remunerated Assets)	4.2	4.0	3.8
Finan, Interm, Income / (Remunerated Assets) – Annualized	17.7	16.9	16.1
Finan, Interm, Expenses / (Remunerated Assets)	2.1	1.9	1.9
Finan, Interm, Expenses / (Remunerated Assets) – Annualized	8.7	8.0	7.8
GFM / (Remunerated Assets)	2.1	2.0	1.9
GFM / (Remunerated Assets) – Annualized	**8.5**	**8.4**	**7.9**

7.1.4 Analytical Spread

Table 66. Analytical Spread – Investment Rates

Average Balances in R$ million

	1Q06	4Q06	1Q07
Remunerated Assets	**213,563**	**238,030**	**253,695**
Available Funds in Foreign Currency	**245**	**470**	**1,266**
Income from Available Funds in Foreign Currency	5	19	8
Annualized Rate - %	8.1	16.9	2.6
Securities + Interbank Investments	**104,485**	**104,239**	**110,690**
Securities Income excluding Hedges	3,521	3,274	3,043
Annualized Rate - %	14.2	13.2	11.5
Loans + Leasing	**94,036**	**117,792**	**126,416**
Loans + Leasing Income	4,837	5,439	5,805
Annualized Rate - %	22.2	19.8	19.7
Remunerated Compulsory Deposit	**14,017**	**14,771**	**14,575**
Income from Compulsory Deposits	427	389	400
Annualized Rate - %	12.7	10.9	11.4
Other Remunerated Assets	**780**	**758**	**748**
Other Income with Financial Intermediation Characteristics	32	32	30
Annualized Rate - %	17.5	18.0	17.2
Tax Credits	**7,352**	**9,091**	**8,621**
Other Assets	**38,155**	**40,479**	**43,168**
Permanent Assets	**5,496**	**5,703**	**5,799**
TOTAL ASSETS	**264,566**	**293,303**	**311,283**

Table 67. Analytical Spread – Funding Costs

Average Balances in R$ million

	1Q06	4Q06	1Q07
Interest Bearing Liabilities	**176,204**	**196,777**	**215,558**
Savings Deposits	**33,121**	**35,668**	**38,339**
Expenses with Savings Deposits	(669)	(712)	(895)
Annualized Rate - %	8.3	8.2	9.7
Interbank Deposits	**5,056**	**5,211**	**5,017**
Expenses with Interbank Deposits	(202)	(377)	(188)
Annualized Rate - %	17.0	32.3	15.8
Time Deposits	**67,378**	**76,619**	**79,404**
Expenses with Time Deposits	(1.588)	(1.667)	(1.612)
Annualized Rate - %	9.8	9.0	8.4
Money Market Borrowing	**41,962**	**49,654**	**62,499**
Expenses with Money Market Borrowing	(1.442)	(1.399)	(1.613)
Annualized Rate - %	14.5	11.8	10.7
Foreign Borrowing	**4,173**	**3,813**	**3,980**
Expenses with Foreign Borrowing, Onlending and Banks	(56)	(44)	(48)
Annualized Rate - %	5.46	4.6	1.2
Onlending	**13,310**	**13,946**	**14,126**
Expenses with Onlending	(291)	(233)	(247)
Annualized Rate - %	9.04	6.5	1.7
Financial and Development Funds + Subordinated Debt	**9,900**	**10,707**	**11,108**
Expenses with Financial and Development Funds	(155)	(118)	(115)
Annualized Rate - %	6.41	4.3	1.0
Foreign Securities	**1,304**	**1,160**	**1,084**
Expenses with Foreign Securities	(58)	(47)	(44)
Annualized Rate - %	19.18	15.3	4.1
Other Liabilities	**70,517**	**75,689**	**74,267**
Demand Deposits	31,472	35,415	35,001
Other Liabilities	39,046	40,275	39,267
Shareholders' Equity + Income Accounts	**17,845**	**20,836**	**21,457**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**264,566**	**293,303**	**311,283**

7.1.5 Management Analysis of the Spread

We carried out a management assessment of the financial intermediation spread, by reconciling the management information on the loan portfolio, deposits and money market borrowing with the accounting information.

The spread was assessed by comparing the net financial income of each funding product and loan with their respective volume. The net financial income is determined by taking into consideration the opportunity cost of each product. In the case of loan product, for example, the net financial income is made up of the financial revenues from the product after deduction of the opportunity costs. In the case of an investment or funding product, the margin is determined by comparing the financial expenses with the respective opportunity revenue.

The opportunity costs and revenues of each product are determined in accordance with their characteristics. As a general rule, the average Selic rate (TMS) is adopted as a reference point for the opportunity cost for the greater part of the products of financial intermediation. There are, however, exceptions such, for example, funding from savings, where the opportunity revenue is hybrid, that is, it is remunerated by the TMS on the free portion, by the rural CDI in the case of the portion invested in rural financing, and by TR+6% a year, in the case of the portion intended for the compulsory deposit. Accordingly, the gross spread of each product is determined by assessing its actual contribution to the make-up of the result, observing the period when the operation was contracted.

The table below shows the composition of the average quarterly spread, while it should be observed that the spread on

transactions with individuals – where the risk vs. return ratio is better – has been showing a systematic reduction, because of the downturn in the interest rates.

Table 68. Nominal Spread by Transaction

%

	1Q06	4Q06	1Q07
Nominal Spread	**1.70**	**1.69**	**1.59**
Loans	**2.68**	**2.74**	**2.64**
Individuals	7.12	7.15	6.55
Businesses	2.04	1.93	1.77
Agribusiness	1.44	1.49	1.71
Other Transactions	-0.22	0.42	0.60
Funding	**0.94**	**0.57**	**0.55**
Other	**1.67**	**2.71**	**2.08**

Table 69. Compositions of the Transactions

	1Q06	4Q06	1Q07
Composition (mix)			
Loans	**36.76**	**39.89**	**40.60**
Individuals	18.61	19.30	19.13
Businesses	39.29	40.49	41.72
Agribusiness	39.41	37.87	37.04
Other Transactions	2.69	2.34	2.11
Funding	**46.98**	**48.29**	**47.06**
Other	**16.26**	**11.82**	**12.33**

Table 70. Weighted Spread per Transaction

	1Q06	4Q06	1Q07
Weighted Spread	**1.70**	**1.69**	**1.59**
Loans	**0.99**	**1.09**	**1.07**
Individuals	0.49	0.55	0.51
Businesses	0.29	0.31	0.30
Agribusiness	0.21	0.23	0.26
Other Transactions	0.00	0.00	0.01
Funding	**0.44**	**0.28**	**0.26**
Other	**0.27**	**0.32**	**0.26**

Table 71. Analysis of Volume and Management Spread Quarterly – 1Q06 and 1Q07 (12 months)

		Gain/(Loss)		Total
	Volume	Spread	Volume and Spread	
Investments	349	18	3	370
Funding	208	(470)	(85)	(347)
Total	556	(452)	(82)	22

Expenses with Allowance for Loan Losses over Portfolio

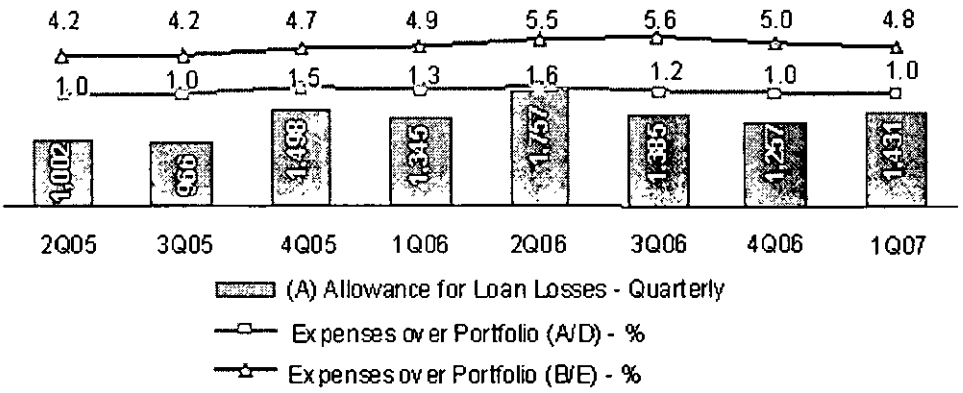


Figure 38. Analysis of Volume and Spread of Uses and Funding Quaterly – 1Q06 and 1Q07

7.1.6 Average balances of balance sheet accounts and information on interest

The following information aims to make the analysis easier and should be read together with the financial statements. The data related to average volume and balance was calculated based on the average final balances of the months comprising the respective analyzed periods. The data related to the quarterly average rate was likewise calculated based on the earnings and expenses for the period, divided by the average balance or volume determined as mentioned above.

The table below shows the average balances of assets generating income and liabilities generating expenses, other asset and liability accounts, the respective amounts related to interest income and expenses and the actual average rate of earnings/ interest for each period.

Table 72. Average Balance Sheet and Interest Rate Data – Annual Earning Assets (quarterly)

	1Q06			1Q07		
	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Earning Assets						
Available Funds in Foreign Currency	245	5	8.1	1,266	8	2.6
Securities + Interbank Investments on Hedge	104,469	3,521	14.2	110,690	3,043	11.5
Loans + Leasing	94,194	4,837	22.2	126,469	5,805	19.7
Remunerated Compulsory Deposits	13,955	427	12.8	16,157	400	10.3
Total	212,862	8,789	17.6	254,583	9,256	15.4
Non Earning Assets						
Tax Credits	7,352			8,621		
Other Assets	38,856			42,281		
Permanent Assets	5,496			5,799		
Total	51,704			56,700		
TOTAL ASSETS	**264,566**			**311,283**		

As seen in the above table, the decreased weighted average rate of performing assets was brought about primarily by the reduced Selic rates over the last 12 months. In addition, the retreating rates charged for loan operations resulted from a

combination of factors: a scenario of declining rates, brisk competition, and cheaper consumer credit options (paycheck-based loans), were also responsible for a growing share in this trend.

Table 73. Average Balance Sheet and Interest Rate Data – Interest Bearing Liabilities (quarterly)

	1Q06			1Q07		
Interest Bearing Liabilities	Average Balance	Interest	Annualized Rate (%)	Average Balance	Interest	Annualized Rate (%)
Saving Deposits	33,121	(653)	7.7	38,339	(885)	8.9
Interbank Deposits	5,058	(202)	15.0	5,017	(188)	14.1
Time Deposits	67,376	(1,555)	8.9	79,404	(1,592)	7.8
Money Market Borrowing	41,962	(1,450)	13.1	62,499	(1,641)	10.1
Foreign Borrowing	4,174	(56)	5.2	3,980	(48)	4.8
Onlending	13,310	(291)	8.5	14,126	(247)	6.8
Financial and Development Funds + Subordinated Debt	9,900	(155)	6.1	11,108	(115)	4.1
Foreign Securities Borrowing	3,033	(58)	7.5	2,491	(44)	6.9
Total	177,933	(4,420)	9.6	216,965	(4,760)	8.5
Other Liabilities						
Demand Deposits	31,616			35,240		
Other Liabilities	37,172			37,621		
Shareholder's Equity	17,845			21,457		
Total	86,633			94,318		
TOTAL LIABILITIES	**264,566**			**311,283**		

The 12-month comparison reflects a drop of 110 base points in the Bank's average funding costs. This trend originated from a decline in the Bank's key sources of funds, primarily time deposits and open market funding.

The table below shows the appropriation of changes in interest income and expenses due to the change in the average volume of remunerated assets and interest-bearing liabilities and the change in the average interest rate on such assets and liabilities, in the quarters under analysis.

The changes in volume and interest rate were calculated based on changes in average balances in the period and the changes in the average interest rates on assets generating income and liabilities generating expenses. The change in the interest rate was calculated by the change in the interest rate in the period multiplied by the average of assets generating income and the average of liabilities generating expenses in the first period. The change in volume was recorded as the difference between the volume of interest in the most recent period and the one in the prior period.

Table 74. Average Balance Sheet and Interest Rate Data – Interest Bearing Liabilities (quarterly)

	1°Quarter 2007/2006			1°Quarter 2007/4°Quarter 2006		
	Average Volume (1)	Average Rate (2)	Net Change (3)	Average Volume (1)	Average Rate (2)	Net Change (3)
Earning Assets						
Available Funds in Foreign Currency	6.5	(3.3)	3.3	5.1	(15.7)	(10.6)
Securities + Interbank Investments on Hedge	171.0	(649.6)	(478.6)	177.3	(405.5)	(228.2)
Loans + Leasing	1,481.5	(512.9)	968.6	394.5	(28.2)	366.4
Remunerated Compulsory Deposits	54.5	(81.5)	(27.0)	24.2	(13.2)	11.0
Total*	1,516.8	(1,050.5)	466.3	611.6	(473.0)	138.6
Interest Bearing Liabilities						
Saving Deposits	(120.5)	(111.6)	(232.1)	(61.6)	(119.3)	(180.9)
Interbank Deposits	1.5	12.6	14.2	7.2	177.4	184.7
Time Deposits	(241.2)	203.9	(37.3)	(55.9)	112.6	56.7
Money Market Borrowing	(539.1)	348.6	(190.5)	(337.2)	121.1	(216.0)
Foreign Borrowing	2.3	5.2	7.5	(2.0)	(1.9)	(3.9)
Onlending	(14.2)	58.6	44.3	(3.2)	(10.9)	(14.1)
Financial and Development Funds + Subordinated Debt	(12.5)	52.7	40.2	(4.1)	7.1	3.0
Foreign Securities Borrowing	9.6	4.6	14.3	0.7	(76.3)	(75.5)
Total	**(856.3)**	**516.9**	**(339.4)**	**(412.7)**	**166.5**	**(246.2)**

The table below segregates the set up of this result, from a period to another, by distinguishing the shares in changes in volume, rate and others.

Table 75. Analysis of the Financial Intermediation Results (1Q06 / 1Q07) – million of reais

	1Q06	Volume Variation	Rate Variation	Other Variation	Net Variation	1Q07
Revenue from Financial Intermediation	9,394	1,517	(1,050)	(152)	314	9,708
Revenue from Interest-Earning Assets	8,789	1,517	(1,050)		466	9,256
Other Revenues	605			(152)		453
Expenses from Financial Intermediation	(4,486)	(856)	517	27	(312)	(4,798)
Expenses from Interest-Earning Liabilities	(4,420)	(856)	517		(339)	(4,760)
Other Expenses	(65)			27	27	(38)
Financial Intermediation Results	4,909	661	(534)	(125)	2	4,910
						-

The table below shows the average balance of remunerated assets and the income, net of interest, as well as the comparison between the margin, net of interest and the net profit margin for the periods ended March 2006 and 2007. In the analyzed period, it is possible to observe the impact of the interest rate reduction on BB's assets and liabilities. This trend, together with a higher competition in lending, resulted in a net interest margin of 7.3%, a 120 base point reduction.

Table 76. Net Interest Margin and Spread

R$ million

	1st Quarter	
	2006	2007
Average Earning Assets Balance	212,862	254,583
Average Interest Bearing Liabilities Balance	177,933	216,965
Net Interest Revenue (1)	4,369	4,496
Interest Income	8,789	9,256
Interest Expenses	(4,420)	(4,760)
Interest Rate over Average Earning Assets Balance (2)	17.6%	15.4%
Interest Rate over Average Bearing Liabilities Balance (3)	10.3%	9.1%
Spread (4)	7.3%	6.3%
Net Interest Margin (5)	8.5%	7.3%

(1) Interest Income - Interest Expenses.
(2) Interest Income / Average Earning Assets Balance .
(3) Interest Expenses / Interest Bearing Liabilities Balance .
(4) Interest Rate over Average Earning Assets Balance - Interest Rate over Average Bearing Liabilities Balance
(5) Net Interest Revenue / Average Earning Assets Balance

7.2 Net Interest Income after Provisions

Table 77. Net Financial Margin

R$ million

	Quarterly Flow			Chg, %	
	1Q06	4Q06	1Q07	on 1Q06	on 4Q06
Net Interest Income	**4,406**	**4,855**	**4,852**	**10.1**	**(0.1)**
Allowance for Loan Losses	(1,345)	(1,257)	(1,431)	6.4	13.8
Net Financial Margin	**3,061**	**3,598**	**3,422**	**11.8**	**(4.9)**

The Net Interest Income after Provisions is obtained by deducting expenses with allowances for loan losses from the net interest income. In the 1Q07, the expenses with Allowance for Loan Losses increased 6.4% and 13.8% respectively as compared to 1Q06 and 4Q06, respectively. This occurred mainly due to the increase of portfolio (5.4%) and the augmenting of additional provision.

The ratio between the expenses with provisions against the total average portfolio – both accumulated in 12 months – went up from 4.9% in 1Q06 to 4.8% in 1Q07. The expenses with allowances for loan losses were R$ 1,431 million in 1Q07, against R$1,257 million in 4Q06.

Table 78. Expenses with Allowance for Loan Losses over Portfolio

R$ million

	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
(A) Allowance for Loan Losses - Quarterly	(1,002)	(966)	(1,498)	(1,345)	(1,757)	(1,385)	(1,257)	(1,431)
(B) Allowance for Loan Losses - 12 Months	(3,786)	(3,896)	(4,527)	(4,810)	(5,565)	(5,984)	(5,743)	(5,830)
(C) Loan Portfolio	96,129	94,685	101,789	105,527	113,103	118,349	133,157	140,387
(D) Average Portfolio – 3 Months	95,434	95,097	98,833	103,636	110,840	116,453	128,674	137,491
(E) Average Portfolio – 12 Months	89,237	92,275	95,459	97,872	101,644	106,460	113,891	121,990
Expenses over Portfolio (A/D) - %	1.0	1.0	1.5	1.3	1.6	1.2	1.0	1.0
Expenses over Portfolio (B/E) - %	4.2	4.2	4.7	4.9	5.5	5.6	5.0	4.8

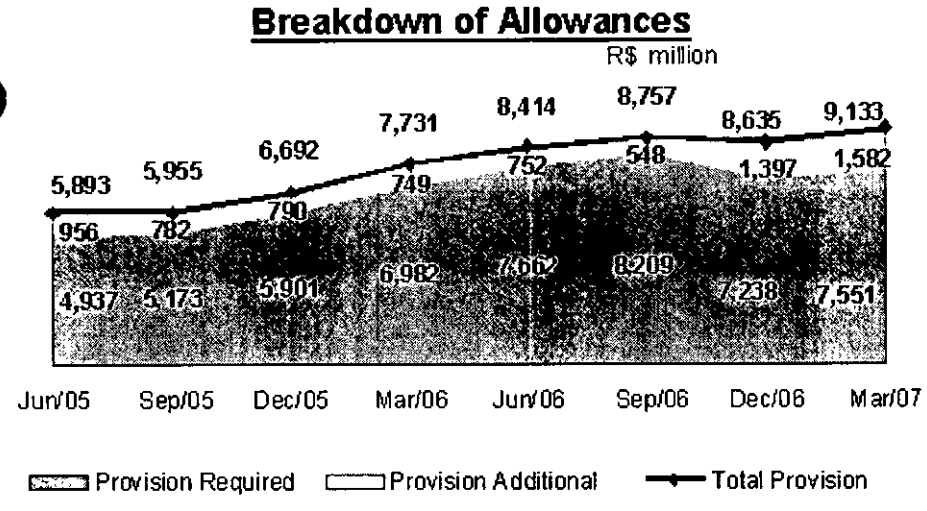


Figure 39. Expenses with Allowance for Loan Losses over Portfolio

The graph below details the allowance for loan losses, segregating the minimum provisions required by CMN Resolution 2,682 from the total booked. An increase is noticeable in the volume of provisions required, which climbed from R$ 7,238 million to R$ 7,551million, up 4.3% over December/2006, similar to increase of loan portfolio of the Bank, which raised 5.4% (4Q06 – 1Q07). In turn, the sum of surplus provision exhibited an increase of approximately R$ 200 million, as evidenced earlier. These surplus provisions, which amount to around R$ 1.6 billion, are essentially aimed at dealing with future volatility.

