

Highlights

- (1) The recurring net income increased 25.4% in twelve months and attained R\$ 8,726 million in the first nine months of 2011. This result corresponds to an annualized return on average shareholders' equity of 22.4%. The net income per share attained R\$ 1.01 in the 3Q11, an amount 9.9% higher than the same period of 2010.
- (2) In the YTD up to Sep/11, R\$ 3,661 million was distributed to the shareholders, amount 18.0% higher than that verified in the same period of 2010. Of this total, R\$ 1,405 million was distributed in the form of dividends, and R\$ 2,256 million as interest on own capital. For the year 2011, the percentage of net profits paid (payout,) remained in 40%.
- (3) Total assets reached R\$ 950 billion at the end of September 2011, 19.2% higher than the one recorded in September 2010, and 5.0% higher than June/11. This result corresponds to an annualized return on average assets of 1.3% in 3Q11.
- (4) The amplified loan portfolio, including guarantees provided and private securities, attained R\$ 442 million, an increase of 21.0% in twelve months and 4.5% in the quarterly comparison. Corporate loans boosted this result, and the portfolio reached R\$ 199 billion in Sep/11, representing 45.1% of the total.
- (5) The delinquency of BB's portfolio remained better than that verified in the Banking Industry. The ratio that measures the percentage of operations past due over 90 days reached 2.1% in Sep/11, as opposed to 3.5% in the Banking Industry. Regarding portfolio risk, an improvement in the operations classified in AA-C levels was verified, which increased from 92.8% in Sep/10 to 93.9% in Sep/11. These operations reached 92.4% in the Banking Industry as of Sep/11.
- (6) Total funding (deposits and money market borrowing) ended Sep/11 in the amount of R\$ 614 billion, a growth of 19.5% in twelve months. Time deposits were the highlight with a 7.9% increase over Jun/11 and 31.6% in 12 months.
- (7) Assets managed by Banco do Brasil through BB Distribuidora de Títulos e Valores Mobiliários (BB DTVM) reached R\$ 411 billion in Sep/11, representing a market share of 22.0%. Considering 50% of the volume of funds managed by Banco Votorantim (BV), corresponding to BB's interest in that bank, funds attained R\$ 425 billion and market share reached 22.7%.
- (8) The Net Interest Income (NII) reached R\$ 31,537 million in 9M11, which represents an increase of 10.0% in relation to 9M10. The result was driven mainly by revenues from loan operations and securities.
- (9) As a result of the growing performance of fee income, combined with control of administrative expenses, BB's efficiency has been improving. The efficiency ratio for 12 months reached 41.1% in Sep/11, as opposed to 44.1% in Sep/10, an improvement of 300 base points.
- (10) Income from insurance, pension plan and saving bonds operations grew by 25.1% in nine months, reaching R\$ 1,182 million. This amount corresponds to 13.5% of BB's recurring income, the same level recorded in 2010.

Summary of the Results

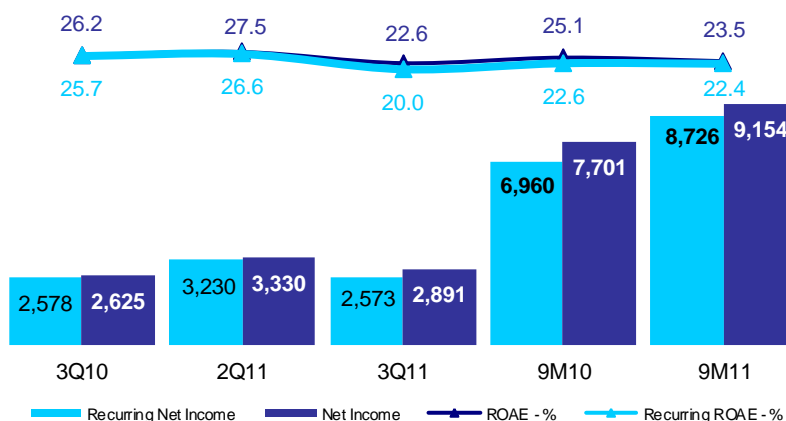
Income

BB's Net Income surpasses R\$ 9 billion in the YTD of 2011

Banco do Brasil recorded net income of R\$ 9,154 million in the first nine months of 2011, up 18.9% over the amount verified in the same period of 2010. This result corresponds to an annualized return on average shareholders' equity (ROAE) of 23.5%.

In the period (9M11), one-off items (amounts net of tax effects and statutory profit sharing) reached a total of R\$ 427 million: disposal of BB's investments in Visa Internacional and Mastercard (R\$ 94 million); tax efficiency (R\$ 338 million) and economic plans (R\$ - 5 million). Therefore, recurring income ended the 9M11 in R\$ 8,726 million, 25.4% higher than the amount verified in the same period of 2010.

