



Banco BBM S.A.
e Grupo Financeiro Banco BBM

**Financial statements
December 31, 2009 and 2008
with Report of Independent Auditors**

Management Report**Macroeconomic Scenario**

Better international financial conditions from the 2nd half of 2009 allowed the global economy to return to a recovery trajectory and brought a lower risk aversion environment. There is, however, a clear difference between the more dynamic emerging economies and the economies of developed countries that have shown inferior performances.

In this context the Brazilian economy has displayed a robust performance from the second quarter of 2009, sustained above all by domestic demand. The solid starting point of the Brazilian economy and the quality of the government balance - surplus in US Dollars and significant volume of international reserves – allowed counter cyclical monetary and fiscal policies to be implemented which has not been possible in Brazil's recent economic history.

In this regard it is important to highlight: (i) the reduction as from January 2009 of the Central Bank Overnight Rate (SELIC) by 500 basis points to 8.75%, the lowest level since its creation; (ii) the production in the primary surplus that fell to 4% of GDP in September 2008 (accumulated over 12 months) to 2.1% in December 2009; (iii) the expansion of credit offered by state run banks that exceeded the retraction of private banks: the credit to GDP ratio reached 45% in December 2009 that equates to a rise of 3.6% percentage points compared with December 2008.

As from the second quarter of 2009 GDP began to recover: the growth year on year reached 4.4% in Q209 and 5.1% in Q309. This recovery was sustained above all by household consumption. The fall of this component of the economy between Q308 and Q109 was just 0.8%, compared with the fall in investment of 19.7%.

Since then, aggregated internal demand (household consumption, government and investment) showed a sharp recovery, growing at an annual rate of 7.5% and 10.6% in Q209 and Q309, respectively.

Regarding the foreign sector, the fall in economic activity as a result of the financial crisis up to Q109 brought a contraction of imports and remittances of profits and dividends that contributed to the deficit in current accumulated transactions from 1.6% of GDP over 12 months in September 2008 to 1.2% in September in 2009. After September 2009, the robust recovery in economic activity worsened the balance of current transactions that rose again to 1.6% of GDP in January 2010.

Inflation measured by the Extended Consumer Price Index (IPCA) index slowed over 2009 to an accumulated minimum of 4.2% in the twelve months to October 2009, having fallen from 6.4% in October 2008. It is important to highlight some points: (i) the more benign performance of transferrable asset prices contributed to the deceleration of inflation, reflecting the contracting of the economy as much as the exemption of Federal VAT (IPI) on some goods; (ii) the fall in inflation was mild in comparison with the contraction in activity revealing a high degree of inertia in the formation of prices in Brazil especially in respect to the inflation in services. In addition, the IPCA has already shown an upward trend, with accumulated inflation in the 12 month period to January 2010 rising to 4.6%, above the central target of 4.5%

Management Report**Our business**

Banco BBM's activities are focused on Corporate Credit, Treasury and Third-party Fund Management. The Bank has a solid relationship with its clients, an efficient business platform, risk control and significant experience in research for the development of its activities.

We rely on a solid and transparent governance structure based on a stock participation program implemented in 1995, whereby our main executive officers hold a relevant stock participation, currently representing one third of our capital stock. We focus on providing financial services for companies and individuals, providing our clients with a large portfolio of products, services and customized financial solutions, supported by highly qualified treasury services.

Changes to management

In the second quarter of 2009, as a result of the decrease in the credit portfolio, part of the economic capital allocated to this activity shifted to Market Risk. The VaR limit (maximum potential loss, given a probability of 95% and an investment interval of 1 day) increased from 1% to 2% of equity.

Performance of the Banco BBM Financial Group

The Banco BBM Financial Group closed the year 2009 with shareholders' equity of R\$ 658 million and net income of R\$ 68.5 million which represents annualized profitability of 9.88%, calculated on average shareholders' equity.

Total assets at the end of the year were R\$ 10.6 billion. The volume of domestic and foreign market funding ended the year at R\$ 1.8 billion. The Bank's Basel Index was 14.6% at year end.