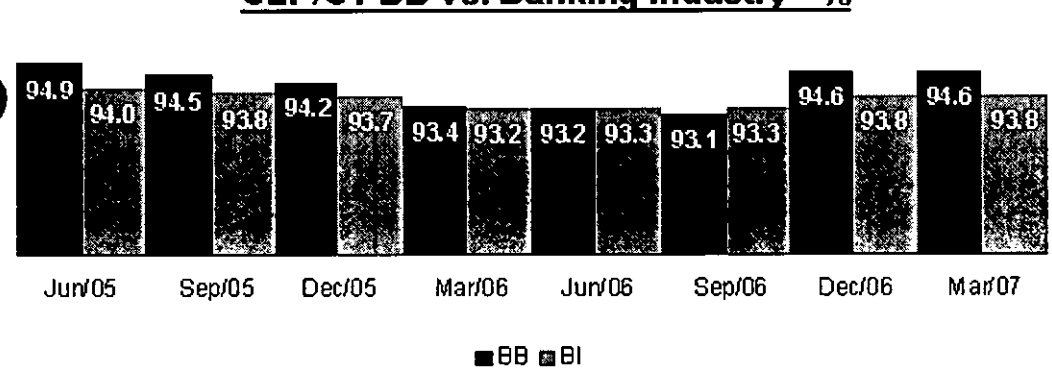


Figure 40. Breakdown of Allowances

Unlike the situation observed throughout 2006, especially in 1Q06, 2Q06 and 3Q06, where it was possible to observe a worsening of risk in the portfolio as a whole, the year 2007 starts with a level of risk close to that of 4Q06, in which the main highlight was the extensive agribusiness portfolio renegotiation process. Hence, those transactions classified as AA-C risks rose from 89.5% in March 2006 to 90.7% in March 2007. The outcome of this improvement was also felt in the reduction of higher risk transactions (D-H ratings), with a 120-base point decline in relation to the same period of previous year.

Table 79. Loan Portfolio by Level of Risk

R$ million

	Mar/06			Dec/06			Mar/07			BI*
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	
AA	17,815	-	16.9	32,969	-	24.8	37,333	-	26.6	24.6
A	28,324	142	26.8	32,011	160	24.0	30,085	150	21.4	39.2
B	32,139	321	30.5	40,690	407	30.6	43,433	434	30.9	17.5
C	16,127	484	15.3	15,470	464	11.6	16,547	496	11.8	9.5
D	3,986	399	3.8	4,201	420	3.2	4,944	494	3.5	2.7
E	1,296	389	1.2	1,985	595	1.5	2,030	609	1.4	1.4
F	681	341	0.6	693	347	0.5	706	353	0.5	0.9
G	838	587	0.8	981	687	0.7	989	692	0.7	0.7
H	4,320	4,320	4.1	4,158	4,158	3.1	4,321	4,321	3.1	3.4
Total	**105,527**	**6,982**	**100.0**	**133,157**	**7,238**	**100.0**	**140,387**	**7,551**	**100.0**	**100.0**
AA-C	94,406	947	89.5	121,139	1,031,0	91.0	127,398	1,081,2	90.7	90.9
D-H	11,121	6,035	10.5	12,018	6,206,6	9.0	12,990	6,469,9	9.3	9.1

* Preliminary data as of March/2007.

The ratio of Portfolio Net of Allowances (CLP) over the Total Portfolio (CT) expresses the overall evaluation of the weighted portfolio, in accordance with CMN Resolution 2,682. The following chart shows that Banco do Brasil has maintained a quality in its loan portfolio that, in March 2007, was higher than the Brazilian banking industry (SFN).

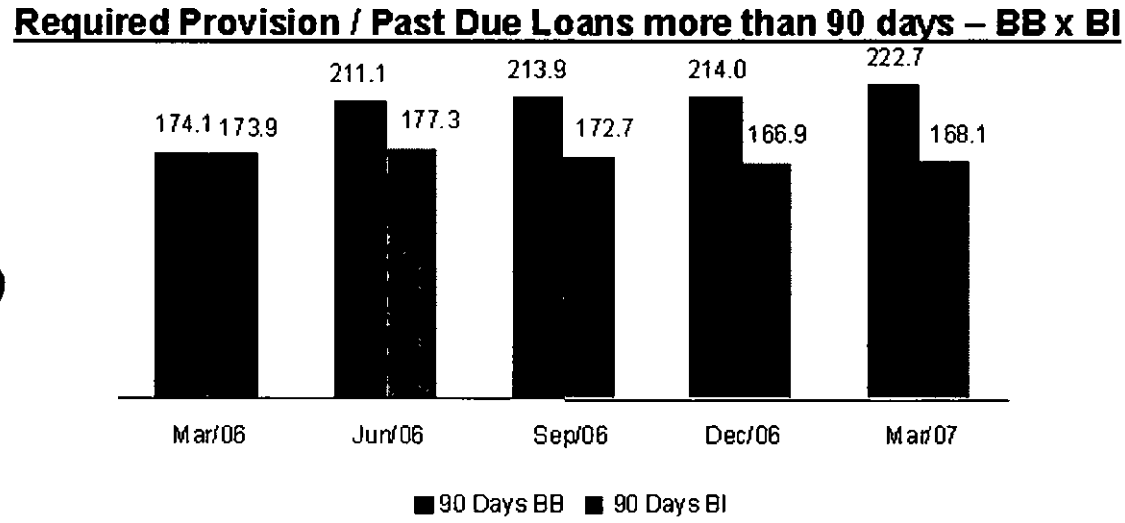


Figure 41. CLP/CT BB vs. Banking Industry - %

The table below shows the drop in past-due loans in the Loan Portfolio when compared to March 2006. A 180-base point drop took place in twelve months in the comparison between past-due loans and the total loan portfolio. In connection with transactions over 60 days past-due compared to the credit portfolio this improvement was also very significant, roughly 150 base points lower than 1Q06.

Table 80. Delinquency Ratio

R$ million

	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
Loan Portfolio	**96,129**	**94,685**	**101,789**	**105,527**	**113,103**	**118,349**	**133,157**	**140,387**
Past Due Loans	**4,885**	**5,924**	**5,724**	**6,434**	**5,884**	**6,319**	**5,500**	**6,008**
Past Due Loans/Loan Portfolio - %	5.1	6.3	5.6	6.1	5.2	5.3	4.1	4.3
Past Due Loans + 15 days	**4,451**	**5,580**	**5,666**	**6,383**	**5,681**	**6,120**	**5,466**	**5,962**
Past Due Loans + 15 days/Loan Portfolio - %	4.6	5.9	5.6	6.0	5.0	5.2	4.1	4.2
Past Due Loans + 60 days	**2,964**	**3,695**	**4,039**	**4,537**	**4,127**	**4,455**	**3,863**	**3,930**
Past Due Loans + 60 days/Loan Portfolio - %	3.1	3.9	4.0	4.3	3.6	3.8	2.9	2.8
Past Due Loans + 90 days	**2,555**	**2,785**	**3,454**	**4,011**	**3,630**	**3,838**	**3,382**	**3,391**
Past Due Loans + 90 days/Loan Portfolio - %	2.7	2.9	3.4	3.8	3.2	3.2	2.5	2.4
Write-off	730	890	762	788	1,076	1,043	1,378	926
Recovery of Write-offs	(260)	(245)	(258)	(297)	(233)	(272)	(425)	(346)
Net Loss	**470**	**645**	**504**	**492**	**843**	**771**	**1,161**	**580**
Net Loss/Loan Portfolio - % annualized	2.0	2.8	2.0	1.9	3.0	2.6	3.5	1.7
Allowance	**5,893**	**5,955**	**6,692**	**7,731**	**8,414**	**8,757**	**8,635**	**9,133**
Allowance/Loan Portfolio - %	6.1	6.3	6.6	7.3	7.4	7.4	6.5	6.5
Allowance/Past Due Loans + 15 days - %	132.4	106.7	118.1	121.1	148.1	143.1	158.0	153.2
Allowance/Past Due Loans + 60 days - %	198.8	161.2	165.7	170.4	203.9	196.6	223.5	232.4
Allowance/Past Due Loans + 90 days - %	230.7	213.8	193.8	192.7	231.8	228.1	255.3	269.3

The graph below shows the ratio between the provision required to the provision for transactions overdue for more than 90 days of the Bank and of SFN (National Financial System). In comparison with SFN, it can be observed that the Bank has a level of provision that is more than sufficient to cover transactions overdue for more than 90 days.

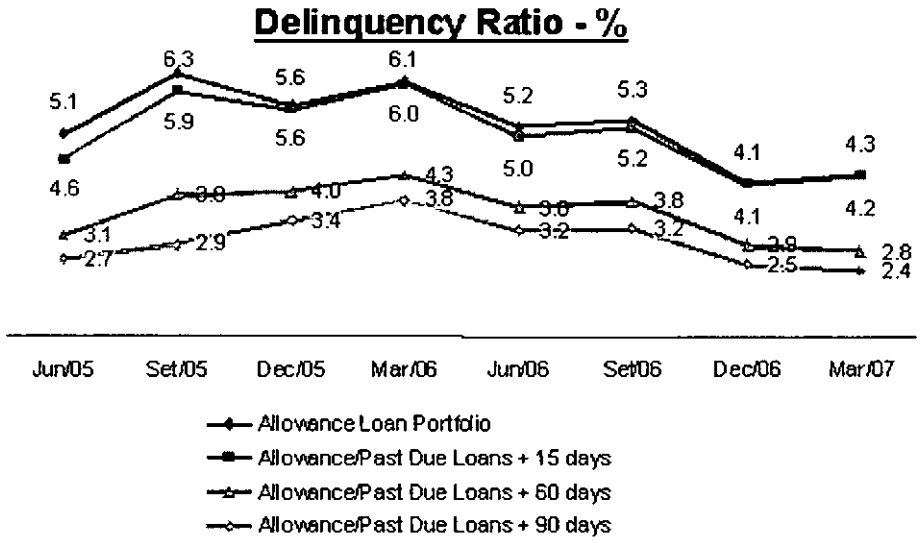


Figure 42. Required Provision / Past Due Loans more than 90 days – BB x BI

Although the Bank maintains a level of provision to cover overdue transactions above the market average, the average risk of the portfolio (Provision required / Portfolio) remained below SFN, pursuant to the following table:

Table 81. Average Risk of Portfolio

	Mar/06	Jun/06	Sep/06	Dec/06	Mar/07
Average Risk BB	6.6	6.8	6.9	5.4	5.4
Average Risk BI	6.6	6.7	6.6	6.2	6.2

The illustration below shows the drop in past-due loans in the Loan Portfolio when compared to March 2006. A 180-base point drop took place in twelve months in the comparison between past-due loans and the total loan portfolio. In connection with transactions over 60 days past-due compared to the credit portfolio this improvement was roughly 150 base points more significant.

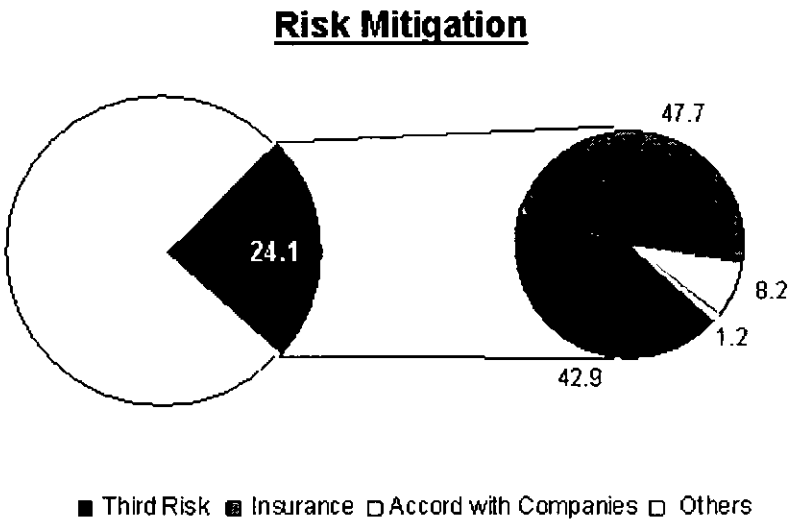


Figure 43. Delinquency Ratio -%

7.2.1 Retail Loan Portfolio

The retail loan portfolio, which grew 33.8% in relation to March 2006 and 7.3% in relation to December 2006, has shown an improvement in risk in relation to the same period of the previous year and in relation to December 2006. Part of the improvement in the risk of the portfolio in relation to December can be attributed to the growth of Payroll Loans, which have the lowest level of risk.

Besides that, since 2005, Banco do Brasil took a series of coordinate measures to reduce the delinquency in its loan operations. The process of collecting and recovering of loans was improved, to optimize the return of borrowed capitals and maintain the customer base. Amongst the measures taken are: automatic renegotiation of the credit through the automatic teller machines and internet; the employees training to recovering of loans; and the changes in collecting focus, from "product" to "customer", with strategies definition directed to each customer profile and its historical relationship with BB.

Table 82. Retail Loan Portfolio by Level Risk

R$ million

	Mar/06			Dec/06			Mar/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	2,713	-	8.4	2,958	-	7.3	3,208	-	7.4
A	5,087	25	15.7	6,625	33	16.4	6,864	34	15.8
B	14,213	142	43.8	18,502	185	45.8	19,973	200	46.0
C	6,768	203	20.9	8,582	257	21.2	9,455	284	21.8
D	1,085	109	3.3	1,110	111	2.7	1,230	123	2.8
E	481	144	1.5	520	156	1.3	545	164	1.3
F	285	143	0.9	307	153	0.8	288	144	0.7
G	266	186	0.8	274	192	0.7	265	186	0.6
H	1,515	1,515	4.7	1,557	1,557	3.9	1,548	1,548	3.6
Total	**32,415**	**2,467**	**100.0**	**40,435**	**2,645**	**100.0**	**43,378**	**2,682**	**100.0**
AA-C	28,782	371	88.8	36,666	476	90.7	39,501	518	91.1
D-H	3,633	2,097	11.2	3,768	2,170	9.3	3,877	2,164	8.9

The following table details the movement in allowances for loan losses in the retail portfolio.

Table 83. Changes in provision levels for doubtful or non-performing loans - Retail

R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07
Retail Loan Portfolio	32,415	34,855	37,504	40,435	43,378
Initial Allowance	**2,479**	**2,467**	**2,552**	**2,684**	**2,645**
1 - Risk Migration	416	532	497	383	457
a) Risk Deterioration	801	898	902	843	797
b) Risk Improvement	(385)	(366)	(405)	(460)	(340)
2 – New Transactions	220	263	304	274	270
3 – Write-offs	(596)	(604)	(557)	(588)	(591)
Total (1 + 2 + 3):	40	192	244	69	136
Other Impacts*	(52)	(107)	(113)	(107)	(100)
Final Allowance	**2,467**	**2,552**	**2,684**	**2,645**	**2,682**
Allowance Required by CMN Resolution 2682	2,467	2,552	2,684	2,645	2,682
Allowance Flow - R$ million	584	689	689	549	627
Allowance / Portfolio - %	7.6	7.3	7.2	6.5	6.2
Allowance Flow / Portfolio - %	1.8	2.0	1.8	1.4	1.4

*Amortization, settlement, installments, and charges

7.2.2 Commercial Loan Portfolio

The corporate portfolio reflected significant enough growth, of 61.5%, over the last twelve months. This performance was due mainly to the increase in transactions with large corporate groups. Even with this increase, the corporate portfolio has been showing successives improvements in the risk profile. By the end of March 2007 the AA - C risk levels totaled 97.2% of the portfolio, above the 95.1% witnessed in March 2006. There was also a change in the D-H level loans, which moved from 4.9% in 1Q06 to 2.8% in 1Q07.

Table 84. Commercial Loan Portfolio by Level Risk

R$ million

	Mar/06			Dec/06			Mar/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	3,803	-	25.5	8,707	-	40.1	10,504	-	43.6
A	5,238	26	35.1	6,635	33	30.5	6,894	34	28.6
B	4,300	43	28.8	5,037	50	23.2	5,358	54	22.2
C	836	25	5.6	634	19	2.9	654	20	2.7
D	459	46	3.1	411	41	1.9	403	40	1.7
E	108	32	0.7	85	25	0.4	66	20	0.3
F	48	24	0.3	58	29	0.3	42	21	0.2
G	17	12	0.1	20	14	0.1	20	14	0.1
H	105	105	0.7	149	149	0.7	146	146	0.6
Total	**14,914**	**313**	**100.0**	**21,735**	**361**	**100.0**	**24,087**	**348**	**100.0**
AA-C	14,177	94	95.1	21,013	103	96.7	23,411	108	97.2
D-H	737	219	4.9	723	259	3.3	676	241	2.8

The table of changes in the allowance for loan losses shows higher provisions, when compared to the previous period.

Table 85. Changes in provision levels for doubtful or non-performing loans - Commercial

R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07
Commercial Loan Portfolio	14,914	15,418	16,649	21,735	24,087
Initial Allowance	**290**	**313**	**320**	**340**	**361**
1 - Risk Migration	(18)	(0)	18	(22)	(57)
a) Risk Deterioration	82	95	107	112	56
b) Risk Improvement	(100)	(95)	(89)	(134)	(113)
2 – New Transactions	77	65	65	85	99
3 – Write-offs	(18)	(46)	(38)	(31)	(42)
Total (1 + 2 + 3):	41	18	44	32	(0)
Other Impacts*	(18)	(12)	(23)	(11)	(13)
Final Allowance	**313**	**320**	**340**	**361**	**348**
Allowance Required by CMN Resolution 2682	313	320	340	361	348
Allowance Flow - R$ million	41	53	59	52	29
Allowance / Portfolio - %	2.1	2.1	2.0	1.7	1.4
Allowance Flow / Portfolio - %	0.3	0.3	0.4	0.2	0.1

*Amortization, settlement, installments, and charges

7.2.3 Agribusiness Loan Portfolio

The agribusiness portfolio increased by 26.2% (Mar/06-Mar/07) and by 3.8% as compared to the previous quarter. In March 2007 the loans ranked at risk levels AA-C accounted for 86.4% of the portfolio, against 88.2% in December 2006 and 88.8% in March 2006.

The ratio between the allowances required (Resolution 2,682) and the stock of loans decrease from 6.8% in 1Q06 to 6.6% in 1Q07. In relation to 4Q06, there was an increase of 50 points resulting from a slight deterioration in the agribusiness portfolio risk.

Table 86. Agribusiness Loan Portfolio by Level Risk

R$ million

	Mar/06			Dec/06			Mar/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	5,203	-	14.0	7,830	-	17.4	7,876	-	16.8
A	9,694	48	26.2	13,008	65	28.9	12,869	64	27.5
B	11,163	112	30.1	14,109	141	31.3	14,617	146	31.2
C	6,826	205	18.4	4,811	144	10.7	5,032	151	10.8
D	1,758	176	4.7	2,113	211	4.7	2,843	284	6.1
E	371	111	1.0	1,029	309	2.3	1,112	334	2.4
F	239	119	0.6	176	88	0.4	236	118	0.5
G	226	158	0.6	594	416	1.3	606	424	1.3
H	1,573	1,573	4.2	1,393	1,393	3.1	1,583	1,583	3.4
Total	**37,052**	**2,502**	**100.0**	**45,063**	**2,768**	**100.0**	**46,774**	**3,104**	**100.0**
AA-C	32,886	365	88.8	39,758	350	88.2	40,393	361	86.4
D-H	4,166	2,137	11.2	5,305	2,417	11.8	6,380	2,743	13.6

The increase in the risk of the portfolio was due mainly to the contracting of operations with higher risk in the 1Q07, originated of renegotiations lines. Besides that, it can be observed in this quarter, a lower volume of operations recorded at AA level, when compared to the last quarter, because of sector's seasonal variation.