Figure 1. Income (R\$ million) and Return on Average Equity (ROAE) (%)



Revenues from financial intermediation reached R\$ 77,088 million in 9M11, representing a 30.3% increase over 9M10. Loan and lease operations revenues (R\$ 48,478 million) accounted for 63% of financial intermediation revenues. In the same period of 2010, this interest was 68% (R\$ 40,137 million). On the other hand, securities income, that amounted to R\$ 23,659 million at the end of 9M11, accounted for 31%, as opposed to 29% in 2010. Operations with securities grew 52.1% in the 3Q11, representing an increase of R\$ 3,623 million. The effect of appreciation of the US currency (18.8%) influenced this result, generating a positive effect of R\$ 2,580 million in the income with securities in 3Q11. Additional information regarding Bank investments can be consulted in Chapter 7 of MD&A report.

Adopting a more conservative approach considering the current economic scenario, BB focused on time deposits. The relative share of these deposits in the total grew from 55.1% in Sep/10 to 60.3% in this quarter, while demand deposits went from 16.9% in Sep/10 to 13.7% in Sep/11. This change in the mix of deposits contributed to the increase in the financial intermediation expenses. Even with this scenario, BB ended 9M11 with a growth of 10.0% in the NII over the same period of 2010.

Administrative expenses remain under control and below the proposed guidance. In the nine first months of 2011 there was growth of 7.8% over the same period of 2010.

Summary of the Results

3T11

The following table, extracted from the statement of income with reallocations, presents the main highlights of the period. The breakdown of reallocations is in Section 2.3.1 of the MD&A report.

Table 1. Income Statement with Reallocations – Main Lines

R\$ million	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q10	2Q11	3Q11	On 3Q10	On 2Q11	9M10	9M11	On 9M10
Financial Intermediation Income	21,243	24,186	30,341	42.8	25.4	59,145	77,088	30.3
Loan Operations ¹ + Leasing	14,394	15,805	17,876	24.2	13.1	40,137	48,478	20.8
Securities	6,262	6,952	10,574	68.9	52.1	17,102	23,659	38.3
Financial Intermediation Expenses	(11,213)	(13,570)	(19,626)	75.0	44.6	(30,470)	(45,551)	49.5
Net Interest Income	10,030	10,616	10,715	6.8	0.9	28,674	31,537	10.0
Allowance for Loan Losses	(2,639)	(3,047)	(3,259)	23.5	6.9	(8,536)	(8,936)	4.7
Net Financial Margin	7,390	7,569	7,456	0.9	(1.5)	20,138	22,602	12.2
Fee income	4,138	4,388	4,720	14.1	7.6	11,867	13,215	11.4
Income f/ Insur., Pension Plans and Sav. Bonds	488	667	570	16.8	(14.6)	1,397	1,750	25.3
Contribution Margin	11,105	11,596	11,740	5.7	1.2	30,743	34,556	12.4
Administrative Expenses	(5,726)	(5,886)	(6,208)	8.4	5.5	(16,497)	(17,786)	7.8
Personnel Expenses	(3,186)	(3,364)	(3,481)	9.3	3.5	(8,973)	(9,990)	11.3
Other Administrative Expenses	(2,541)	(2,522)	(2,727)	7.4	8.2	(7,524)	(7,796)	3.6
Commercial Income	5,350	5,663	5,465	2.1	(3.5)	14,157	16,615	17.4
Legal Claims	(259)	(190)	(122)	(53.0)	(35.8)	(462)	(410)	(11.4)
Labor Lawsuits	(256)	2	(369)	44.2	-	(741)	(446)	(39.8)
Other Operating Income	(803)	(185)	(1,101)	37.1	495.5	(1,641)	(1,776)	8.2
Income Before Taxes	4,057	5,295	3,897	(4.0)	(26.4)	11,357	14,031	23.5
Income and Social Contribution Taxes	(1,072)	(1,566)	(924)	(13.9)	(41.0)	(3,319)	(3,963)	19.4
Corporate Profit Sharing	(408)	(472)	(373)	(8.4)	(20.9)	(1,077)	(1,287)	19.5
Recurring Net Income	2,578	3,230	2,573	(0.2)	(20.3)	6,960	8,726	25.4

(1) Reduced Loan Operations Revenues related to loans acquired, given that the premiums paid in acquisitions of portfolios have been recognized in contrast with the Financial Intermediation Income.

One-Off Items

The following table shows the one-off items that added R\$ 318 million to BB's net income in in the first nine months of 2011. These items are already net of taxes and statutory profit sharing.