Credit for companies

The credit portfolio ended the year at R\$ 1.3 billion (including advances of foreign exchange transactions, leasing and guarantees given through sureties, guarantees and letters of credit).

Treasury

The underlying principle of our treasury activities is to preserve capital. and therefore prioritize cautious risk management over generation of high yields. It is also one of the area's duties to serve as a platform providing technical support and market intelligence to the other areas of the Bank.

Decisions about fund allocation are taken by committees, and focus mainly on the Research and Risk Control areas. The Bank has a high degree of technological qualification in research, as well as sophisticated control systems, which have been successfully used since 1995. The market risk control area reports directly to the Chief Executive of the Bank.

Management Report

Third-party fund management

Asset management mainly focuses on asset management of investment products (multi-market, fixed and variable income funds) for distributors (27.5%), companies and pension funds (23%), and rendering differentiated asset management services to individuals (49.5%). Funds under management at December 31, 2009, amounted to R\$ 6.3 billion. With breakdown by fund type multimarket (81.3%), fixed income (9.7%) and variable income (9%).

Human capital

The Bank's philosophy is to hire highly qualified professionals, offering them a challenging and meritocratic work environment through performance assessment, which is an important tool for the achievement of our goals. Our entire team is entitled to profit sharing, calculated based on evaluations carried out by management. Career development within the organization is one of our main staff motivation factors.

Credit ratings

In the Bank's view, the international credit rating agencies are an important source of transparent and independent assessment of the quality of our credit. The classification given by Fitch Ratings is "A" in local currency and the classification of Moody's Investor Services is "Ba1" for the local model and "Aa2.br" on the national scale.

A free translation from Portuguese into English of Report of Independent Auditors on financial statements prepared in accordance with the accounting practices adopted in Brazil

Report of Independent Auditors

Management and Shareholders Banco BBM S.A.

1. We have audited the accompanying balance sheet of Banco BBM S.A. and the consolidated balance sheet of Banco BBM Financial Group (Operational Consolidated) as of December 31, 2009, and the related statements of income, shareholders' equity and of cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. The consolidated financial statements of Banco BBM Financial Group were prepared solely for compliance with the requirements of the Central Bank of Brazil, in accordance with the criteria described in Note 4. Our responsibility is to express an opinion on these financial statements.
2. We conducted our audits in accordance with generally accepted auditing standards in Brazil which comprised: a) the planning of our work, taking into consideration the materiality of balances, the volume of transactions and the accounting and internal control systems of the Bank and of Banco BBM Financial Group, b) the examination, on a test basis, of the documentary evidence and accounting records supporting the amounts and disclosures in the financial statements, and c) an assessment of the accounting practices used and significant estimates made by management of the Bank and of Banco BBM Financial Group, as well as an evaluation of the overall financial statement presentation.
3. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco BBM S.A., as well as the consolidated financial position of Banco BBM S.A. Financial Group at December 31, 2009, and the results of operations, changes in shareholders' equity and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.
4. In accordance with that described in Note 9, Banco BBM S.A. fully merged with BBM Gestão de Recursos S.A. during the year ended December 31, 2009. In compliance with provisions from the Central Bank of Brazil we reviewed the procedures adopted in the merger process, which in our opinion, are in accordance with regulatory standards.

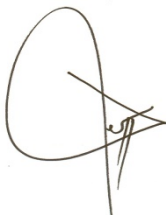
5. The Bank's and the consolidated financial statements for the year ended December 31, 2008, presented for comparative purposes, were audited by other independent auditors, who issued an unqualified report thereon dated February 20, 2009.

Salvador, March 11, 2010

ERNST & YOUNG
Auditores Independentes S.S.
CRC - 2SP 015.199/O-6 - F - BA

A handwritten signature in blue ink, appearing to read 'Eduardo Wellichen'.

Eduardo Wellichen
Accountant CRC - 1SP 184.050/O-6 - S - BA

A handwritten signature in black ink, appearing to read 'Flávio Serpejante Peppe'.