Table 87. Changes in provision levels for doubtful or non-performing loans - Agribusiness

R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07
Agribusiness Loan Portfolio	37,052	39,710	40,320	45,064	46,773
Initial Allowance	**1,945**	**2,502**	**3,269**	**3,597**	**2,768**
1 - Risk Migration	183	310	(209)	(1,235)	(345)
a) Risk Deterioration	561	814	689	641	465
b) Risk Improvement	(378)	(503)	(897)	(1,876)	(810)
2 – New Transactions	306	408	971	1,058	790
3 – Write-offs	(98)	(284)	(312)	(547)	(132)
Total (1 + 2 + 3):	391	435	450	(724)	313
Other Impacts*	167	331	(121)	(105)	24
Final Allowance	**2,502**	**3,269**	**3,597**	**2,768**	**3,104**
Allowance Required by CMN Resolution 2682	2,502	3,269	3,597	2,768	3,104
Allowance Flow - R$ million	656	1,050	641	(283)	469
Allowance / Portfolio - %	6.8	8.2	8.9	6.1	6.6
Allowance Flow / Portfolio - %	1.8	2.6	1.6	(0.6)	1.0

*Amortization, settlement, installments, and charges

7.2.4 Foreign Trade Loan Portfolio

The foreign trade finance portfolio recorded an increase of 15.4% (Mar/06 – Mar/07). Loans rated at levels of risk AA to C went up from 98.8% in March 2006 to 98.1% in March 2007 and those rated as D-H came down 1.9% to 1.2% in the same period.

Table 88. Foreign Trade Loan Portfolio by Risk Level

R$ million

	Mar/06			Dec/06			Mar/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	1,884	-	19.4	5,991	-	54.5	6,381	-	57.0
A	4,567	23	47.1	1,742	9	15.8	1,618	8	14.5
B	1,847	18	19.1	2,135	21	19.4	2,141	21	19.1
C	1,214	36	12.5	941	28	8.6	913	27	8.2
D	100	10	1.0	119	12	1.1	75	7	0.7
E	7	2	0.1	8	2	0.1	5	1	0.0
F	6	3	0.1	11	5	0.1	3	2	0.0
G	5	3	0.0	7	5	0.1	8	6	0.1
H	64	64	0.7	46	46	0.4	47	47	0.4
Total	**9,695**	**160**	**100.0**	**11,000**	**129**	**100.0**	**11,190**	**120**	**100.0**
AA-C	9,512	78	98.1	10,810	58	98.3	11,052	57	98.8
D-H	183	82	1.9	190	71	1.7	138	64	1.2

*Amortization, settlement, installments, and charges

The table below demonstrates the effects of the Foreign Trade Loan Portfolio's global risk reduction vis-à-vis provisions, with a drop in the provision x portfolio ratio from 1.2% to 1.1% as compared to the last quarter.

Table 89. Changes in the Allowance – Foreign Trade

R$ million

	1Q06	2Q06	3Q06	4Q06	1Q07
Foreign Trade Loan Portfolio	9,695	10,183	10,532	11,000	11,190
Initial Allowance	**149**	**160**	**163**	**161**	**129**
1 - Risk Migration	(35)	(31)	(27)	(66)	(31)
a) Risk Deterioration	31	27	32	40	20
b) Risk Improvement	(67)	(58)	(59)	(105)	(51)
2 – New Transactions	56	63	62	64	37
3 – Write-offs	(6)	(23)	(28)	(22)	(10)
Total (1 + 2 + 3):	15	9	7	(24)	(4)
Other Impacts*	(3)	(7)	(9)	(8)	(5)
Final Allowance	**160**	**163**	**161**	**129**	**120**
Allowance Required by CMN Resolution 2682	160	163	161	129	120
Allowance Flow - R$ million	17	25	26	(10)	2
Allowance / Portfolio - %	1.7	1.6	1.5	1.2	1.1
Allowance Flow / Portfolio - %	0.2	0.3	0.2	(0.1)	0.0

*Amortization, settlement, installments, and charges

7.2.5 Foreign Loan Portfolio

The table below shows the risk profile of BB's foreign loan portfolio. In March 2006 the loans ranked at risk levels AA-C accounted for 98.2% of the portfolio. In March 2007, this share increased to 98.9% of the portfolio.

Table 90. Loan Portfolio Abroad by Level of Risk

R$ million

	Mar/06			Dec/06			Mar/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	4,700	-	53.0	7,238	-	59.4	9,124	-	74.1
A	3,610	18	40.7	3,956	20	32.5	1,795	9	14.6
B	304	3	3.4	685	7	5.6	1,116	11	9.1
C	98	3	1.1	162	5	1.3	152	5	1.2
D	16	2	0.2	12	1	0.1	8	1	0.1
E	2	1	0.0	1	0	0.0	1	0	0.0
F	-	-	0.0	-	-	0.0	-	-	0.0
G	0	0	0.0	-	-	0.0	0	0	0.0
H	142	142	1.6	126	126	1.0	121	121	1.0
Total	**8,872**	**168**	**100.0**	**12,181**	**159**	**100.0**	**12,318**	**147**	**100.0**
AA-C	8,712	24	98.2	12,042	32	98.9	12,187	25	98.9
D-H	160	144	1.8	139	127	1.1	131	122	1.1

The table bellow shows the Other Credit portfolio by level of risk which are not included in Retail, Commercial, Agribusiness, Foreign Trade and Abroad portfolio. In march 2007, most of transactions, 77.2% derived from Recovery Credit portfolio.

Table 91. Others Portfolio by Level of Risk

R$ million

	Mar/06			Dec/06			Mar/07		
	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %	Balance	Allowance	Comp. %
AA	214	-	7.3	326	-	13.5	328	-	13.6
A	60	0	2.1	46	0	1.9	46	0	1.9
B	232	2	8.0	213	2	8.8	201	2	8.3
C	318	10	10.9	304	9	12.6	307	9	12.7
D	540	54	18.5	431	43	17.9	380	38	15.7
E	301	90	10.3	331	99	13.7	297	89	12.3
F	99	50	3.4	139	70	5.8	135	67	5.6
G	74	52	2.6	83	58	3.4	88	61	3.6
H	739	739	25.3	867	867	35.9	861	861	35.7
Total	**2,578**	**997**	**88.4**	**2,741**	**1,149**	**113.5**	**2,642**	**1,128**	**109.4**
AA-C	824	12	28.3	889	11,5	36.8	882	11,4	36.5
D-H	1,753	985	60.1	1,852	1,137	76.7	1,761	1,117	72.9

7.3 Contribution Margin

Table 92. Contribution Margin

R$ million

	Quaterly Flow			Chg.%	
	1Q06	4Q06	1Q07	on 1Q06	on 4Q07
Net Financial Margin	**3,061**	**3,598**	**3,422**	**11.8**	**(4.9)**
Service Revenues	2,103	2,287	2,377	13.0	3.9
Taxes on Revenues	(409)	(438)	(451)	10.3	3.1
Contribution Margin	**4,755**	**5,448**	**5,347**	**12.5**	**(1.8)**

Starting from the Net Interest Income after Provisions, which expresses the Bank's financial performance, adding the service revenues and deducting the tax expenses (Pasep, Cofins and ISSQN), we obtain the Contribution Margin.

In 1Q07, the contribution margin was R$ 5,347 million, increasing 12.5% in 12 months. The balance of transactions involving Service Provision Revenues (RPS) rose to R$ 2,377 million in 1Q07, a 13.0% growth in the year. The following illustration shows the quarterly percentage progression of Service Provision Revenues (RPS) .

It can be seen that the growth of these revenues has been reduced due to the increase in the competitive Banking Industry.

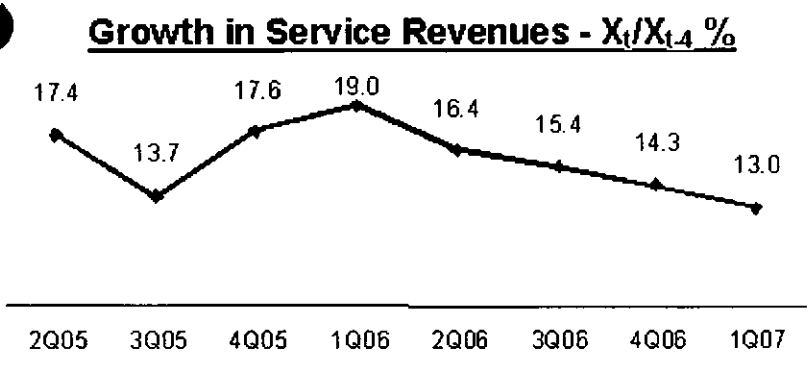


Figure 44. Growth in Service Revenues

The table below shows the breakdown of these revenues. The largest revenues in this group are the customer relationship fees and those from asset management, which account for 47.8% of the total of service revenues in the quarter. We emphasize the growth of revenues from loans and of revenues with collection in the 12-month period.

Table 93. Services Revenues

R$ million

	Quarterly Flow			Chg. %	
	1Q06	4Q06	1Q07	on 1Q06	on 4Q07
Services Revenues	**2,103**	**2,287**	**2,377**	**13.0**	**3.9**
Costumer Relationship Fees	667	722	742	11.3	2.8
Investiment Fund Management Fees	356	364	395	10.9	8.6
Loan Fees	189	171	223	17.9	30.2
Billings	189	229	224	18.2	(2.0)
Services Rendered to Affiliated	60	72	70	16.4	(2.3)
Third Party Receiving and Payment	88	104	100	13.7	(3.2)
Credit Card	173	177	193	11.5	8.9
Liquidity and Funds Transfer Fees	205	205	216	5.0	5.4
Others	176	245	215	22.7	(12.1)

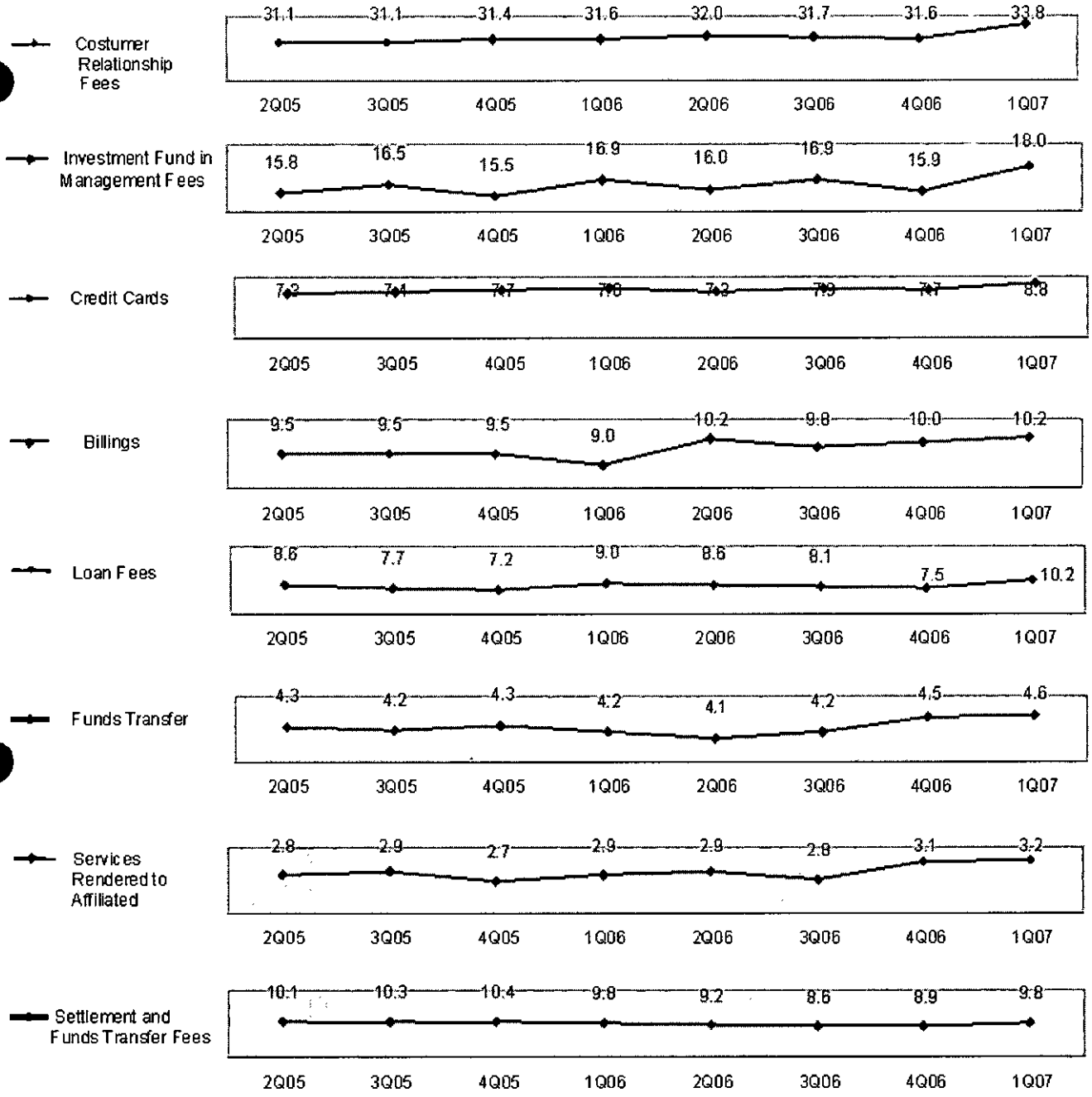


Figure 45. Breakdown and Performance of Services Revenues

7.3.1 Revenues with Customer Relationship Fees

In 1Q07, revenues from customer relationship fees totaled R$ 742 million, an expansion of 11.3% in relation to 1Q06. The share of these revenues in the total of service revenues reached 31.2% in the period. The graph below shows that the revenues from customer relationship fees have shown greater growth than the customer base, revealing that the Bank has managed to tighten its business links with its customers.

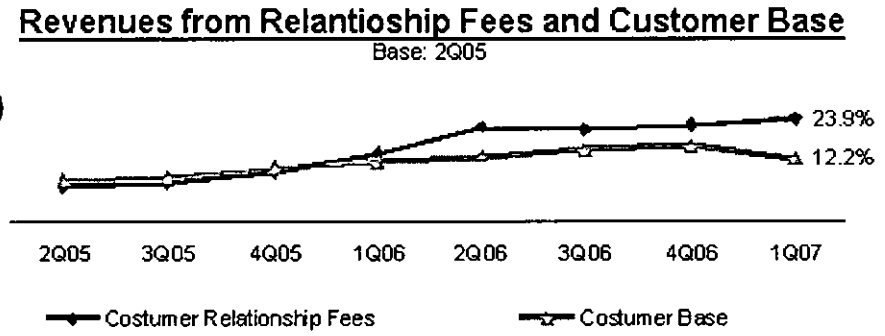


Figure 46. Revenues with Customer Relationship Fees

BB's had 24.6 million current account holders in March 2007, a number that is 5.7% higher than in the same period of the previous year. Of total customers, 8.0 million receive pensions through the Bank.

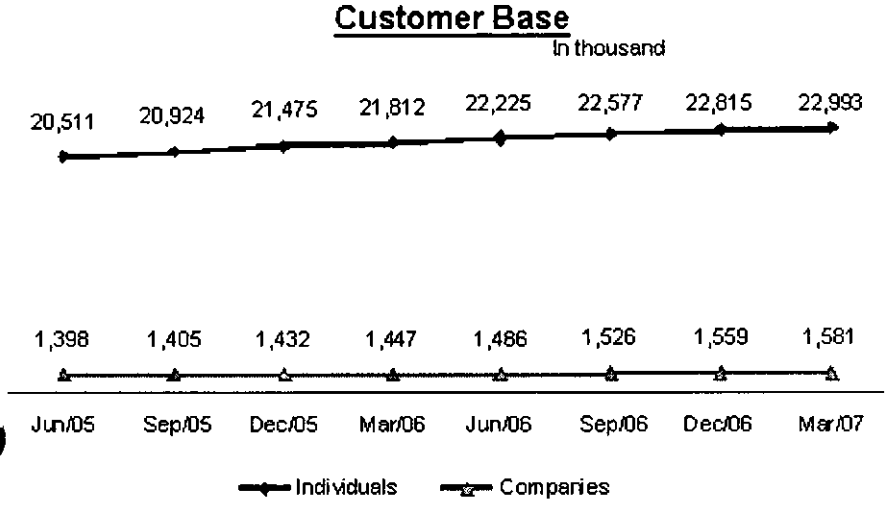


Figure 47. Customer Base

7.3.2 Asset Management

In 1Q07, the Bank reached R$ 395 million in Asset Management fees, a 10.9% growth in relation to 1Q06 and 8.6% in relation to 4Q06. The share of these revenues in the total of service revenues reached 16.6% in the quarter.

BB Administração de Ativos – Distribuidora de Títulos e Valores Mobiliários (BB DTVM), a wholly-owned subsidiary of Banco do Brasil, showed growth of 14.1% in the volume of assets under management in the last 12 months, which totaled R$ 193.1 billion. This volume confirms BB's leadership as the largest asset manager in the country, with a 19.1% market share, according to Anbid's ranking. The market share of BBDTVM has been reduced due a streigthening in the market and an increase of new agents in this sector.

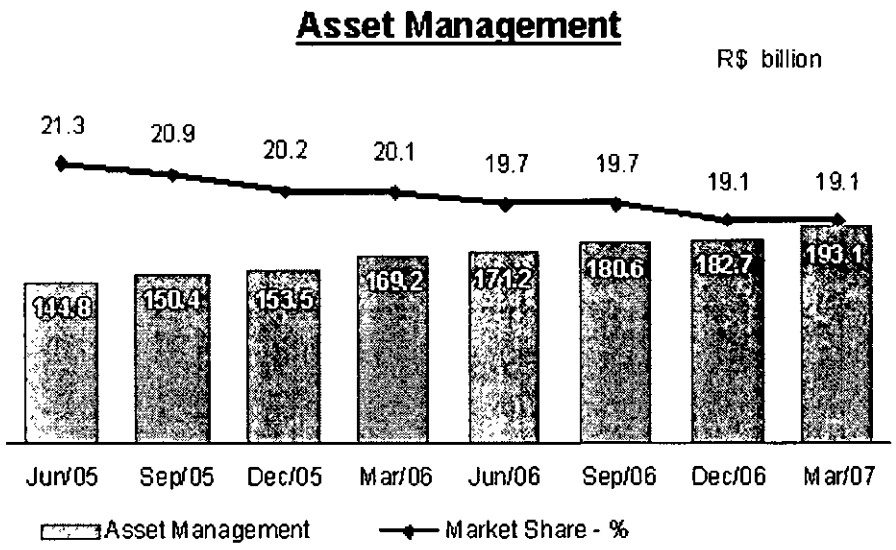


Figure 48. Asset Management

BB DTVM has funds for different kinds of customers. In accordance with the following table, investment funds and managed portfolios aimed at institutional investors have the largest share in the total registered in March 2007, with 40.6%, followed by individuals and government, which hold 29.7% and 14.3% respectively. We highlight the growth of Investment Funds and Managed Portfolios addressed to Corporate Entities and Institutional Investors. The first one grew from R$ 19,328 million to R$ 23,264 million (Mar/06 – Mar/07), a 20.4% variation in the period, while the other fund grew from R$ 64,636 million to R$ 78,421 million (Mar/06 – Mar/07), a 21.8% increase.