Table 2. One-Off Items

R\$ million	3Q10	2Q11	3Q11	9M10	9M11
Recurring Net Income	2,578	3,230	2,573	6,960	8,726
(+) One-Off Items of the Period	47	100	318	741	427
Sale of Investments	-	169	-	214	169
Economic Plans	53	10	(35)	(141)	(8)
Tax Efficiency	-	-	386	-	386
Contingent Liabilities (BESC)	-	-	-	250	-
Additional Allowance for Loan Losses	-	-	-	332	-
Reversal of Labor Liabilities	-	-	-	568	-
Capital Gain - BB Seguros Participações	-	-	-	114	-
Tax Eff. and Stat. Profit Sharing on One-Off Items	(6)	(79)	(33)	(597)	(120)
Parent Company Earnings	2,625	3,330	2,891	7,701	9,154
Minority Interest Earnings	-	27	27	(0)	54
Net Income	2,625	3,357	2,918	7,701	9,208

Table 3. Main Indicators of Income/Expenses

Indicators - %	3Q10	2Q11	3Q11	9M10	9M11
Net Interest Margin (NIM) ¹	6.4	6.0	5.8	6.3	5.8
Expenses with Allowance for Loan Losses over Portfolio ²	3.8	3.0	3.0	3.8	3.0
Cost-Income Ratio ³	45.0	39.7	44.9	44.0	41.8
Cost-Income Ratio - 12 Months	44.1	41.1	41.1	-	-
Recurring Return on Equity ¹	25.7	26.6	20.0	22.6	22.4
Effective Tax Rate	29.4	32.5	26.2	32.3	31.1

(1) Annualized indicators.

(2) Accumulated Allowance for Loan Losses expenses for the 12-month period divided by the average loan portfolio in the same period.

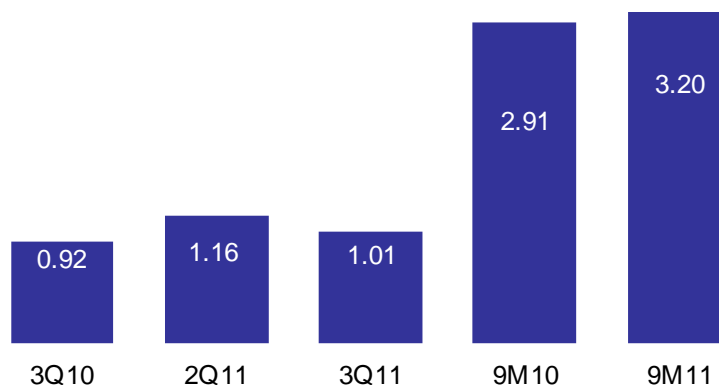
(3) The One-Off Items of the period were segregated in the calculation.

Shareholder's return

Earnings per share grew 10.0%

The earnings per share attained R\$ 3.20 in the first nine months of 2011, an amount 10.0% higher than that recorded in the same period of 2010.

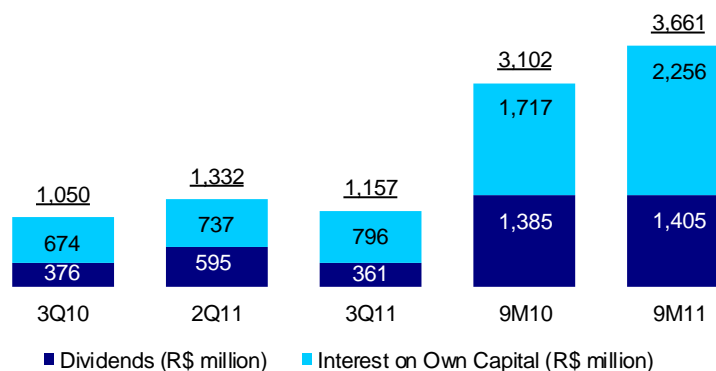
Figure 2. Earnings per Share



Remuneration to shareholders surpassed R\$ 3.6 billion for the year

Banco do Brasil maintained the policy of paying out 40% of its net income to its shareholders (payout). R\$ 3,661 million was set aside as shareholders' compensation in nine months, representing a growth of 18.0% in relation to 9M10. Payment amounted to R\$ 1,157 million for the quarter, amount 10.2% higher than that recorded in 3Q10.

Figure 3. Dividend and Interest on Own Capital



Net Interest Income and NIM

The following table presents the formation of Net Interest Income. Special emphasis is placed on the contribution of the loan portfolio in its main business lines and the amounts corresponding to revenues with recovery of written-off loans and relating to remunerated compulsory deposits are segregated.

Table 4. NII by Line of Business

R\$ million	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q10	2Q11	3Q11	On 3Q10	On 2Q11	9M10	9M11	On 9M10
Net Interest Income	10,030	10,616	10,715	6.8	0.9	28,674	31,537	10.0
Loan Operations	6,918	7,258	7,708	11.4	6.2	20,807	22,076	6.1
Individuals	3,931	4,278	4,295	9.3	0.4	11,866	12,670	6.8
Businesses	1,975	2,021	2,286	15.7	13.1	5,973	6,327	5.9
Agribusiness	1,012	959	1,127	11.3	17.5	2,969	3,080	3.7
Other	3,112	3,358	3,007	(3.4)	(10.5)	7,867	9,461	20.3
Remunerated Compulsory	1,119	1,742	1,969	76.0	13.0	2,310	5,308	129.8
Recovery of Write-offs Loans	1,052	953	985	(6.4)	3.3	2,440	2,793	14.5
Other	941	663	53	(94.4)	(92.0)	3,117	1,360	(56.4)

The performance of compulsory deposits is due to changes promoted by Central Bank of Brazil (Bacen) in the 2Q10 and 4Q10. These changes had two major impacts on the financial statements of BB. On one hand there was reduction of resources available for more profitable investments as result of the rise in rates. On the other hand there was a change in the form of payment, which implied migration of resources from the securities portfolio to compulsory deposits.

In the quarterly comparison, there was an increase of 60 basis points in the spread of the corporate loan portfolio. This performance is due mainly to the growth of credit lines for working capital which have been contracted with better rates. The exchange rate appreciation in the period also contributed to the increase of the spread.

Regarding the spread of agribusiness, the quarterly rate increase was influenced by the growth of equalization revenues in the period and the hiring of agricultural working capital operations.

"Risk-Adjusted Net Interest Margin" is calculated based on ratio between net interest margin and earning assets, so, it considers expenses with allowance for loan losses. The following table presents the performance of the spread indices by portfolio.

Table 5. Annualized NIM

%	3Q10	2Q11	3Q11	9M10	9M11
Loan Operations	9.2	8.6	8.8	9.4	8.5
Individuals	16.3	15.3	14.9	16.6	14.6
Businesses	6.1	5.7	6.3	6.3	5.9
Agribusiness	5.5	4.7	5.4	5.6	5.0
Other	3.9	3.6	3.1	3.4	3.4
Net Interest Margin (NIM)	6.4	6.0	5.8	6.4	5.8
Risk Adjusted NIM	4.7	4.2	4.0	5.7	4.2

Assets

Total assets grew 5% in the quarter and reached R\$ 950 billion

Banco do Brasil attained R\$ 949,781 million in total assets, an increase of 19.2% compared to Sep/10 and 5.0% in relation to Jun/11. The main lines of assets continue to be loan operations (including leasing operations), securities and short-term interbank investments that accounted for 71.4% of BB's total assets in Sep/11.

This quarter, the funding through time deposits became more pronounced and grew 7.9% in relation to 2Q11, to the detriment of demand deposits.

Table 6. Mains Equity Items

R\$ million	Sep/10	Jun/11	Sep/11	Chg. %	
				On Sep/10	On Jun/11
Total Assets	796,815	904,145	949,781	19.2	5.0
Loan Portfolio ¹	365,085	422,378	441,579	21.0	4.5
Securities	137,595	154,634	158,844	15.4	2.7
Short-Term Interbank Operations	135,300	147,565	157,413	16.3	6.7
Deposits	348,336	396,151	419,519	20.4	5.9
Demand Deposits	59,018	61,138	57,614	(2.4)	(5.8)
Savings Deposits	85,703	89,217	95,512	11.4	7.1
Interbank Deposits	11,216	11,553	13,586	21.1	17.6
Time Deposits	192,042	234,243	252,806	31.6	7.9
Money Market Borrowing	165,594	192,875	194,728	17.6	1.0
Shareholder's Equity	48,204	54,619	56,713	17.7	3.8

(1) It is included guarantees provided and private securities

Loan portfolio

Credit grows 4.5% in the quarter

The loan portfolio, which includes guarantees provided and private securities in the portfolio, attained R\$ 441,579 million, growth of 4.5% in the quarter and 21.0% in twelve months. Banco do Brasil's share in the domestic loan portfolio was 19.3% in September 2011.

Table 7. Amplified Business Loan Portfolio¹

R\$ million	Balance				Chg. %			
	Sep/10	Share %	Jun/11	Share %	Sep/11	Share %	On Sep/10	On Jun/11
Loan Portfolio (a)	339,826	100.0	383,378	100.0	402,555	100.0	18.5	5.0
Brazil	321,822	94.7	358,568	93.5	372,156	92.4	15.6	3.8
Individuals	107,368	31.6	122,561	32.0	125,747	31.2	17.1	2.6
Payroll Loan	42,178	12.4	47,910	12.5	49,020	12.2	16.2	2.3
Consumer Loan Backed by Direct Deposits	12,464	3.7	14,577	3.8	14,946	3.7	19.9	2.5
Vehicle Loans	25,304	7.4	30,535	8.0	31,435	7.8	24.2	2.9
Mortgage	2,453	0.7	4,200	1.1	5,030	1.2	105.1	19.8
Credit Card	10,403	3.1	11,481	3.0	11,729	2.9	12.7	2.2
Overdraft Accounts	3,030	0.9	3,141	0.8	3,110	0.8	2.6	(1.0)
Other	11,536	3.4	10,717	2.8	10,477	2.6	(9.2)	(2.2)
Businesses	140,502	41.3	155,456	40.5	163,340	40.6	16.3	5.1
SME	53,540	15.8	59,900	15.6	62,316	15.5	16.4	4.0
Middle and Large	86,962	25.6	95,556	24.9	101,024	25.1	16.2	5.7
Agribusiness	73,952	21.8	80,551	21.0	83,069	20.6	12.3	3.1
Individuals	47,986	14.1	51,649	13.5	53,437	13.3	11.4	3.5
Businesses	25,966	7.6	28,903	7.5	29,632	7.4	14.1	2.5
Abroad	18,004	5.3	24,810	6.5	30,400	7.6	68.9	22.5
Private Securities (b)	25,259		39,001		39,024		54.5	0.1
Amplified Loan Portfolio (a + b)	365,085	100.0	422,378	100.0	441,579	100.0	21.0	4.5
Individuals	107,369	29.4	122,562	29.0	125,766	28.5	17.1	2.6
Businesses	163,728	44.8	191,197	45.3	199,085	45.1	21.6	4.1
Agribusiness	74,588	20.4	81,489	19.3	83,780	19.0	12.3	2.8
Abroad	19,400	5.3	27,131	6.4	32,948	7.5	69.8	21.4