Table 94. Investment Funds and Managed Portfolios by Customer

R$ million

							Chg. %	
	Mar/06	Share %	Dec/06	Share %	Mar/07	Share %	on Mar/06	on Dec/06
Institutional Investors	64,366	38.1	76,925	42.1	78,421	40.6	21.8	1.9
Individuals	50,672	30.0	55,119	30.2	57,435	29.7	13.3	4.2
Government	28,500	16.8	26,928	14.7	27,535	14.3	(3.4)	2.3
Businesses	19,328	11.4	17,837	9.8	23,264	12.0	20.4	30.4
Foreign Investors	6,192	3.7	5,873	3.2	6,417	3.3	3.6	9.3
Others	92	0.1	-	-	-	-	-	-
Total	**169,150**	**100.0**	**182,683**	**100.0**	**193,072**	**100.0**	**14.1**	**5.7**

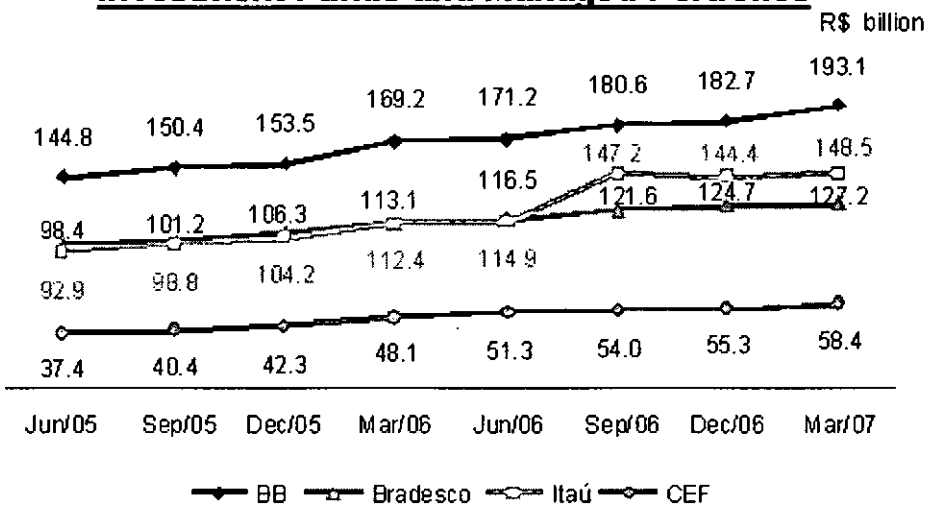


Figure 49. Investment Funds and Managed Portfolios

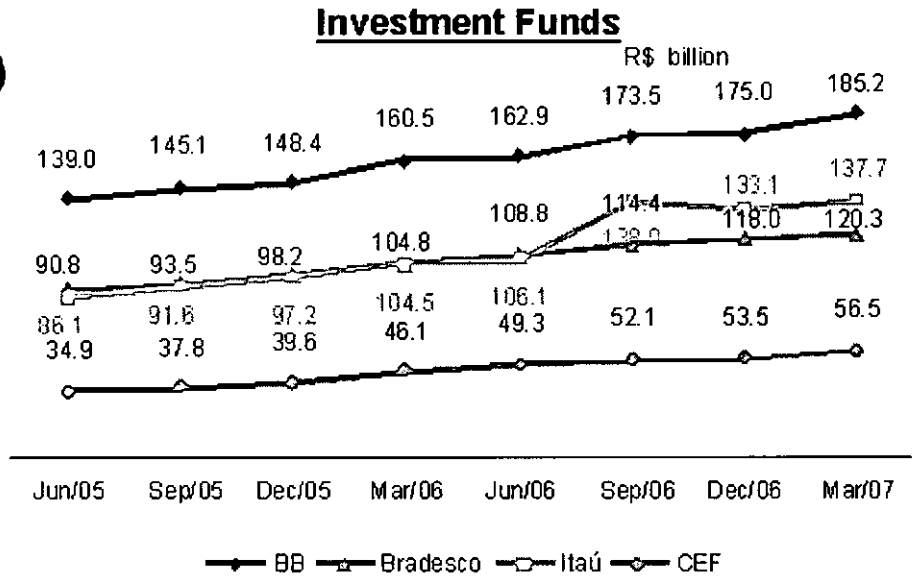


Figure 50. Investment Funds

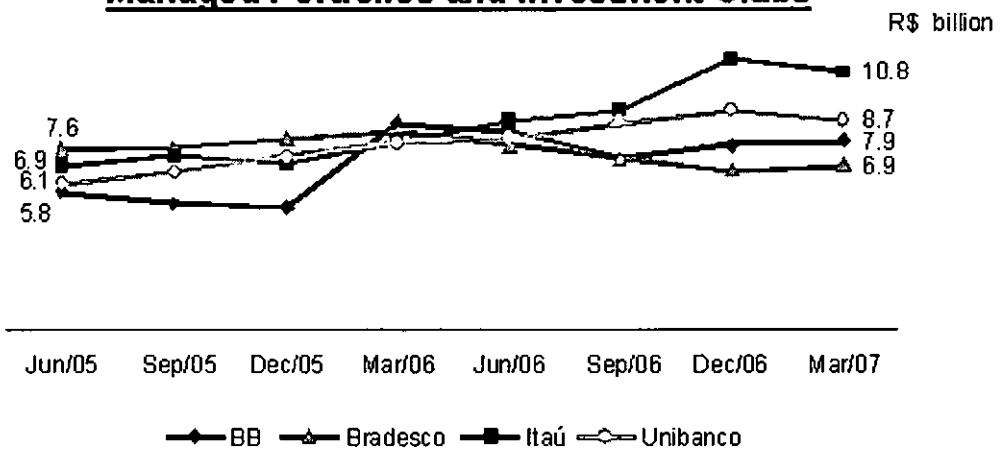


Figure 51. Managed Portfolios and investment Clubs

7.3.3 Cards

Card revenues in total Service Revenues totaled R$ 193 million in 1Q07. The share by these earnings in total Service Provision Revenues rose to 8.1% during the quarter.

All card revenues rose by 15.1% as against 1Q06. The great highlight was Visanet's performance, which created a 103.3% inflation accounting profit in the annual flow. Moreover, revenues from services rendered originating from the card segment and financing income grew 11.5% and 8.7% in the year, respectively.

Table 95. Services Revenues from Cards

R$ million

	Quarterly Flow			Chg. %	
	1Q06	4Q06	1Q07	on 1Q06	on 4Q07
Service Revenues - Cards	173	177	193	11.5	8.9
Financing Income	183	205	199	8.7	(2.9)
Equity Income - Visanet	29	139	60	103.3	(57.1)
Other Income and Other Services	56	37	56	0.6	52.9
Total Revenues	441	558	508	15.1	(8.9)

Banco do Brasil expanded its credit card base by 52.2% in the last 12 months, closing the year with 14.4 million cards at the end of the quarter. Revenues from credit cards in 1Q07 reached R$6.0 billion, a 22.1% increase in relation to 1Q06 and a 0.3% reduction in relation to 4Q06.

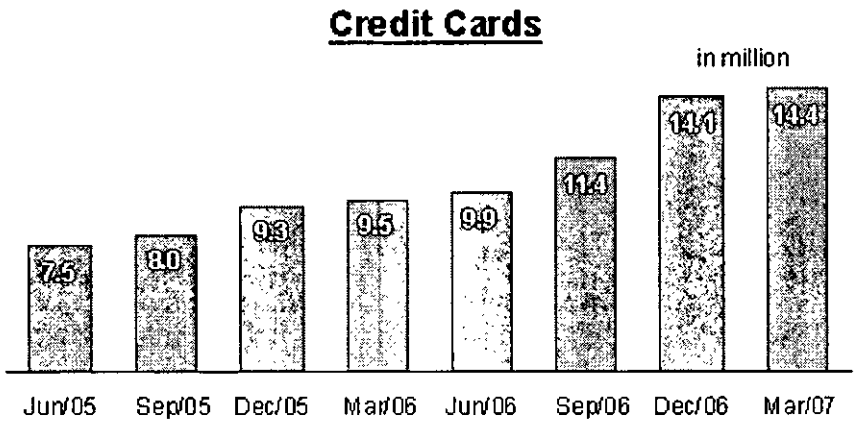


Figure 52. Credit Cards

In relation to the cards' turnover, the Bank recorded the sum of R$ 11.2 billion in 1Q07, R$ 6.0 billion in Credit and R$ 5.2 billion in Debt. In relation to the credit cards' turnover, R$ 4.8 billion was from Visa brand and R$ 1.2 billion from Mastercard brand.

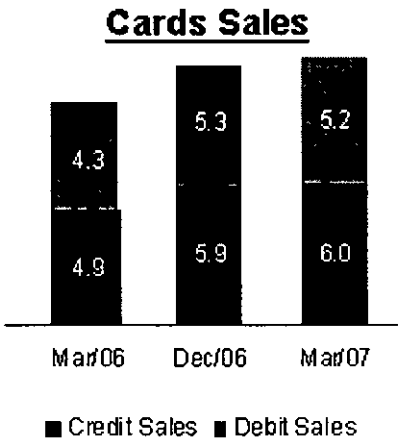


Figure 53. Credit Cards Sales

7.3.4 Billings

Revenues from collections reached R$ 224 million in 1Q07, an increase of 18.2% in relation to the same period of the previous year. The share by these earnings in total Service Provision Revenues rose to 10.2% during the quarter.

The total volume earned grew 9.1% during the 12-month period and rose to R$ 91,844 million by the end of the quarter, of which 71.0% originating from the Bank's wholesale (corporate, and commercial) segment.

In connection with the number of active agreements, BB had in effect 441 thousand agreements at the end of the quarter, as against 410 thousand in 1Q06, a 7.7% increase in the period.

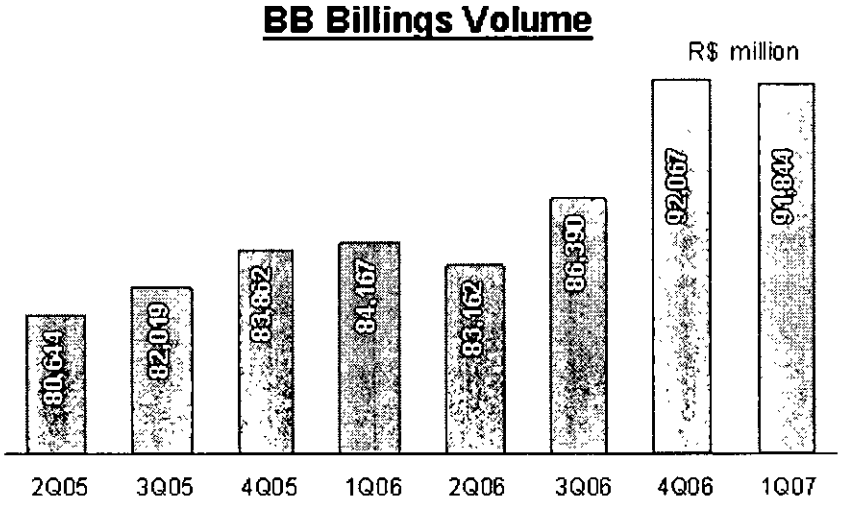


Figure 54. BB Collection Volume

7.4.2 Other Administrative Expenses

The Other Administrative Expenses reached R$ 1,401 million in 1Q07, a 5.2% increase in relation to the same quarter of 2006. The greatest changes were those in connection with surveillance, security, transportation and third party services. In relation to 4Q06, it was possible to perceive a reduction in almost all the items of the account, with the exception of expenses relating to real estate and assets in use, which exhibited variance of 2.6%.

Table 98. Other Administrative Expenses

R$ million

	Quarterly Flow			Chg. %	
	1Q06	4Q06	1Q07	on 1Q06	on 4Q07
Other Administrative Expenses	**(1,331)**	**(1,516)**	**(1,401)**	**5.2**	**(7.6)**
Telecommunications and Data Processing	(373)	(371)	(369)	(1.1)	(0.4)
Amortization and Depreciation	(170)	(181)	(181)	6.5	(0.3)
Security, Guard and Transport Services	(185)	(230)	(219)	18.0	(4.7)
Expenses with Premises and Equipment	(191)	(194)	(199)	4.2	2.6
Marketing and Public Relations	(71)	(150)	(64)	(10.6)	(57.6)
Expenses with Outsourced Services	(129)	(149)	(139)	7.7	(6.7)
Other Administrative Expenses	(211)	(241)	(230)	9.0	(4.7)

The items most directly related to the running of the business (telecommunications and data processing, surveillance, security and transport services, property and equipment) added up to R$ 787 million in 1Q07, showing growth of 5.1% in relation to the same period of last year, explained, mainly, by the following factors:

- 1.8% expansion in the service network – opening new points of service has a direct implication for an increase in the greater part of the items making up administrative expenses;

- 5.7% increase in the customer base – the increase in the quantity of customers, besides the increase in the points of service, has an influence on the quantity of correspondence sent, data processing, use of the self-service channels, etc; and

- Contractual readjustments and increase in activities.

7.4.4 Automated Channels

Banco do Brasil's self-service network represents a strategic differential. BB's customers have at their disposal the largest network of automated teller machines (ATMs) in Latin America, with terminals in Brazil and abroad. At the end of March 2007, BB clients had 39,765 as opposed to 39,661 in December 2006, an increase of 0.3%.

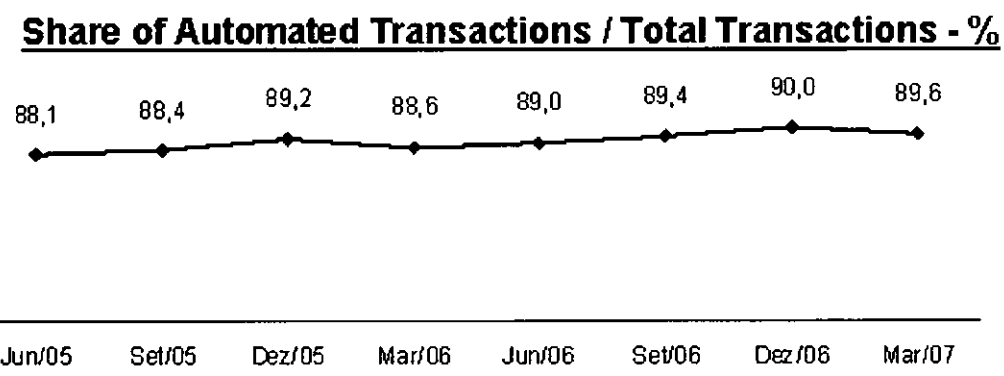


Figure 64. Automated Teller Machines

This technological infrastructure has provided support for BB in its strategy for controlling costs. In March 2007, over 535 million transactions were carried out over the ATM network, an increase of 1.0%, compared to the same period of the previous year.

The importance of this channel in BB's transactions can be seen from the figures below, which show the percentage of banking transactions carried out through the ATMs:

- 95.2% of the cash withdrawals;
- 82.1% of the check books delivered;
- 69.5% of the deposits; and
- 61.8% of the receipts of bills and contractual payments.

The share of automated transactions in the total of transactions carried out by BB's customers amounted to 89.6% in March 2007, against 88.6% in the same period of the previous year.

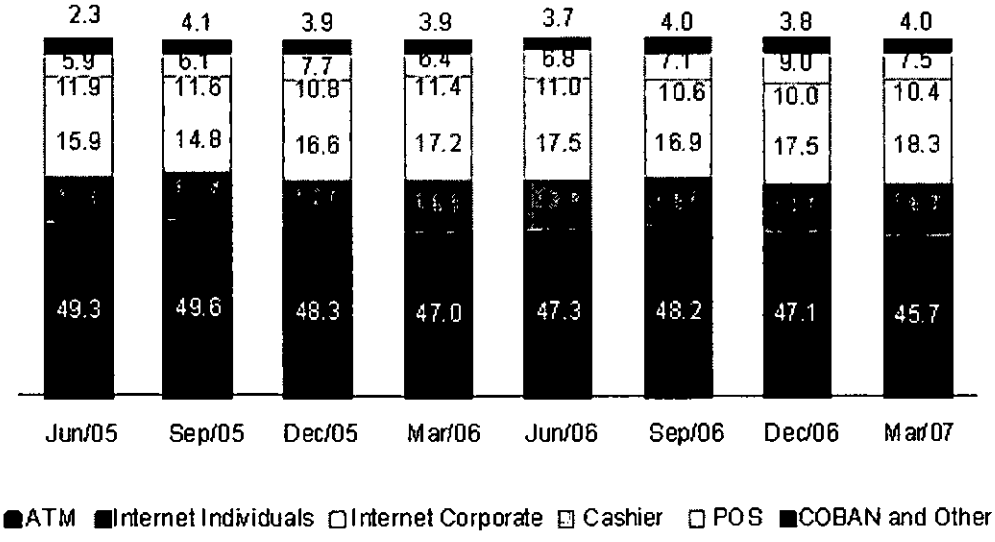


Figure 65. Share of Automated Transactions / Total Transactions - %

Besides the cashiers at the branches and the ATMs, Banco do Brasil offers several other options for access to banking services, such as: the Internet, its Financial Manager (an Internet banking tool for businesses), POS equipment (credit and debit card machines at the commercial establishments), telephone, fax, and WAP.

The chart below shows that the other service channels have been gaining ground in the customers' preference:

Coverage Ratios - %

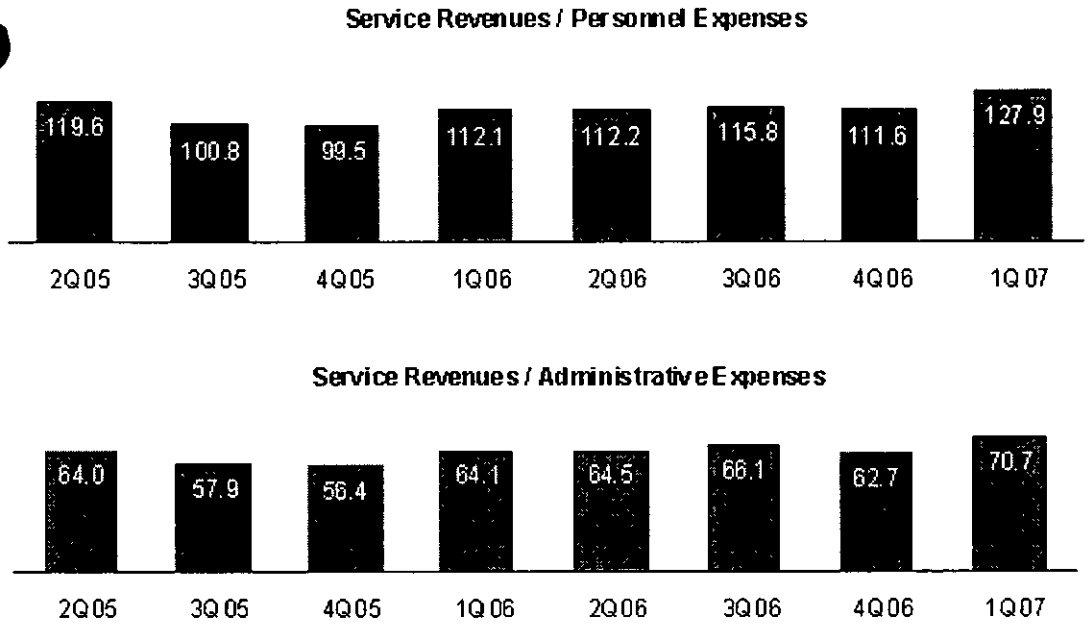


Figure 66. Customer Access Options

Banco do Brasil continues to be the leader on the Internet. By the end of the year the number of enabled customers rose to 8.3 million, a 2.5% increase over the same period for the previous year. The above illustration shows that the share of transactions performed through the Internet remained unchanged in 2006.