(1) It is included guarantees provided and private securities.

Mortgage surpasses R\$ 5 billion in Sep/11

Starting its operations with housing loans for individual clients in 2Q08, BB has henceforth exhibited continuous growth, and ended Sep/11 with a sum of R\$ 5,030 million in this category, an amount 19.8% higher than that observed in Jun/11. The amount disbursed in 3Q11 was R\$ 992 million, a volume 138.7% higher than the one recorded in the same quarter of 2010. For corporate clients the outlay was R\$ 429 million in 3Q11 and the portfolio balance reached R\$ 1,276 million.

The total amount of the loan portfolio for individual clients (R\$ 125,766 million) exhibited in 3Q11 expansion of 17.1% in twelve months, and of 2.6% over 2Q11.

The portfolio of loans to corporate clients ended Sep/11 with a balance of R\$ 199,085 million, which represents growth of 4.1% over 2Q11 and 21.6% in twelve months. This result was driven by the portfolio of large and mid-sized companies, which besides demanding credit through traditional lines (investment and working capital) raise funds through the subscription of private securities. The balance of the portfolio of these securities added to the offering of guarantees ended September at R\$ 35,745 million.

The agribusiness loan portfolio ended the quarter with a balance of R\$ 83,780 million, which corresponds to growth of 2.8% over 2Q11 and of 12.3% in twelve months. The quarterly performance results mainly from loans to individual customer in investment lines. The low rate of default on the agribusiness loan portfolio merits special emphasis. The indicator that measures the ratio between the loan portfolio and transactions over ninety days past due ended the quarter with a percentage of 0.9%, compared to 2.5% in the same period of 2010.

Delinquency remains at rates below than observed in the Banking Industry

The delinquency indicators of Banco do Brasil continue better than those observed in the Banking Industry (BI) in September 2011. The indicator that measures non-performing loans (NPL) for more than 90 days (ratio between loans for more 90 days and the loan portfolio) of the Banking Industry ended this quarter at 3.5%, compared to 2.1% of BB. Practically all of BB's credit quality indicators improved when compared to September 2010 and remained in line with the indices observed in the previous quarter.

Comparing operations classified by risk level, BB also presents a better loan structure than BI. Operations rated at risk levels AA-C at Sep/11 closed in 93.9% of the total portfolio, against 92.4% verified in the BI. The following table presents indexes of quality loan portfolio.

Table 8. Loan Portfolio Quality Indicators

%	Sep/10	Jun/11	Sep/11
NPL + 15 days/Total Portfolio (%)	4.4	3.8	3.9
NPL 15-59 days/Total Portfolio (%)	1.3	1.3	1.3
NPL + 60 days/Total Portfolio (%)	3.1	2.5	2.5
NPL 15-89 days/Total Portfolio (%)	1.8	1.7	1.7
NPL + 90 days/Total Portfolio (%)	2.7	2.0	2.1
AA - C Loans / Total Portfolio (%)	92.8	93.6	93.9
Allowance/Loan Portfolio	5.3	4.6	4.6
Individuals Allowance/Loan Portfolio	7.1	6.8	7.3
Business Allowance/Loan Portfolio	3.8	3.1	3.0
Allowance/NPL + 60 days	171.3	186.1	182.7
Allowance/NPL + 90 days	201.0	226.5	219.4
Average Risk BB	4.8	4.2	4.2
Average Risk – Banking Industry	5.8	5.6	5.6
NPL + 90 days/Total Portfolio – BI	3.4	3.4	3.5

Expenses with allowance for loan losses in the outlook of twelve months showed an increase of 5.9% in over 2Q11, but with a decrease of 3.6% in relation to 3Q10; comparatively, the loan portfolio obtained a performance of 5.0% and 18.5%, respectively. Consequently, the indicator that measures portfolio expenses remained at the same level as the previous quarter at 3.0% and with an improvement of 80 base points in comparison to 3Q10.

Table 9. Expenses with Allowance for Loan Losses over Loan Portfolio

R\$ million	3Q10	2Q11	3Q11
(A) Allowance for Loan Losses - Quarterly	(2,639)	(3,047)	(3,259)
(B) Allowance for Loan Losses - 12 Months	(11,486)	(10,454)	(11,074)
(C) Loan Portfolio	339,826	383,378	402,555
(D) Average Portfolio – 3 Months	334,640	375,447	392,129
(E) Average Portfolio – 12 Months	306,075	353,906	368,196
Expenses over Portfolio (A/D) - %	0.8	0.8	0.8
Expenses over Portfolio (B/E) - %	3.8	3.0	3.0

The balance of allowance for loan losses ended the quarter at R\$ 18,610 million, which provides coverage of 219.4% of non-performing loans more than 90 days, percent higher than in BI which reached 159.6% in Sep/11.

The following table shows the renegotiated loan portfolio of non-performing loan operations. Note that the coverage ratio went from 224.4% in Sep/10 to 261.0% in Sep/11.

Table 10. Renegotiated Loan Portfolio¹

R\$ million	Sep/10	Jun/11	Sep/11
Renegotiated Loan Portfolio	11,196	8,377	7,736
Allowance	2,767	1,910	1,808
NPL + 90days	1,233	507	692
Allowance/Loan Portfolio - %	24.7	22.8	23.4
NPL + 90 days/Loan Portfolio - %	11.0	6.0	9.0
Allowance/NPL + 90 days - %	224.4	377.0	261.0

(1) Refers to renegotiated loan portfolio of non-performing loan operations.

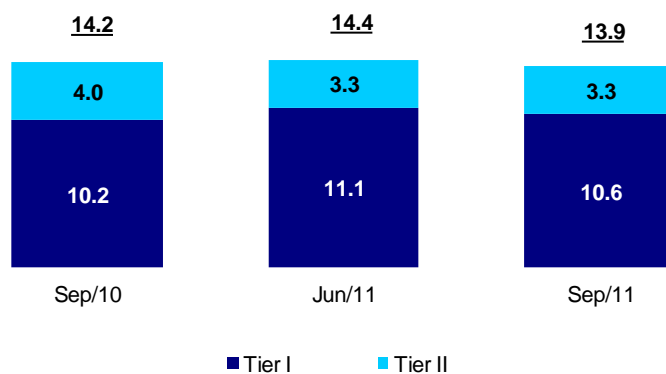
Basel

BIS ratio higher than minimum required

Capital index (K) of Banco do Brasil ended September 2011 at 13.9%, higher than the minimum required by the Central Bank of Brazil. The BIS ratio presented indicates an excess of Reference Shareholders' Equity of R\$ 16.2 billion, which enables an expansion of up to R\$ 147.2 billion in credit assets, considering a weighting of 100%. It's under review by the Central Bank issue of subordinate commercial papers for classification as Tier II capital which, if approved, increases the BIS ratio to 14.05%, allowing expansion up to R \$ 153.6 billion in credit assets.

It is emphasized that Central Bank of Brazil Circular 3515/10, which increased the capital requirement for loan and leasing operations, took effect in 3Q11 (Jul/11), an event that increases the Required Referential Equity (RE).

Figure 4. BIS Ratio



Fee Income

Fee income intensifies business diversification

With the restructuring process of BB's activities in the retail segment, focus on customer service seeking streamlining of the base and with the corporate reorganization of the insurance segment of BB, there is greater diversification in BB's revenues.

Fee income, a line that includes both service revenue, and bank fee income, reached R\$ 13,215 million in 9M11, a result 11.4% higher than that observed in the same period of 2010. This performance occurred in a dispersed manner among the items that form these tariffs.

Income from insurance, pension plans and saving bonds operations ended the 9M11 with a balance of R\$ 1,750 million, representing 25.3% increase over 9M10. In the quarterly overview, the lower volume of revenue registered in 3Q11, as compared to the previous period, results from the new corporate structure. Prior to the partnership with the Mapfre group, Banco do Brasil had full interest in the companies Aliança do Brasil and Brasil Veículos, the reduction in profit sharing of these companies is not, as yet, fully offset by higher expected turnover to the partnership.

The indicator that measures the ratio between commercial revenues (sum of net interest income, fee income and income/expenses from insurance operations) and the average client base reached R\$ 289.0, in comparison to 271.8 in 3Q10. This index shows, on average, the value of business generated per customer.