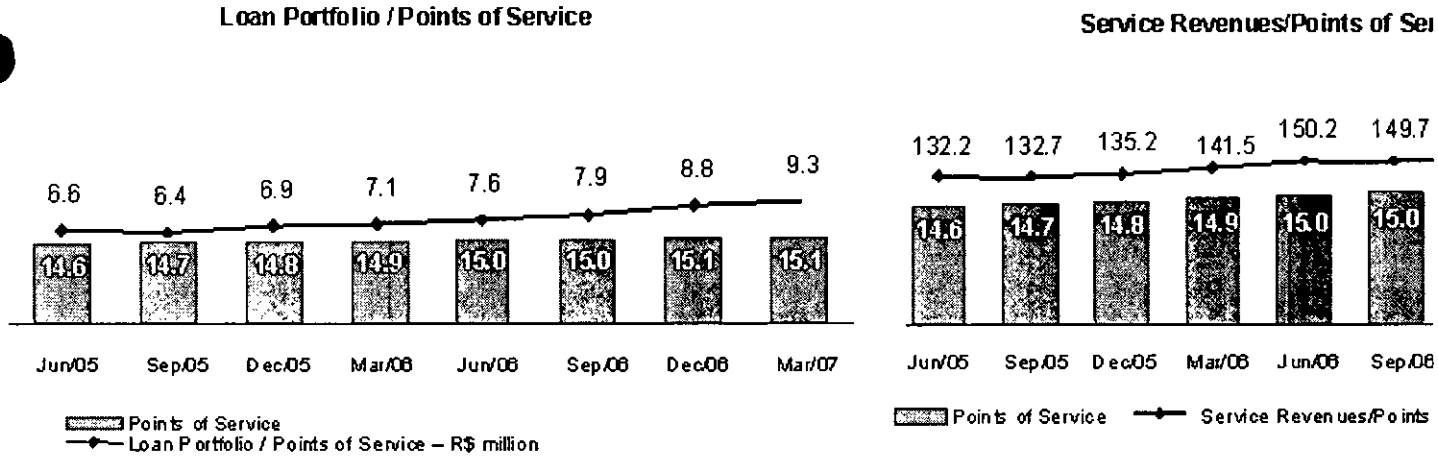
7.4.5 Productivity – Coverage Ratios

The coverage ratios show the capacity for covering fixed costs using only service revenues.

As the following graph shows, coverage ratio of service revenues over personnel expenses went up from 112.1% in 1Q06 to 127.9% in 1Q07, increasing 1,580 base points in the period. In relation to December 2006, this increase was even higher, reaching 1,630 base points.

Broadening the concept to the capacity for coverage of all the administrative expenses, an increase of 64.1% in 1Q06 to 70.6% in 1Q07 can be seen. The maintenance of higher ratios of coverage stems from strong control over administrative costs as well as the increase of revenues from services.

Productivity Ratios



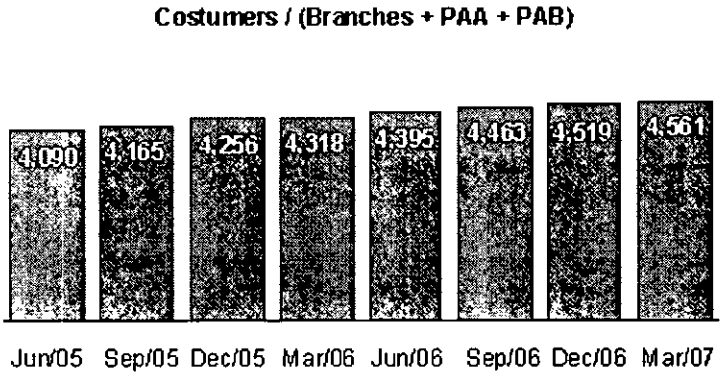


Figure 67. Coverage Ratios

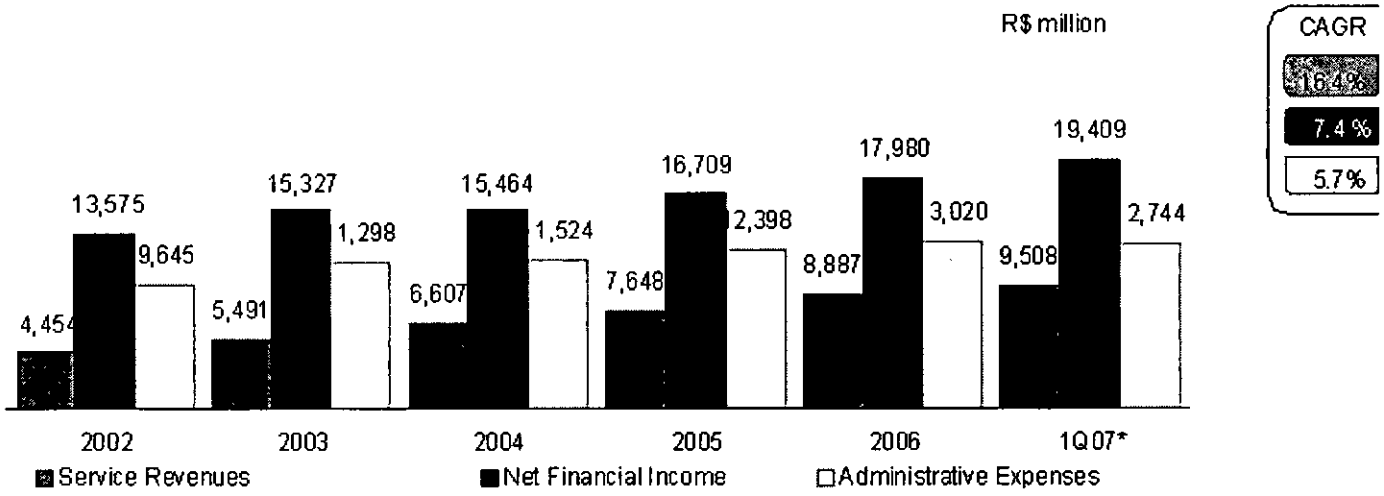
Table 102. Coverage Ratios

R$ million

	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
Service Revenues	1,929	1,952	2,001	2,103	2,246	2,252	2,287	2,377
Administrative Expenses	(3,035)	(3,106)	(3,268)	(3,156)	(3,253)	(3,216)	(3,396)	(3,186)
Personnel Expenses	(1,687)	(1,709)	(1,802)	(1,781)	(1,839)	(1,804)	(1,846)	(1,748)
Legal Risk	22	(268)	(281)	(126)	(229)	(192)	(251)	(177)
Legal Claims	(52)	(40)	(70)	(31)	(67)	(51)	(48)	(66)
Labor Lawsuits	74	(228)	(211)	(95)	(162)	(141)	(204)	(111)
Service Revenues / Personnel Exp.*	**119.6**	**100.8**	**99.5**	**112.1**	**112.2**	**115.8**	**111.6**	**127.9**
Service Revenues / Administ, Exp.**	**64.0**	**57.9**	**56.4**	**64.1**	**64.5**	**66.1**	**62.7**	**70.7**

* In the calculation of this ratio Labor Lawsuits are included.
**In the calculation of this ratio Legal Risk is included (Legal Claims and Labor Lawsuits).

Despite the expansion of the service network, necessary to meet the constant increase in the customer base, BB has kept its cost structure compatible with its generation of business, as seen in the graphs below:



* Annualized,

Figure 68. Productivity Ratios

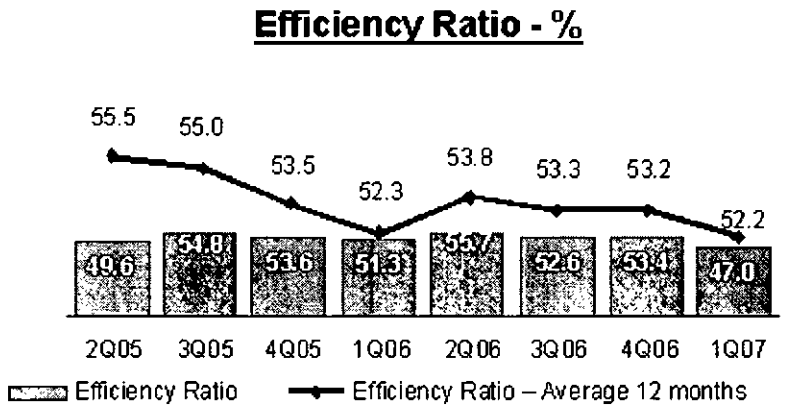


Figure 69. Business vs. Expenses

7.5 Operating Income

Table 103. Operating Income

R$ million

	Quarterly Flow			Chg. %	
	1Q06	**4Q06**	**1Q07**	**on 1Q06**	**on 4Q06**
Commercial Income	**1,600**	**2,052**	**2,161**	**35.1**	**5.3**
Legal Risk	(126)	(251)	(177)	39.9	(29.7)
Legal Claims	(31)	(48)	(66)	112.1	38.4
Labor Lawsuits	(95)	(204)	(111)	16.3	(45.7)
Other Operating Income (Expenses)	(9)	(201)	113	-	-
Equity Interest in Results of Subs. and Affil.	106	115	191	80.0	66.0
FX Other Operating Income/Expenses	(115)	(316)	(77)	(32.5)	(75.5)
Other Operating Income	631	702	755	19.7	7.6
Other Operating Expenses	(746)	(1,018)	(833)	11.7	(18.2)
Operating Income	**1,465**	**1,600**	**2,098**	**43.2**	**31.1**

Operating Income increased 43.2% in 12 months, and 31.1% in relation to 4Q06. The latter movement was caused by

the expressive downslide in the legal risk item, more specifically as regards labor claims, and in the Other Operating Income/Expenses.

As commented in chapter 7.4 Commercial Income, civil and labor lawsuits have been separated into a group called legal risk, with a view to demonstrating these expenses better and facilitating an analysis of administrative expenses.

The change in the heading other operating expenses in the last 12 months resulted from the increase in recovery of changes and expenses as refunds for costs by affiliated companies. Additionally, it was also possible to note the positive effects of the Fund's agreement with parity to Previ. In relation to other operating expenses, the amortization of actuarial assets in accordance with CVM Resolution 371 is noteworthy.

The table and the graph below show the efficiency attained by Banco do Brasil. The ratio of administrative expenses plus legal risk to operating revenues reached 47.0% in 1Q07, a 430 basis points reduction in relation to the same period of 2006. In comparison with the previous quarter, the rate dropped by 640 base points. The improvement observed was due to the increase of Operating Revenue, leveraged by MFB and by RPS, and by the decrease of the most significant administrative expenses (personnel expenses and other administrative expenses).

Table 104. Efficiency Ratio

R$ million

	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
A) Administrative Expenses	**(3,035)**	**(3,106)**	**(3,268)**	**(3,156)**	**(3,253)**	**(3,216)**	**(3,396)**	**(3,186)**
Personnel Expenses	(1,687)	(1,709)	(1,802)	(1,781)	(1,839)	(1,804)	(1,846)	(1,748)
Other Administrative Expenses	(1,314)	(1,362)	(1,428)	(1,331)	(1,383)	(1,378)	(1,516)	(1,401)
Other Tax Expenses	(34)	(36)	(39)	(44)	(31)	(34)	(33)	(37)
B) Legal Risk	**22**	**(268)**	**(281)**	**(126)**	**(229)**	**(192)**	**(251)**	**(177)**
Legal Claims	(52)	(40)	(70)	(31)	(67)	(51)	(48)	(66)
Labor Lawsuits	74	(228)	(211)	(95)	(162)	(141)	(204)	(111)
C) Operating Income	**6,070**	**6,155**	**6,623**	**6,394**	**6,254**	**6,483**	**6,826**	**7,152**
Net Interest Income	4,146	4,199	4,398	4,406	4,312	4,403	4,859	4,852
Service Revenues	1,929	1,952	2,001	2,103	2,246	2,252	2,287	2,377
Other Operating Income	632	692	1,036	631	599	716	698	755
Other Operating Expenses	(637)	(689)	(812)	(746)	(903)	(888)	(1,018)	(833)
Efficiency Ratio ((A+B) / C) - %	**49.6**	**54.8**	**53.6**	**51.3**	**55.7**	**52.6**	**53.4**	**47.0**

Table 105. Efficiency Ratio Statement - Quarterly

	1Q06	1Q07	Abs. Chg	Chg. %	Effect in the Ratio
Administrative Expenses	**(3,282)**	**(3,363)**	**(81)**	**2.5**	**1.3**
Personnel Expenses	(1,781)	(1,754)	27	(1.5)	(0.4)
Other Administrative Expenses	(1,331)	(1,401)	(70)	5.2	1.1
Other Tax Expenses	(44)	(37)	7	(15.8)	(0.1)
Legal Risk	(126)	(171)	(45)	35.7	0.7
Operating Income	**6,394**	**7,152**	**758**	**11.8**	**(5.4)**
Net Interest Income	4,406	4,977	571	13.0	(4.2)
Service Revenues	2,103	2,377	274	13.0	(2.1)
Other Operating Income	631	575	(56)	(8.9)	0.5
Other Operating Expenses	(746)	(777)	(31)	4.2	0.3
Adm, Exp, and Oper, Inc, (consolidated effect)					**(0.1)**
Efficiency Ratio	**51.3%**	**47.0%**			**(4.3)**

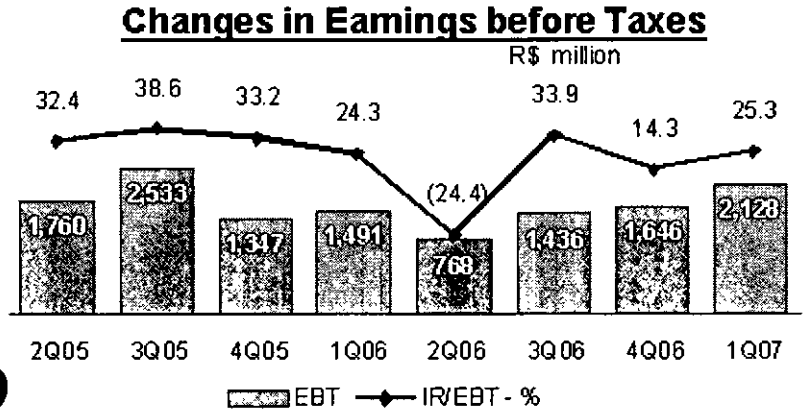


Figure 70. Efficiency Ratio

7.6 Net Income

Table 106. Net Income

R$ million

	Quarterly Flow			Chg. %	
	1Q06	**4Q06**	**1Q07**	**on 1Q06**	**on 4Q06**
Operating Income	**1,465**	**1,600**	**2,098**	**43.2**	**31.1**
Non-operating Income	26	47	31	16.0	(34.5)
Income Before Taxes	**1,491**	**1,646**	**2,128**	**42.8**	**29.3**
Income and Social Contribution Taxes	(363)	(235)	(539)	48.6	129.9
Interest on Own Capital Tax Benefit	-	232	109	-	(52.9)
Statutory Profit Sharing	(190)	(164)	(180)	(5.0)	10.2
Recurring Income	**938**	**1,248**	**1,409**	**50.2**	**12.9**
Non-Recurring Items	1,405	-	-	-	-
Extraordinary Provision for Credit Risks (8)	(500)	-	-	-	-
Tax Credits Recorded (7)	1,905	-	-	-	-
Net Income	**2,343**	**1,248**	**1,409**	**(39.9)**	**12.9**

In 1Q07, the Bank's net income attained R$ 1,409 million as opposed to R$ 2,343 million recorded in 1Q06, the latter with extraordinary effects to the tune of R$ 1,405 million. In relation to the 4Q06, there was a 12.9% growth.

The annualized ratio of Return on Average Shareholders' Equity (RSPL) was 29.4% in 1Q07, as opposed to 26.7% in 4Q06.

In 2007 the Bank adopted the policy of quarterly distribution of dividend / Interest on own capital. In 1Q07, R$ 563.5 million were distributed, (R$ 321.1 of Interest on own capital and R$ 242.4 of dividends).

The IR (Income Tax)/LAIR (Income before Income Tax) was from 14.3% in 4Q06 to 25.3% in 1Q07.This movement in the tax rate was caused mainly by the fiscal benefit of JCP (Interest on Own Capital) of 4Q06, corresponding to 2H06. In the 1Q07, the benefit is the amount distributed.

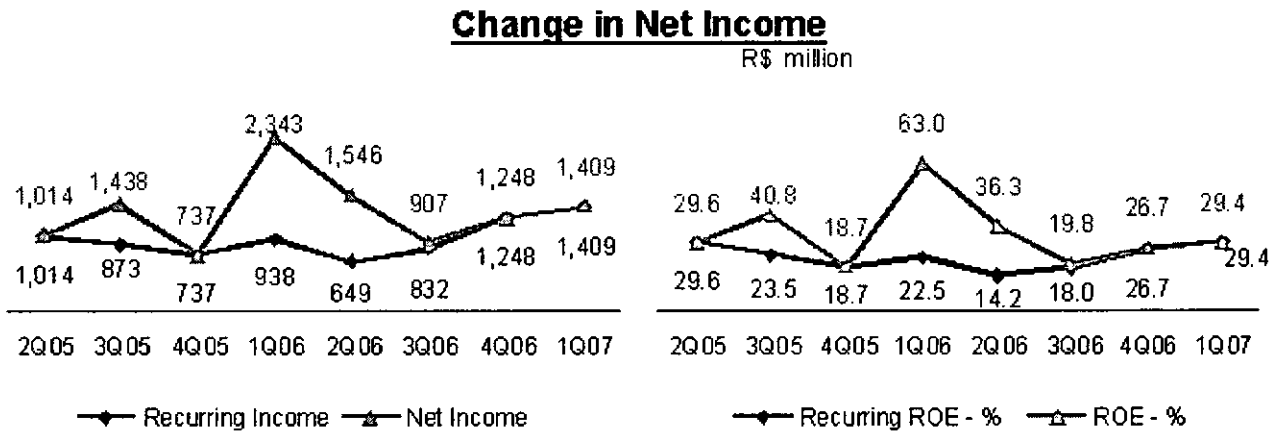


Figure 71. Changes in Earnings before Taxes

Recurring Income

Excluding extraordinary impacts on the results of BB, it is possible to observe an increase of 50.2% in Recurring Income in relation to 1Q06 and of 12.9% in relation to 4Q06. The Recurrent ROE % raised from 22.5% in 1Q06 to 29.4% in 1Q07.