Table 11. Fee Income and Results from Insurance Operations

R\$ million	Quarterly Flow			Chg. %		Half-Yearly Flow		Chg. %
	3Q10	2Q11	3Q11	On 3Q10	On 2Q11	9M10	9M11	On 9M10
Fee Income	4,138	4,388	4,720	14.1	7.6	11,867	13,215	11.4
Account Fees	911	1,017	1,054	15.7	3.7	2,771	2,941	6.1
Credit / Debit Cards	879	938	997	13.5	6.4	2,378	2,842	19.5
Investment Fund Management Fees	708	794	845	19.2	6.4	1,985	2,369	19.3
Loan Fees	467	454	485	3.9	6.9	1,187	1,327	11.8
Collections	302	315	314	4.0	(0.3)	892	920	3.1
Insurance, P. Plans and Savings Bonds	107	131	115	7.7	(12.4)	318	377	18.5
Billings	158	174	183	15.6	4.8	442	530	20.0
Interbank	139	160	168	21.2	5.5	406	472	16.4
Capital Market Fees	119	83	76	(35.9)	(8.5)	325	254	(21.8)
Other	349	322	483	38.5	49.7	1,163	1,184	1.8
Ins., P. Plans and Sav. Bonds Income	488	667	570	16.8	(14.6)	775	909	17.3

Administrative Expenses

Administrative Expenses under control

Administrative expenses continue under control and reached R\$ 17,786 million in the period of 9M11, growth of 7.8% over the same period of 2010. These expenses include personnel expenditures and other administrative expenses, which grew, respectively, in the 9M11-9M10 comparison, 11.3% and 3.6%.

In the twelve months comparison, growth of Personnel Expenses is mainly due to the average salary adjustment, granted in 2010 September, the adjustment in the administrative provisions based on the inflation from 2010 October to 2011 September and to the increase in staff numbers around 5,700 employees in relation to the 3Q10, which reflects the Retail Revitalization Program. As regards other administrative expenses, the performance is in line with the contractual adjustments made and with the organic growth of transactions.

Table 12. Administrative Expenses

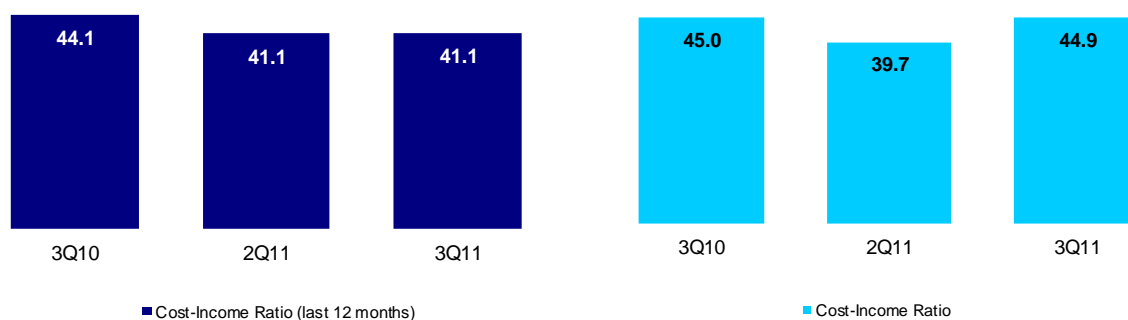
R\$ million	Quarterly Flow			Chg. %		Half-Yearly Flow			Chg. %
	3Q10	2Q11	3Q11	On 3Q10	On 2Q11	9M10	9M11	On 9M10	
Administrative Expenses	(5,726)	(5,886)	(6,208)	8.4	5.5	(16,497)	(17,786)	7.8	
Personnel Expenses	(3,186)	(3,364)	(3,481)	9.3	3.5	(8,973)	(9,990)	11.3	
Other Administrative Expenses	(2,541)	(2,522)	(2,727)	7.4	8.2	(7,524)	(7,796)	3.6	

Cost-Income Ratio

Cost-Income Ratio, a ratio between administrative expenses and operating income, remained in line with that verified in 2Q11, and improved 300 base points in relation to 3Q10, as per the following figure. The positive performance of service revenues and control of administrative expenses were significant to improve this rate.

Cost-income ratio based on accumulated 12 months allows us to analyze with less volatility, specially in the comparison with pair quarters (2Q and 4Q), periods in which revenues from actuarial revaluation of the Benefit Plan 1 of Previ plan is accounted.

Figure 5. Cost-Income Ratio – Without One-Off Items - %



Insurance

Income from Insurance

In the first nine months, insurance income reached R\$ 1,182 million, up 25.1% compared to the same period of 2010, as per the following table: Therefore, the insurance ratio that measures the share of this segment in the recurring income of BB reached 13.5%.