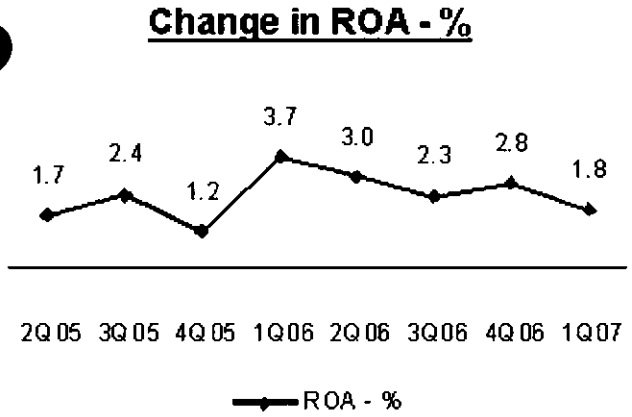


Figure 72. Change in Net Income

Income and Interest on Equity/Dividends

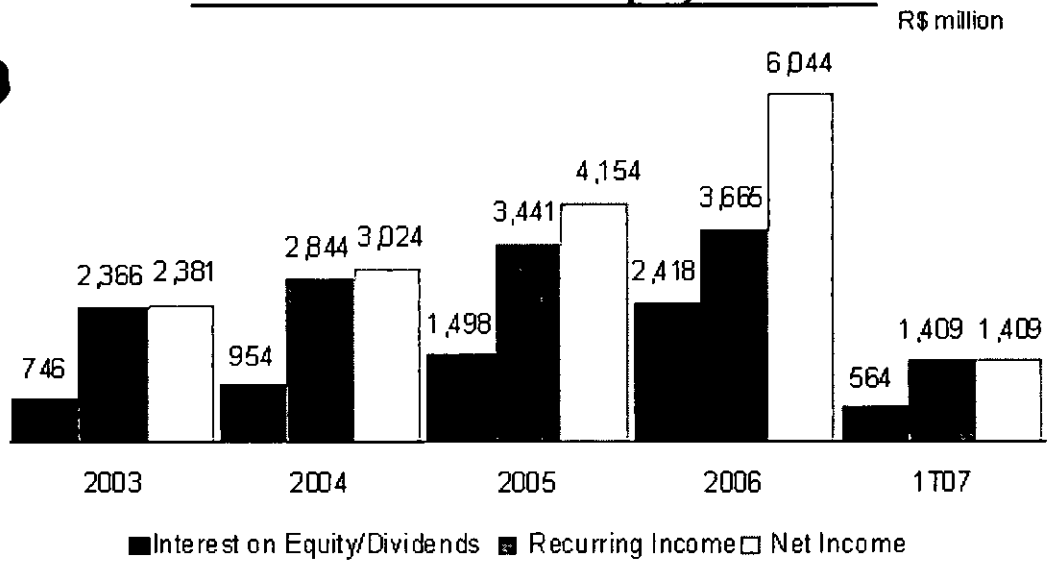


Figure 73. Change in ROA %

Table 107. Return on Equity

R$ million

	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
Recurring Income	1,014	873	737	938	647	831	1,248	1,409
Net Income	1,014	1,438	737	2,343	1,546	907	1,248	1,409
Average Shareholders' Equity	15,163	16,109	16,838	18,029	19,194	19,688	20,478	21,198
Recurring ROE - %	29.6	23.5	18.7	22.5	14.2	18.0	26.7	29.4
ROE - %	29.6	40.8	18.7	63.0	36.3	19.8	26.7	29.4

The figure bellow shows the performance of Net Income, Recurring Income and Interest on own Equity / Dividends since 2003. As of the 2nd semester of 2005, the Bank distributed 40% of Net Income. As of 2007 the Bank adopted the policy of quarterly distribution of Interest on own Equity.

Net Value Added

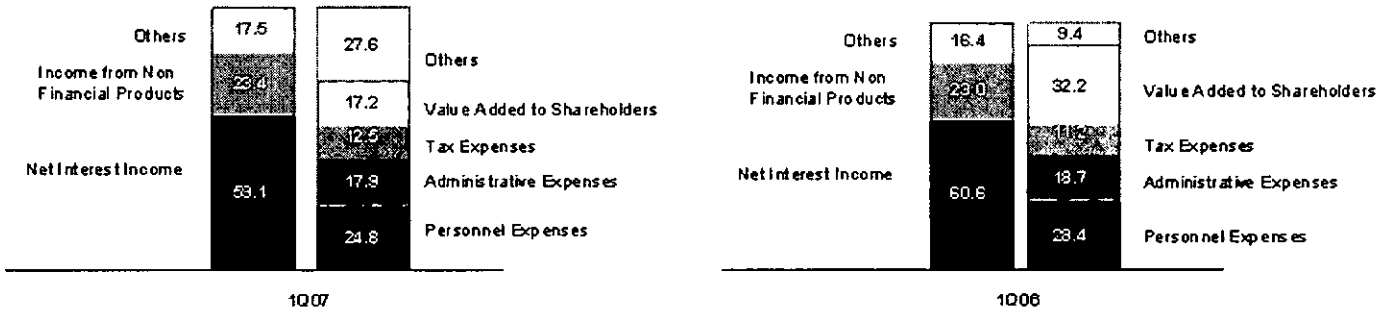


Figure 74. Income and Interest on Equity / Dividends

Table 108. ROE decomposition - Quarterly

	1Q06		4Q06		1Q07	
	LL	LR	LL	LR	LL	LR
Net Interest Income	118.5	105.7	103.9	103.9	101.1	101.1
Allowance for Loan Losses	(36.2)	(32.2)	(26.9)	(26.9)	(29.8)	(29.8)
Service Revenues	56.6	50.4	48.9	48.9	49.5	49.5
Taxes on Revenues	(20.8)	(18.5)	(14.4)	(14.4)	(20.6)	(20.6)
Administrative Expenses	(84.9)	(75.7)	(72.6)	(72.6)	(66.4)	(66.4)
Other Components of Result*	(8.0)	(7.2)	(12.2)	(12.2)	(4.4)	(4.4)
Recurring Income		**22.5**		**26.7**		**29.4**
Non-recurring Items	37.8		-		-	
Net Income	**63.0**		**26.7**		**29.4**	

* Legal Risk, Other Operating Income (expenses), non-operating income, Statutory Profit Sharing

The Analytical ROE has the aim of showing the behavior of the items that make up the Bank's results. In the quarter, the gross financial margin (GFM), the service revenues and the extraordinary items were those that most contributed to the making up of the result, both in the view of Net Income and Recurring Income. As far as expenses are concerned, a drop in the share of Administrative Expenses and of Provision for Bad Debts (PCLD) may be detected as compared to 2005.

7.7 Net Value Added

The table Net Value Added shows how Banco do Brasil's income is made up of the of the generation of value from each of the Bank's businesses, and then shows a breakdown of the distribution of these proceeds. The point of view used is the gross financial margin, which includes financial intermediation revenues and expenses, without allowances for loan losses.

Table 109. Net Value Added

R$ million

	Quarterly Flow			Chg. %	
	1Q06	4Q06	1Q07	on 1Q06	on 4Q06
Net interest income	4,406	4,855	4,852	10.1	(0.1)
Income from Non-Financial Products	1,673	1,797	1,918	14.6	6.7
Customer Relationship Fees	664	722	742	11.8	2.8
Investment Fund Management Fees	356	364	395	10.9	8.6
Loans	189	171	223	17.9	30.2
Collections	189	229	224	18.2	(2.0)
Services Provided to Related Companies	88	104	100	13.7	(3.2)
Credit Cards	165	177	193	16.8	8.9
Insurance	22	32	42	86.7	32.7
Others	1,193	1,353	1,435	20.3	6.1
Insurance – Brokerage	99	108	118	19.1	9.4
Insurance – Results	82	98	142	72.8	44.6
Others Service Revenues	331	382	341	3.2	(10.7)
Equity Interest in Results of Subs.and Affil.	24	17	49	104.9	191.1
Other Operational Revenues	631	702	755	19.7	7.6
Non Operation Income	26	47	31	16.0	(34.5)
Value Added	**7,272**	**8,006**	**8,206**	**12.8**	**2.5**
Distribution of Value Added*	**(4,929)**	**(6,758)**	**(6,797)**	**37.9**	**0.6**
Operational Revenues	(2,090)	(2,275)	(2,264)	8.3	(0.5)
Provision for Credit Risk	(1,345)	(1,257)	(1,431)	6.4	13.8
Other Operational Income	(746)	(1,018)	(833)	11.7	(18.2)
Personnel Expenses	(2,065)	(2,213)	(2,039)	(1.3)	(7.9)
Personnel Expenses	(1,876)	(2,050)	(1,859)	(0.9)	(9.3)
Statutory Profits Sharing	(190)	(164)	(180)	(5.0)	10.2
Administrative Expenses	(1,362)	(1,564)	(1,467)	7.7	(6.2)
Tax Expenses	(817)	(706)	(1,028)	25.9	45.6
Taxes on Sale	(409)	(438)	(451)	10.3	3.1
Other Tax Expenses	(44)	(33)	(37)	(15.8)	11.7
Income and Social Contribution Taxes	(363)	(235)	(539)	48.6	129.9
Extraordinary Items	1,405	-	-	-	-
Value Added to Shareholders	**2,343**	**1,248**	**1,409**	**(39.9)**	**12.9**

7.8 Gross Value Added

Another way of analyzing the distribution of the value added among the Bank's various stakeholders is shown in the table below. Financial intermediation revenues are included in the value added, while intermediation expenses are included in the distribution of the value added to the Bank's different creditors.

Table 110. Gross Value Added

R$ million

	Annual Flow			Chg. %	
	1Q06	4Q06	1Q07	on 1Q06	on 4Q06
Net interest income	8,892	9,487	9,650	8.5	1.7
Income from Non-Financial Products	1,673	1,797	1,918	14.6	6.7
Customer Relationship Fees	664	722	742	11.8	2.8
Investment Fund Management Fees	356	364	395	10.9	8.6
Loan Fees	189	171	223	17.9	30.2
Collections	189	229	224	18.2	(2.0)
Services Provided to Related Companies	88	104	100	13.7	(3.2)
Credit Cards	165	177	193	16.8	8.9
Insurance	22	32	42	86.7	32.7
Other	1,193	1,353	1,435	20.3	6.1
Insurance - Brokerage	99	108	118	19.1	9.4
Insurance – Results	82	98	142	72.8	44.6
Other Service Revenues	331	382	341	3.2	(10.7)
Equity Interest in Results of Subs, and Affil	24	17	49	104.9	191.1
Other Operational Revenues	631	702	755	19.7	7.6
Non Operation Income	26	47	31	16.0	(34.5)
Value added	**11,758**	**12,637**	**13,003**	**10.6**	**2.9**
Distribution of Value Added*	**(9,415)**	**(11,389)**	**(11,595)**	**23.2**	**1.8**
Financial Intermediation Expenses	(4,486)	(4,631)	(4,798)	7.0	3.6
Operational Expenses	(2,090)	(2,275)	(2,264)	8.3	(0.5)
Provision for Credit Risk	(1,345)	(1,257)	(1,431)	6.4	13.8
Other Operational Expenses	(746)	(1,018)	(833)	11.7	(18.2)
Personnel Expenses	(2,065)	(2,213)	(2,039)	(1.3)	(7.9)
Personnel Expenses	(1,876)	(2,050)	(1,859)	(0.9)	(9.3)
Statutory Profits Sharing	(190)	(164)	(180)	(5.0)	10.2
Administrative Expenses	(1,362)	(1,564)	(1,467)	7.7	(6.2)
Tax Expenses	(817)	(706)	(1,028)	25.9	45.6
Taxes on Sale	(409)	(438)	(451)	10.3	3.1
Other Tax expenses	(44)	(33)	(37)	(15.8)	11.7
Income and Social Contribution Taxes	(363)	(235)	(539)	48.6	129.9
Extraordinary Items	1,405	-	-	-	-
Value Added for the Shareholders	**2,343**	**1,248**	**1,409**	**(39.9)**	**12.9**

Gross Value Added

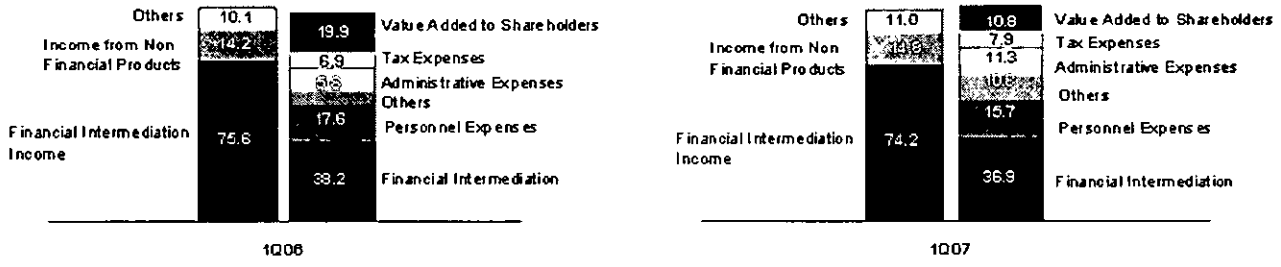
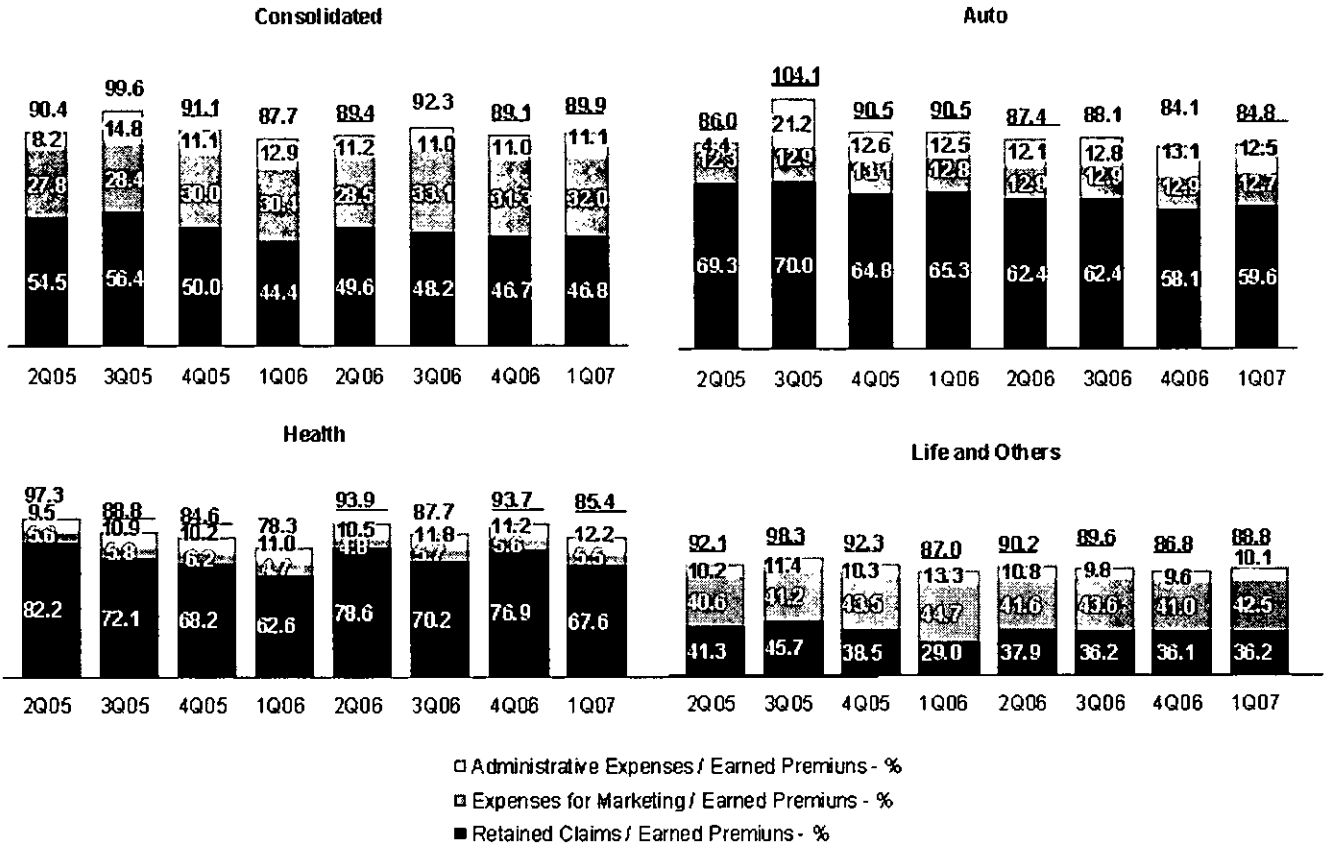


Figure 75. Net Value Added

Combined Ratio



7.9 Insurance, Pension Plans and Capitalization

Banco do Brasil, through BB Banco de Investimentos, a wholly-owned subsidiary, has a participating interest in several companies in the areas of insurance, pension plans and capitalization, offering a broad range of non-banking products. The table below details BB's holdings in these companies, together with the line of business in which they work:

Table 111. Insurance, Pension Plans and Capitalization

Company	Share %	Business	Partnership
BrasilVeículos	70.00	Auto	Sul América Seguros
Cia. De Seguros Aliança do Brasil S.A.	70.00	Vida e Ramos Elem.	Aliança da Bahia
Brasilprev	49.99	Previdência Privada	Principal Financial Group e Sebrae
Brasilcap	49.99	Capitalização	Icatu Hartford, Sul América e Aliança da Bahia
Brasilsaúde	49.92	Saúde	Sul América Seguros

The income statement by line of business for the 1Q07 is shown below to help to understand the process and to show greater transparency in the insurance, pension plan and capitalization business.

7.9.1 Income Statement by Line of Business

Table 112. Income Statement by Line of Business

R$ thousand

1Q07	Insurance				Pension Plans	Capitalization	Consolidated
	Auto	Health	Life and Other	Total			
Rev, from Insuran, Pension Plans and Capit,	210,075	31,088	319,810	560,972	692,108	446,334	1,699,413
Retained Insurance Premiums	210,075	31,088	319,810	560,972	-	-	560,972
Revenues from Pension Plans	-	-	-	-	692,108	-	692,108
Revenues from Capitalization	-	-	-	-	-	446,334	446,334
Changes in Technical Provisions	(4,036)	59	(10,084)	(14,062)	(425,909)	(390,587)	(830,558)
Insurance	(4,036)	59	(10,084)	(14,062)	-	-	(14,062)
Pension Plans	-	-	-	-	(425,909)	-	(425,909)
Capitalization	-	-	-	-	-	(390,587)	(390,587)
Benefits and Redemption Expenses	-	-	-	-	(241,643)	-	(241,643)
Earned Premiums	205,291	31,147	309,725	546,163	-	-	546,163
Gross Inc, from Pension Plans and Capitaliz,	-	-	-	-	24,554	55,747	80,301
Retained Claims	(122,291)	(21,067)	(112,227)	(255,585)	-	-	(255,585)
Marketing Expenses	(26,050)	(1,725)	(107,811)	(135,586)	(13,097)	(30,158)	(178,841)
Insurances	(26,050)	(1,725)	(107,811)	(135,586)	-	-	(135,586)
Pension Plans	-	-	-	-	(13,097)	-	(13,097)
Capitalization	-	-	-	-	-	(30,158)	(30,158)
Administrative Expenses	(25,701)	(3,794)	(31,134)	(60,629)	(36,463)	(11,592)	(108,685)
Commercial Income	31,249	4,561	58,553	94,363	(25,007)	13,997	83,354
Other Operating Income (Expenses)	(13,853)	(1,766)	(23,797)	(39,416)	31,275	(2,586)	(10,727)
Financial Income	17,129	(1,461)	23,216	38,884	65,791	31,464	136,129
Operating Income	34,526	1,334	57,972	93,831	72,060	42,864	208,755
Non-operating Income	0	-	(7)	(7)	(2)	1,210	1,201
Income before Taxes	34,526	1,334	57,965	93,825	72,057	41,292,7	207,175
Income and Social Contribution Taxes	(6,823)	(132)	(16,120)	(23,075)	(21,894)	(13,365)	(58,334)
Profit Sharing	-	(1,108)	(3,800)	(4,908)	(1,390)	-	(6,299)
					(1,098)		
Net Income/ (Loss)	27,703	93	38,046	65,842	47,675	27,928	141,445
Interests of Other Shareholders	(9,311)	(47)	(11,414)	(19,771)	(23,842)	(13,967)	(57,580)
Other Investment Changes	(2,040)	1,582	1	(457)	1,125	669	1,337

1Q07	Insurance				Pension Plans	Capitalization	Consolidated
	Auto	Health	Life and Other	Total			
Equity Income Result	17,352	1,628	26,633	45,613	24,519	13,222	83,354
Service Revenues – Commission	28,164	1,701	72,379	102,244	7,250	8,396	117,891
Service Revenues – BB Fees	-	-	55,486	55,486	12,003	22,466	89,955
Service Revenues – Assets Management	938	118	2,052	3,108	13,282	7,218	23,609
Insurance Value Added	46,454	3,448	156,550	206,452	57,055	51,302	314,808

7.9.2 Combined Ratio

The combined ratio shows the percentage of earned premiums used up by operating expenses in the insurance business (retained claims, expenses with marketing and administrative expenses). The consolidated combined ratio came from 87.7% in 1Q06 to 89.9% in 1Q07.

Combined Ratio

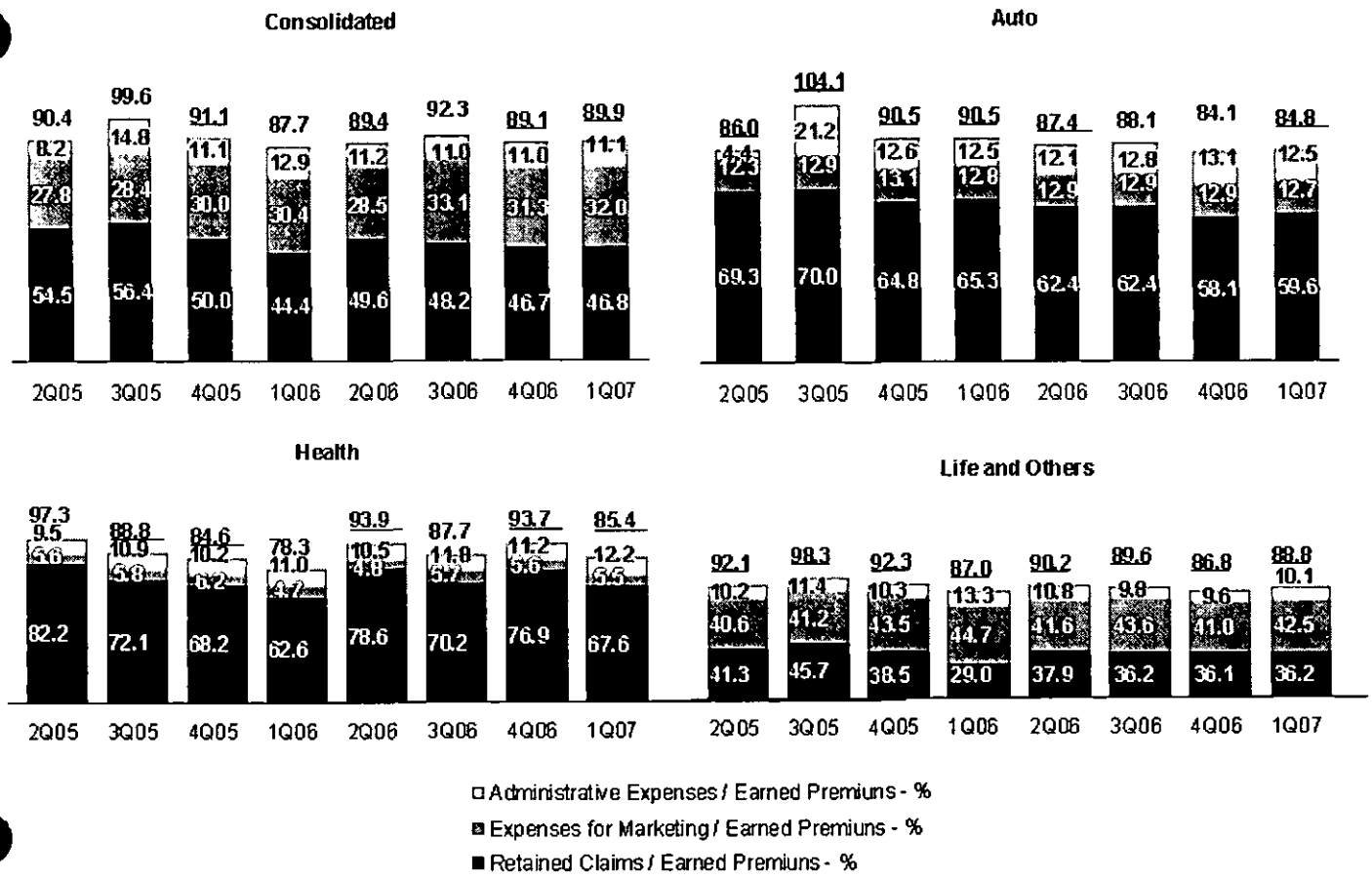


Figure 77. Combined Ratio

8.1 Summarized Balance Sheet

Table 119. Balance Sheet – Assets

R$ milhões

	Jun/05	Set/05	Dez/05	Mar/06	Jun/06	Set/06	Dez/06	Mar/07
ATIVO	**233.793**	**245.511**	**252.977**	**264.635**	**273.836**	**281.615**	**296.356**	**321.898**
Circulante e Realizável a Longo Prazo	**228.776**	**240.503**	**247.397**	**259.111**	**268.189**	**276.073**	**290.562**	**316.063**
Disponibilidades	3.464	4.939	5.828	4.056	5.068	4.559	4.749	5.511
Aplicações Interfinanceiras de Liquidez	17.379	29.690	28.996	35.744	29.758	29.492	29.088	41.185
Aplicações no Mercado Aberto	2.118	5.419	8.050	21.839	19.910	12.814	17.490	30.512
Aplicações em Depósitos Interfinanceiros	15.261	24.271	20.946	13.905	9.848	16.678	11.598	10.673
Títulos e Valores Mobiliários	68.973	68.610	66.470	68.631	70.677	73.766	73.108	73.350
Títulos Disponíveis para Negociação	6.087	2.722	3.077	4.327	5.568	5.205	7.494	7.361
Títulos Disponíveis para Venda	35.265	39.075	37.832	38.815	39.781	43.180	40.641	40.711
Títulos Mantidos até o Vencimento	26.266	26.106	25.275	25.069	24.865	24.934	24.409	24.263
Instrumentos Financeiros Derivativos	1.355	707	287	421	463	448	564	1.016
Relações Interfinanceiras	22.166	23.561	24.404	24.912	26.208	26.655	28.180	29.844
Depósitos no Banco Central	19.710	21.066	23.419	21.970	23.743	24.494	26.967	26.998
Compuls. s/ Dep. à Vista e Rec. Livres	6.759	7.856	9.494	7.934	10.931	9.703	11.209	10.507
Compulsórios s/Poupança	12.951	13.210	13.925	14.036	12.812	14.792	15.758	16.492
Demais	2.456	2.495	985	2.942	2.465	2.161	1.213	2.846
Relações Interdependências	487	45	121	12	22	33	136	33
Operações de Crédito	80.725	79.781	85.942	88.306	94.893	99.474	113.858	120.020
Setor Público	3.717	3.677	3.730	3.442	3.193	3.951	4.384	4.782
Setor Privado	82.598	81.778	88.551	92.191	99.688	103.854	117.840	124.106
(Prov. p/ Créditos de Liquid. Duvidosa)	(5.590)	(5.675)	(6.339)	(7.327)	(7.988)	(8.331)	(8.366)	(8.868)
Operações de Arrendamento Mercantil	9	17	20	30	14	32	11	45
Op. de Arr. e Subarrend. a Receber	633	677	752	822	909	993	1.018	1.079
Setor Público	62	76	99	106	106	110	105	113
Setor Privado	572	601	653	716	803	884	913	966
(Rendas a Apropriar de Arrend. Mercantil)	(595)	(625)	(708)	(768)	(870)	(933)	(979)	(1.011)
(PCLD de Arrendamento Mercantil)	(30)	(35)	(24)	(24)	(25)	(29)	(28)	(23)
Outros Créditos	35.399	33.677	35.108	36.811	40.862	41.258	40.482	45.022
Créditos por Avais e Fianças Honrados	132	143	160	156	150	147	51	53
Carteira de Câmbio	11.667	9.270	9.156	9.130	10.454	10.433	9.456	15.116
Rendas a Receber	207	221	237	183	212	240	280	294
Negociação e Intermediação de Valores	287	167	46	66	84	49	114	151
Créditos Específicos	576	593	610	627	644	663	681	700
Operações Especiais	1	1	1	1	1	1	1	1
Crédito Tributário	7.523	6.815	6.687	8.905	9.223	9.311	8.604	8.642
Ativo Atuarial	2.720	3.422	3.869	3.865	3.065	2.744	2.652	2.556
Devedores por Depósitos em Garantia	10.138	10.874	11.692	12.251	12.800	13.213	13.699	14.129
Diversos	4.541	4.739	5.558	8.678	7.664	8.128	8.657	7.284
(Prov. p/ Outros Créd. De Liq. Duvidosa)	(2.394)	(2.567)	(2.908)	(3.186)	(3.436)	(3.672)	(3.713)	(3.904)
(C/ Caract. de Concessão de Crédito)	(272)	(245)	(328)	(380)	(401)	(397)	(240)	(242)
(S/ Caract. de Concessão de Crédito)	(2.122)	(2.322)	(2.580)	(2.806)	(3.035)	(3.275)	(3.472)	(3.662)
Outros Valores e Bens	175	184	509	608	688	805	951	1.055
Participações Societárias	-	0	0	0	0	0	0	0
Outros Valores e Bens	319	319	319	310	320	314	294	289
(Provisões para Desvalorizações)	(185)	(191)	(185)	(177)	(176)	(171)	(162)	(153)
Despesas Antecipadas	41	56	374	475	544	662	819	919
Permanente	**5.016**	**5.008**	**5.580**	**5.524**	**5.646**	**5.542**	**5.794**	**5.835**
Investimentos	960	966	1.045	1.030	1.087	998	1.109	1.176
Partic. em Coligadas e Controladas	920	918	999	982	1.040	950	1.057	1.121
Outros Investimentos	225	230	231	229	128	128	129	128
(Provisão para Perdas)	(185)	(182)	(184)	(181)	(80)	(80)	(77)	(73)
Imobilizado de Uso	2.827	2.767	3.119	3.015	2.932	2.825	2.862	2.782
Imóveis de Uso	2.164	2.179	2.235	2.246	2.276	2.267	2.286	2.314
Outras Imobilizações de Uso	3.922	3.914	4.326	4.310	4.308	4.298	4.253	4.240
(Depreciações Acumuladas)	(3.259)	(3.326)	(3.442)	(3.542)	(3.653)	(3.739)	(3.677)	(3.772)
Imobilizado de Arrendamento	680	727	812	895	1.031	1.139	1.228	1.305
Bens Arrendados	824	890	992	1.103	1.272	1.413	1.541	1.664
(Depreciações Acumuladas)	(144)	(163)	(180)	(208)	(241)	(274)	(313)	(358)
Diferido	549	548	604	584	596	580	594	571
Gastos de Organização e Expansão	1.022	1.054	1.149	1.159	1.210	1.238	1.302	1.325
(Amortização Acumulada)	(473)	(506)	(545)	(575)	(614)	(658)	(708)	(754)

120. Balance Sheet - Liabilities

	Jun/05	Set/05	Dez/05	Mar/06	Jun/06	Set/06	Dez/06	Mar/07
PASSIVO	**233.793**	**245.511**	**252.977**	**264.635**	**273.836**	**281.615**	**296.356**	**321.898**
Circulante e Exigível a Longo Prazo	**218.282**	**228.573**	**236.003**	**245.295**	**254.529**	**261.295**	**275.470**	**300.147**
Depósitos	117.952	122.672	137.658	139.195	139.939	144.902	158.841	160.663
Depósitos à Vista	27.923	27.694	35.802	31.878	31.363	32.448	40.059	35.588
Depósitos de Poupança	31.607	32.093	32.844	32.975	33.215	34.447	36.714	38.942
Depósitos Interfinanceiros	5.837	5.885	5.383	5.262	5.855	5.579	4.878	5.026
Depósitos a Prazo	52.520	56.907	63.495	68.948	69.377	72.271	76.900	80.860
Depósitos para Investimento	66	93	134	131	129	157	289	247
Captações no Mercado Aberto	36.168	35.989	30.508	42.758	51.496	44.309	49.283	67.639
Carteira Própria	33.637	31.308	23.122	31.249	29.559	31.038	31.916	31.985
Carteira de Terceiros	2.532	4.681	7.386	11.509	20.567	12.871	16.867	31.354
Carteira de Livre Movimentação					1.370	400	445	4.300
Recursos de Aceites e Emissão de Títulos	569	558	3.166	2.789	2.603	2.467	2.304	2.099
Obrigações por TVM no Exterior	569	558	3.166	2.789	2.603	2.467	2.304	2.099
Relações Interfinanceiras	1.902	2.059	980	1.477	2.037	1.644	1.166	2.038
Recebimentos e Pagamentos a Liquidar	1.902	2.059	979	1.476	2.036	1.643	1.163	2.036
Correspondentes	-	-	1	1	1	1	3	2
Relações Interdependências	1.404	1.604	1.973	1.273	1.388	1.618	2.397	1.913
Recursos em Trânsito de Terceiros	1.384	1.585	1.883	1.183	1.369	1.599	2.281	1.896
Transferências Internas de Recursos	19	19	89	89	19	19	116	16
Obrigações por Empréstimos	5.076	4.707	4.858	4.031	3.930	4.332	3.737	4.574
Empréstimos no Exterior	5.076	4.707	4.858	4.031	3.930	4.332	3.737	4.574
Obrigações por Repasses do País - Inst. Oficiais	11.823	12.147	13.370	13.053	12.431	13.348	14.335	13.950
Tesouro Nacional	3.979	3.991	4.157	4.053	3.067	3.035	2.989	3.077
BNDES	3.674	3.779	3.908	3.960	4.210	4.308	4.658	4.716
FINAME	3.675	3.817	4.750	4.720	4.975	5.364	6.004	5.748
Outras Instituições	495	560	556	320	180	641	684	410
Obrigações por Repasses do Exterior	1	1	0	0	0	0	0	0
Instrumentos Financeiros Derivativos	1.473	664	571	1.446	1.156	3.432	3.511	1.969
Outras Obrigações	41.915	48.171	42.918	39.274	39.548	45.242	39.895	45.301
Cobrança e Arrec. de Trib. e Assemelhados	1.852	2.614	344	3.258	2.245	1.923	181	2.109
Carteira de Câmbio	13.845	20.011	17.500	10.687	8.521	14.859	10.013	14.946
Sociais e Estatutárias	887	386	1.169	229	2.093	639	1.165	767
Fiscais e Previdenciárias	1.064	1.362	1.599	1.503	2.479	3.107	2.672	1.656
Negociação e Intermediação de Valores	2.867	2.633	58	127	81	106	140	237
Fundos Financeiros e de Desenvolvimento	2.029	1.919	1.932	1.981	1.982	1.821	1.902	1.946
Instrumentos Híbridos de Capital e Dívida	-	-	-	1.102	1.098	1.103	1.085	1.041
Operações Especiais	2	2	2	2	2	2	2	2
FCO (Dívida Subordinada)	7.301	7.482	7.840	8.095	8.409	8.685	8.995	9.265
Passivo Atuarial	3.075	3.087	3.277		3.308	3.326	3.485	3.530
Diversas	8.993	8.673	9.196	12.290	9.332	9.670	10.255	9.802
Resultados de Exercícios Futuros	**118**	**112**	**125**	**131**	**128**	**122**	**129**	**113**
Patrimônio Líquido	**15.393**	**16.826**	**16.850**	**19.209**	**19.178**	**20.197**	**20.758**	**21.638**
Capital	10.797	10.797	10.797	10.797	11.913	11.913	11.913	11.913
(Capital a Realizar)	-	-	-	-	-	-	-	-
Reservas de Capital	5	5	5	5	356	356	356	356
Reservas de Reavaliação	23	23	23	23	23	23	7	6
Reservas de Lucros	4.715	4.715	6.020	6.020	6.787	6.787	8.101	7.858
Ajuste ao Valor de Mercado - TVM e Derivat.	(22)	(27)	130	146	99	210	382	417
Lucros ou Prejuízos Acumulados	-	1	-	1	-	1	-	-
(Ações em Tesouraria)	(126)	(126)	(126)	(126)	-	-	-	-
Contas de Resultado	-	1.438	-	2.343	-	907	-	1.088

120. Balance Sheet - Liabilities

	Jun/05	Set/05	Dez/05	Mar/06	Jun/06	Set/06	Dez/06	Mar/07
PASSIVO	233.793	245.511	252.977	264.635	273.836	281.615	296.356	321.898
Circulante e Exigível a Longo Prazo	218.282	228.573	236.003	245.295	254.529	261.295	275.470	300.147
Depósitos	117.952	122.672	137.658	139.195	139.939	144.902	158.841	160.663
Depósitos à Vista	27.923	27.694	35.802	31.878	31.363	32.448	40.059	35.588
Depósitos de Poupança	31.607	32.093	32.844	32.975	33.215	34.447	36.714	38.942
Depósitos Interfinanceiros	5.837	5.885	5.383	5.262	5.855	5.579	4.878	5.026
Depósitos a Prazo	52.520	56.907	63.495	68.948	69.377	72.271	76.900	80.860
Depósitos para Investimento	66	93	134	131	129	157	289	247
Captações no Mercado Aberto	36.168	35.989	30.508	42.758	51.496	44.309	49.283	67.639
Carteira Própria	33.637	31.308	23.122	31.249	29.559	31.038	31.916	31.985
Carteira de Terceiros	2.532	4.681	7.386	11.509	20.567	12.871	16.867	31.354
Carteira de Livre Movimentação					1.370	400	445	4.300
Recursos de Aceites e Emissão de Títulos	569	558	3.166	2.789	2.603	2.467	2.304	2.099
Obrigações por TVM no Exterior	569	558	3.166	2.789	2.603	2.467	2.304	2.099
Relações Interfinanceiras	1.902	2.059	980	1.477	2.037	1.644	1.166	2.038
Recebimentos e Pagamentos a Liquidar	1.902	2.059	979	1.476	2.036	1.643	1.163	2.036
Correspondentes	-	-	1	1	1	1	3	2
Relações Interdependências	1.404	1.604	1.973	1.273	1.388	1.618	2.397	1.913
Recursos em Trânsito de Terceiros	1.384	1.585	1.883	1.183	1.369	1.599	2.281	1.896
Transferências Internas de Recursos	19	19	89	89	19	19	116	16
Obrigações por Empréstimos	5.076	4.707	4.858	4.031	3.930	4.332	3.737	4.574
Empréstimos no Exterior	5.076	4.707	4.858	4.031	3.930	4.332	3.737	4.574
Obrigações por Repasses do País - Inst. Oficiais	11.823	12.147	13.370	13.053	12.431	13.348	14.335	13.950
Tesouro Nacional	3.979	3.991	4.157	4.053	3.067	3.035	2.989	3.077
BNDES	3.674	3.779	3.908	3.960	4.210	4.308	4.658	4.716
FINAME	3.675	3.817	4.750	4.720	4.975	5.364	6.004	5.748
Outras Instituições	495	560	556	320	180	641	684	410
Obrigações por Repasses do Exterior	1	1	0	0	0	0	0	0
Instrumentos Financeiros Derivativos	1.473	664	571	1.446	1.156	3.432	3.511	1.969
Outras Obrigações	41.915	48.171	42.918	39.274	39.548	45.242	39.895	45.301
Cobrança e Arrec. de Trib. e Assemelhados	1.852	2.614	344	3.258	2.245	1.923	181	2.109
Carteira de Câmbio	13.845	20.011	17.500	10.687	8.521	14.859	10.013	14.946
Sociais e Estatutárias	887	386	1.169	229	2.093	639	1.165	767
Fiscais e Previdenciárias	1.064	1.362	1.599	1.503	2.479	3.107	2.672	1.656
Negociação e Intermediação de Valores	2.867	2.633	58	127	81	106	140	237
Fundos Financeiros e de Desenvolvimento	2.029	1.919	1.932	1.981	1.982	1.821	1.902	1.946
Instrumentos Híbridos de Capital e Dívida	-	-	-	1.102	1.098	1.103	1.085	1.041
Operações Especiais	2	2	2	2	2	2	2	2
FCO (Dívida Subordinada)	7.301	7.482	7.840	8.095	8.409	8.685	8.995	9.265
Passivo Atuarial	3.075	3.087	3.277		3.308	3.326	3.485	3.530
Diversas	8.993	8.673	9.196	12.290	9.332	9.670	10.255	9.802
Resultados de Exercícios Futuros	**118**	**112**	**125**	**131**	**128**	**122**	**129**	**113**
Patrimônio Líquido	**15.393**	**16.826**	**16.850**	**19.209**	**19.178**	**20.197**	**20.758**	**21.638**
Capital	10.797	10.797	10.797	10.797	11.913	11.913	11.913	11.913
(Capital a Realizar)	-	-	-	-	-	-	-	-
Reservas de Capital	5	5	5	5	356	356	356	356
Reservas de Reavaliação	23	23	23	23	23	23	7	6
Reservas de Lucros	4.715	4.715	6.020	6.020	6.787	6.787	8.101	7.858
Ajuste ao Valor de Mercado -TVM e Derivat.	(22)	(27)	130	146	99	210	382	417
Lucros ou Prejuízos Acumulados	-	1	-	1	-	1	-	-
(Ações em Tesouraria)	(126)	(126)	(126)	(126)	-	-	-	-
Contas de Resultado	-	1.438	-	2.343	-	907	-	1.088