Table 13. Consolidated Insurance Ratio

R\$ million	Quarterly Flow			Chg. %		9 Months Flow		Chg. %
	3Q10	2Q11	3Q11	On 3Q10	On 2Q11	9M10	9M11	On 9M10
Insurance Income	347	402	410	17.9	1.8	945	1,182	25.1
Brokerage Net Income	73	90	94	28.2	4.3	222	262	18.2
Service Fee Net Income	53	67	56	5.1	(15.8)	159	188	18.2
Equity in the Earnings	221	246	260	17.5	5.6	564	732	29.8
BB Recurring Income	2,578	3,230	2,573	(0.2)	(20.3)	6,960	8,726	25.4
Insurance Ratio	13.5	12.5	15.9			13.6	13.5	

Guidance

The justifications for deviations between the guidance and the results observed in the first nine months of 2011 are listed below. It is worth highlighting that the guidance is prepared for the year and monitoring can be impaired by seasonal or specific events of the period in question.

Table 14. Guidance 2011

Items	Performance 2011	2011 Guidance
Recurring Return on Equity	22.4%	21% - 24%
Net Interest Income	10.0%	16% - 20%
Total Deposits	20.4%	14% - 18%
Domestic Loan Portfolio	15.6%	15% - 18%
Individuals	17.1%	17% - 21%
Businesses	16.3%	16% - 19%
Agribusiness	12.3%	8% - 12%
Allowance for Loan Losses	3.0%	3,3% - 3,7%
Fee Income	11.4%	12% - 17%
Administrative Expenses	7.8%	9% - 12%
Tax Rate	31.1%	31% - 34%

- Net Interest Income - the result of the NII exhibited growth of 10.0% in the 9M11-9M10 basis of comparison, with special emphasis on the increase of loan operations income and securities income. In spite of the growth in revenues, the growth of net interest income was below the guidance, due mainly to: (i) increase of the funding cost, as a result of the increase of the Selic rate; (ii) change of the Bank's funding mix, with a greater volume of time deposits; (iii) reduction in loan operations income related to loans acquired, considering that the premiums paid in the acquisitions of the portfolios started being recognized as a in contrast with the financial intermediation income;
- Total Deposits - the increase of 20.4% observed in the first nine months of 2011 is basically due to the growth of funding in time deposits prioritized after the increase of compulsory deposits in Dec/10;
- Allowance for Loan Losses – the indicator of allowance for loans losses appears below estimates. The guidance is maintained as a matter of conservatism;
- Fee Income - exhibited recovery in 3Q11 (growth of 7.6% over 2Q11), with even greater growth expected in 4Q11 due to increased seasonal economic activity in the fourth quarter of each year;
- Administrative expenses - performance resulting from continuity and efficiency in the control of administrative expenses combined with synergy gains arising from acquisitions. Expenses are expected to increase in 4Q11 due to the salary increase originating from the collective bargaining agreement and to seasonal impacts on the Bank's costs.

Guidance Review

The estimates for Net Interest Income were reviewed as a consequence of the explanations described previously. The following table presents the new guidance for 2011.

Table 15. Guidance 2011

Items	Performance 2011	Guidance Revised
Recurring Return on Equity	22.4%	21% - 24%
Net Interest Income	10.0%	11% - 13%
Total Deposits	20.4%	14% - 18%
Domestic Loan Portfolio	15.6%	15% - 18%
Individuals	17.1%	17% - 21%
Businesses	16.3%	16% - 19%
Agribusiness	12.3%	8% - 12%
Allowance for Loan Losses	3.0%	3,3% - 3,7%
Fee Income	11.4%	12% - 17%
Administrative Expenses	7.8%	9% - 12%
Tax Rate	31.1%	31% - 34%

The estimated for 2011 were prepared with the consideration of the following assumptions:

Assumptions influenced by management:

1. Increase in profitability of the customers portfolio as a way to leverage revenues;
2. Alignment of the cost structure to business volume growth;
3. Contractual adjustments and collective bargaining agreement, aligned with market practice;
4. Sales force growth adequate to the strategy of increasing customer base profitability;
5. Maintenance of the current business model, without considering new acquisitions and/or partnerships that might be entered into to exploit specific segments;
6. Recognition of actuarial gains and losses in the Previ's Benefit Plan 1, as established by the CVM Resolution 600/2009.

Assumptions that are not under management control:

1. Continued global economic growth in 2011;
2. Greater resistance, but not immunity, of the Brazilian economy to foreign shocks;
3. A political environment without institutional rupture;
4. Maintenance of the current domestic macroeconomic policy structure: floating exchange rate, inflation targets (nominal anchor) and fiscal discipline, entailing a gradual and consistent reduction of the relationship between Public Sector Net Debt (PSND) and the Gross Domestic Product (GDP);
5. An advancement of the regulatory mark / microeconomic agenda with stimulus to public and private investment;
6. A gradual increase in the Brazilian economy's potential for growth (potential GDP);

7. Maintenance of the investment grade status awarded to Brazil;
8. 2011/2012 Crop Plan;
9. Regulatory stability, also in what concerns the rates of taxes levied on the Bank's activities, labor legislation, and social security legislation;
10. Evolution of interest rates, inflation rate and GDP according to the market's consensus.