8.2 Summarized Corporate Law Income Statement Table 121. Summarized Corporate Law Income Statement

R$ million

	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
Financial Intermediation Income	**7,936**	**8,993**	**8,104**	**9,394**	**9,031**	**8,954**	**9,404**	**9,708**
Loans	4,706	4,918	5,036	5,095	5,339	5,361	5,816	6,101
Leasing	31	35	36	38	40	47	48	50
Securities	2,849	3,076	3,333	3,521	3,283	3,405	3,274	3,043
Financial Derivatives	(38)	(85)	(229)	(139)	(181)	(199)	(118)	34
Foreign Exchange Portfolio	(35)	597	(501)	452	158	(64)	(5)	81
Compulsory Investments	423	451	429	427	392	405	389	400
Financial Intermediation Expenses	**(5,266)**	**(5,418)**	**(6,216)**	**(6,556)**	**(6,884)**	**(6,453)**	**(6,085)**	**(6,418)**
Money Market Funds	(3,706)	(3,840)	(3,976)	(3,984)	(4,365)	(4,402)	(4,237)	(4,388)
Borrowing, Assignments and Onlending	(337)	(412)	(482)	(502)	(533)	(421)	(395)	(410)
Allowance for Loan Losses	(1,222)	(1,166)	(1,757)	(2,071)	(1,985)	(1,630)	(1,454)	(1,621)
Gross Income from Financial Intermediation	**2,670**	**3,574**	**1,888**	**2,838**	**2,148**	**2,501**	**3,319**	**3,290**
Other Operating Income (Expenses)	**(930)**	**(1,104)**	**(569)**	**(1,873)**	**(44)**	**(972)**	**(1,719)**	**(1,192)**
Service Revenues	1,929	1,952	2,001	2,103	2,246	2,252	2,287	2,377
Personnel Expenses	(1,722)	(1,937)	(2,012)	(1,876)	(2,001)	(1,945)	(2,050)	(1,859)
Other Administrative Expenses	(1,366)	(1,401)	(1,498)	(1,362)	(1,450)	(1,498)	(1,564)	(1,467)
Taxes	(440)	(455)	(432)	(454)	(437)	(463)	(471)	(489)
Equity Int, in the Results of Subs, and Affil,	(452)	(49)	307	(154)	172	163	87	36
Other Operating Revenues	3,700	2,285	605	1,464	1,719	1,162	812	1,124
Other Operating Expenses	(2,580)	(1,500)	458	(1,595)	(292)	(643)	(821)	(915)
Operating Income	**1,740**	**2,470**	**1,319**	**965**	**2,104**	**1,528**	**1,600**	**2,098**
Non-operating Income	21	64	28	26	25	23	47	31
Income Before Taxes	**1,760**	**2,533**	**1,347**	**991**	**2,129**	**1,551**	**1,646**	**2,128**
Income and Social Contribution Taxes	(570)	(979)	(447)	1,542	(277)	(527)	(235)	(539)
Statutory Profit Sharing	(176)	(116)	(163)	(190)	(307)	(117)	(164)	(180)
Net Income	**1,014**	**1,438**	**737**	**2,343**	**1,546**	**907**	**1,248**	**1,409**

8.3 Income Statement with Reallocations

Table 122. Income Statement with Reallocations

R$ million

	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
Financial Intermediation Income	**8,089**	**8,452**	**8,856**	**8,892**	**9,210**	**9,096**	**9,487**	**9,650**
Loans	4,706	4,918	5,036	5,095	5,339	5,361	5,816	6,101
Leasing	31	35	36	38	40	47	48	50
Securities	2,849	3,076	3,333	3,521	3,283	3,405	3,274	3,043
Financial Derivatives	(38)	(85)	(229)	(139)	(181)	(199)	(118)	34
Foreign Exchange Portfolio	(35)	597	(501)	452	158	(64)	(5)	81
Compulsory Investments	423	451	429	427	392	405	389	400
FX Gain (Loss) on Foreign Investments	(533)	(202)	166	(266)	38	11	(27)	(154)
Other Op, Inc, of a Fin, Intermed, Nature	686	(339)	587	(237)	141	131	110	96
Financial Intermediation Expenses	**(3,943)**	**(4,252)**	**(4,458)**	**(4,486)**	**(4,898)**	**(4,693)**	**(4,631)**	**(4,798)**
Money Market Funds	(3,706)	(3,840)	(3,976)	(3,984)	(4,365)	(4,272)	(4,237)	(4,388)
Borrowing, Assignments and Onlending	(337)	(412)	(482)	(502)	(533)	(421)	(395)	(410)
Net Interest Income	**4,146**	**4,199**	**4,398**	**4,406**	**4,312**	**4,403**	**4,855**	**4,852**
Allowance for Loan Losses	(1,002)	(966)	(1,498)	(1,345)	(1,757)	(1,385)	(1,257)	(1,431)
Net Financial Margin	**3,144**	**3,234**	**2,900**	**3,061**	**2,555**	**3,018**	**3,598**	**3,422**
Service Revenues	1,929	1,952	2,001	2,103	2,246	2,252	2,287	2,377
Taxes on Revenues	(406)	(376)	(393)	(409)	(407)	(429)	(438)	(451)
Contribution Margin	**4,667**	**4,810**	**4,509**	**4,755**	**4,394**	**4,841**	**5,448**	**5,347**
Administrative Expenses	(3,035)	(3,106)	(3,268)	(3,156)	(3,253)	(3,216)	(3,396)	(3,186)
Personnel Expenses	(1,687)	(1,709)	(1,802)	(1,781)	(1,839)	(1,804)	(1,846)	(1,748)
Other Administrative Expenses	(1,314)	(1,362)	(1,428)	(1,331)	(1,383)	(1,378)	(1,516)	(1,401)
Other Tax Expenses	(34)	(36)	(39)	(44)	(31)	(34)	(33)	(37)
Commercial Income	**1,631**	**1,704**	**1,241**	**1,600**	**1,141**	**1,625**	**2,052**	**2,161**
Legal Risk	22	(268)	(281)	(126)	(229)	(192)	(251)	(177)
Legal Claims	(52)	(40)	(70)	(31)	(67)	(51)	(48)	(66)
Labor Lawsuits	74	(228)	(211)	(95)	(162)	(141)	(204)	(111)
Other Operating Income (Expenses)	186	156	359	(9)	(169)	(20)	(201)	113
Eq, Interest in Resul, Subs, and Affil,	91	153	134	106	135	152	115	191
FX Other Operating Income/Expenses	95	3	224	(115)	(304)	(172)	(316)	(77)
Other Operating Income	632	692	1,036	631	599	716	702	755
Other Operating Expenses	(537)	(689)	(812)	(746)	(903)	(888)	(1,018)	(833)
Operating Income	**1,739**	**1,592**	**1,319**	**1,465**	**743**	**1,414**	**1,600**	**2,098**
Non-operating Income	21	64	28	26	25	23	47	31
Income Before Taxes	**1,760**	**1,655**	**1,347**	**1,491**	**768**	**1,436**	**1,646**	**2,128**
Income and Social Contribution Taxes	(570)	(666)	(447)	(363)	186	(488)	(235)	(539)
Interest on Own Capital Tax Benefit	214	-	252	-		-	232	109
Statutory Profit Sharing	(176)	(116)	(163)	(190)	(307)	(117)	(164)	(180)
Recurring Income	**1,014**	**873**	**737**	**938**	**647**	**832**	**1,248**	**1,409**
Extraordinary Items	-	565	-	1,405	899	76	-	-
Reversal of Non-recurring Provision	-	-	-			-	-	-
Previ Parity	-	-	-		1,362	-	-	-
Provision for Credit Risks	-	-	-	(500)	-	-	-	-
Recovery of Undue Taxes		-	-	1,905	-	-	-	-
Provision for Non-recurring IR and CS	-	(313)	-	-	(463)	(39)	-	-
Tax Credit Recorded	-	921	-	-		115	-	-
Provision for Retirement Incentive Plan	-	-	-	-			-	-
Non-recurring Pasep/Cofins	-	(43)	-	-	-	-	-	-
Net Income	**1,014**	**1,438**	**737**	**2,343**	**1,546**	**907**	**1,248**	**1,409**

8.4 Analytical Spread

Tabela 123. Analytical

Spread

Average Balances in R$ million

	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
Remunerated Assets	**189,646**	**192,275**	**197,940**	**213,563**	**218,553**	**229,259**	**238,030**	**253,695**
Available Funds in Foreign Currency	**7,290**	**536**	**403**	**245**	**487**	**202**	**470**	**1,266**
Income from Avail, Funds in Foreign Currency	(1)	3	14	5	78	18	19	8
Annualized Rate - %	(0.1)	2.5	14.4	8.1	81.0	39.5	16.9	2.6
Securities + Interbank Investments	**83,983**	**93,515**	**94,116**	**104,485**	**103,116**	**107,795**	**104,239**	**110,690**
Securities Income excluding Hedges	2,849	3,076	3,333	3,521	3,283	3,405	3,274	3,043
Annualized Rate - %	14.3	13.8	14.9	14.2	13.4	13.2	13.2	11.5
Loans + Leasing	**85,443**	**85,427**	**89,416**	**94,036**	**100,238**	**105,346**	**117,792**	**126,416**
Loans + Leasing Income	4,474	4,708	4,814	4,837	5,146	5,136	5,439	5,805
Annualized Rate - %	22.6	23.9	23.3	22.2	22.2	21.0	19.8	19.7
Remunerated Compulsory Deposit	**12,237**	**12,065**	**13,255**	**14,017**	**13,919**	**15,108**	**14,771**	**14,575**
Income from Compulsory Deposits	423	451	429	427	392	405	389	400
Annualized Rate - %	14.6	15.8	13.6	12.7	11.7	11.1	10.9	11.4
Other Remunerated Assets	**693**	**733**	**750**	**780**	**791**	**806**	**758**	**748**
Other Income with Fin, Intermed, Charact,	37	35	37	32	37	36	32	30
Annualized Rate - %	22.8	20.4	21.5	17.5	19.8	19.0	18.0	17.2
Tax Credits	**7,535**	**6,926**	**6,720**	**7,352**	**9,122**	**9,260**	**9,091**	**8,621**
Other Assets	**35,807**	**36,388**	**37,668**	**38,155**	**37,923**	**40,441**	**40,479**	**43,168**
Permanent Assets	**5,008**	**5,008**	**5,392**	**5,496**	**5,585**	**5,566**	**5,703**	**5,799**
TOTAL ASSETS	**237,996**	**240,596**	**247,720**	**264,566**	**271,182**	**284,525**	**293,303**	**311,283**
Remunerated Liabilities	**160,184**	**155,609**	**160,413**	**176,204**	**185,290**	**192,983**	**196,777**	**215,558**
Savings Deposits	**31,447**	**32,077**	**32,313**	**33,121**	**33,038**	**34,076**	**35,668**	**38,339**
Expenses with Savings Deposits	(713)	(758)	(705)	(669)	(658)	(714)	(712)	(895)
Annualized Rate - %	9.4	9.8	9.0	8.3	8.2	8.6	7.8	9.7
Interbank Deposits	**6,060**	**5,992**	**5,442**	**5,056**	**5,948**	**5,868**	**5,211**	**5,017**
Expenses with Interbank Deposits	(93)	(179)	(127)	(202)	(218)	(85)	(377)	(188)
Annualized Rate - %	6.3	12.5	9.6	17.0	15.5	5.9	26.0	15.8
Time Deposits	**52,809**	**55,201**	**61,725**	**67,378**	**68,494**	**71,357**	**76,619**	**79,404**
Expenses with Time Deposits	(1,285)	(1,489)	(1,790)	(1,588)	(1,830)	(1,767)	(1,667)	(1,612)
Annualized Rate - %	10.1	11.2	12.1	9.8	11.1	10.3	8.4	8.4
Money Market Borrowing	**37,283**	**35,526**	**32,715**	**41,962**	**49,599**	**52,730**	**49,654**	**62,499**
Expenses with Money Market Borrowing	(1,484)	(1,376)	(1,217)	(1,442)	(1,560)	(1,577)	(1,399)	(1,613)
Annualized Rate - %	16.9	16.4	15.7	14.5	13.2	12.5	10.8	10.7
Foreign Borrowing	**12,070**	**5,030**	**4,532**	**4,173**	**4,013**	**4,111**	**3,813**	**3,980**
Exp, with Foreign Borr,, Onlending and Banks	(53)	(57)	(66)	(56)	(54)	(63)	(44)	(48)
Annualized Rate - %	1.77	4.57	5.98	5.46	5.52	6.2	4.6	4.8
Onlending	**11,424**	**12,067**	**12,681**	**13,310**	**12,694**	**13,200**	**13,946**	**14,126**
Expenses with Onlending	(140)	(208)	(287)	(291)	(347)	(228)	(233)	(247)
Annualized Rate - %	4.99	7.07	9.37	9.04	11.38	7.1	6.5	6.8
Fin, and Develop, Funds + Subord,Debt	**8,492**	**9,149**	**9,571**	**9,900**	**10,258**	**10,443**	**10,707**	**11,108**
Expenses with Fin, and Develop, Funds	(144)	(148)	(129)	(155)	(132)	(131)	(118)	(115)
Annualized Rate - %	6.98	6.62	5.50	6.41	5.25	5.1	4.3	4.1
Foreign Securities	**598**	**567**	**1,432**	**1,304**	**1,246**	**1,199**	**1,160**	**1,084**
Expenses with Foreign Securities	(15)	(16)	(114)	(58)	(55)	(52)	(47)	(44)
Annualized Rate - %	10.27	11.70	35.67	19.18	18.80	18.4	15.3	15.3
Other Liabilities	**63,292**	**69,585**	**70,256**	**70,517**	**66,667**	**71,682**	**75,689**	**74,267**
Demand Deposits	27,361	27,370	31,694	31,472	31,863	31,536	35,415	35,001
Other Liabilities	35,931	42,214	38,561	39,046	34,803	40,146	40,275	39,267
Shareholders' Equity + Income Accounts	**14,520**	**15,402**	**17,052**	**17,845**	**19,225**	**19,860**	**20,836**	**21,457**
TOTAL LIAB, AND SHAREHOLDERS' EQ,	**237,996**	**240,596**	**247,720**	**264,566**	**271,182**	**284,525**	**293,303**	**311,283**
	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07

	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07
Financial Intermediation Income	**8,089**	**8,451**	**8,856**	**8,892**	**9,210**	**9,096**	**9,491**	**9,286**
Income from Remunerated Assets	7,782	8,273	8,627	8,821	8,936	8,998	9,152	34
Income from Financial Derivatives	(38)	(85)	(229)	(139)	(181)	(199)	(118)	(154)
FX Gain (Loss) on Foreign Investments	(533)	(202)	166	(266)	38	11	(27)	73
Other FX Operations	(34)	594	(515)	447	80	(82)	(23)	-
Other Operating Income	650	(374)	550	(269)	105	96	82	66
Recovery of Write-offs	262	245	258	297	233	272	425	346
Financial Intermediation Expenses	**(3,943)**	**(4,252)**	**(4,458)**	**(4,486)**	**(4,898)**	**(4,693)**	**(4,631)**	**(4,798)**
Expenses with Remunerated Liabilities	(3,927)	(4,230)	(4,435)	(4,462)	(4,854)	(4,617)	(4,598)	(4,762)
Expenses with FGC on Demand Deposits	(13)	(13)	(15)	(16)	(16)	(13)	(8)	(9)
Expenses with Debt Assumption Contracts	(3)	(7)	(8)	(8)	(6)	(10)	(1)	(5)
Other Expenses		(2)			(23)	(53)	(24)	(22)
Net Interest Income	**4,146**	**4,199**	**4,398**	**4,406**	**4,312**	**4,273**	**4,859**	**4,852**
Assets – Permanent Assets	**232,988**	**235,588**	**241,188**	**259,070**	**265,598**	**278,959**	**287,600**	**305,484**
Remunerated Assets	**189,646**	**192,275**	**197,940**	**213,563**	**218,553**	**229,259**	**238,030**	**253,695**
Finan, Interm, Inc, / (Assets – Perman, Assets)	3.5	3.6	3.7	3.4	3.5	3.3	3.3	3.2
Finan, Inter, Inc, / (Assets – Perm, Assets) – Ann,	14.6	15.1	15.5	14.5	14.6	13.7	13.9	13.2
Finan, Inter, Exp, / (Assets – Permanent Assets)	1.7	1.8	1.8	1.7	1.8	1.7	1.6	1.6
Finan, Inter, Exp,/(Assets – Perm, Assets) – Ann,	6.9	7.4	7.6	7.1	7.6	6.9	6.6	6.4
GFM / (Assets – Permanent Assets)	1.8	1.8	1.8	1.7	1.6	1.6	1.7	1.6
GFM / (Assets – Permanent Assets) – Ann,	**7.3**	**7.3**	**7.5**	**7.0**	**6.7**	**6.5**	**6.9**	**6.5**
Finan, Intermed, Income / (Remunerated Assets)	4.3	4.4	4.5	4.2	4.2	4.0	4.0	3.8
Finan, Intermed, Inc, / (Remun, Assets) – Ann,	18.2	18.8	19.1	17.7	18.0	16.8	16.9	16.1
Finan, Intermed, Expenses / (Remun, Assets)	2.1	2.2	2.3	2.1	2.2	2.0	1.9	1.9
Finan, Interm, Expen,s / (Remun, Assets) – Ann,	8.6	9.1	9.3	8.7	9.3	8.4	8.0	7.8
GFM / (Remunerated Assets)	2.2	2.2	2.2	2.1	2.0	1.9	2.0	1.9
GFM / (Remunerated Assets) – Ann,	**9.0**	**9.0**	**9.2**	**8.5**	**8.1**	**7.9**	**8.4**	**7.9**

END