Flávio Serpejante Peppe
Accountant CRC - 1SP 172.167/O-6 - S - BA

Banco BM

Banco BBM S.A.
e Grupo Financeiro Banco BBM

Balance Sheet Asset

	Note	In thousands of Reais			
		Bank		Operational Consolidated	
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
Current		9.772.929	12.687.620	9.991.169	13.267.997
Cash and cash equivalents		8.152	34.294	5.054	99.075
Unrestricted reserves		4.976	5.286	4.976	5.286
Cash and cash equivalents in foreign currency		3.176	29.008	78	93.789
Interbank investments	5	1.534.817	1.804.249	1.683.962	1.938.983
Money market		1.382.043	1.146.411	1.387.457	1.146.411
Interbank deposits		32.806	78.009	32.806	78.009
Foreign currency investments		119.968	579.829	263.699	714.563
Securities and derivative financial instruments	6	6.871.420	2.177.870	6.892.071	2.317.209
Own portfolio		419.940	104.855	425.938	209.713
Under repurchase agreements		6.051.547	1.766.511	6.051.547	1.766.511
Derivative financial instruments		42.525	105.338	56.359	139.074
Linked to Central Bank					
Deposited as guarantees given		357.408	201.166	358.227	201.911
Interbank accounts		21.225	14.256	21.225	14.256
Clearing accounts for checks and others		6		6	
Restricted credits - deposits with the Central Bank of Brazil		16.527	14.234	16.527	14.234
Correspondents		4.692	21	4.692	21
Other			1		1
Loans	7	503.507	1.534.505	547.406	1.697.017
Private sector		563.227	1.575.498	607.126	1.739.951
Public sector		8.158	18.215	8.158	18.215
Allowance for loan losses		(67.878)	(59.208)	(67.878)	(61.149)
Lease operations	7	4.734	2.365	4.734	2.365
Lease receivables		31.086	28.862	31.086	28.862
Unearned lease income		(26.352)	(26.362)	(26.352)	(26.362)
Allowance for loan losses			(135)		(135)
Other receivables		815.179	7.112.766	822.822	7.191.759
Foreign exchange portfolio	8	600.170	6.991.719	600.170	6.991.719
Income receivable		540	879	540	20.879
Securities and brokerage receivables	14	125.853	38.219	127.336	74.007
Tax credits	23	8		8	
Sundry		116.230	93.283	122.390	116.488
Allowance for other receivables	7	(27.622)	(11.334)	(27.622)	(11.334)
Other assets		13.895	7.315	13.895	7.333

Balance Sheet Asset

	Note	In thousands of Reais			
		Bank		Operational Consolidated	
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
Long-term assets		340.560	629.714	430.334	676.796
Interbank investments	5	-	14.336	-	14.336
Interbank deposits			14.336		14.336
Foreign currency investments					
Marketable securities and derivative financial instruments	6	91.051	30.349	98.028	30.349
Own portfolio		80.524	29.051	85.066	29.051
Under repurchase agreements					
Derivative financial instruments		5.031	1.298	7.466	1.298
Deposited as guarantees provided		5.496		5.496	
Loans	7	202.485	483.317	284.488	529.237
Private sector		206.061	481.184	288.064	527.068
Public sector			7.101		7.101
Allowance for loan losses		(3.576)	(4.968)	(3.576)	(4.932)
Lease operations	7	6.333	5.416	6.333	5.416
Lease receivables		41.579	66.106	41.579	66.106
Unearned lease income		(35.246)	(60.380)	(35.246)	(60.380)
Allowance for lease losses			(310)		(310)
Other receivables		40.320	86.306	41.114	87.468
Securities trading and brokerage receivables	14			11	
Deferred taxes	23	117.291	60.974	117.991	62.051
Sundry			25.861	83	25.946
Allowance for other receivables	7	(76.971)	(529)	(76.971)	(529)
Other assets		371	9.990	371	9.990
Permanent assets		797.591	873.006	174.049	233.133
Investments		701.538	752.231	77.742	111.975
Subsidiaries					
In Brazil	9	44.306	71.562		2.660
Overseas	9	657.182	680.618	77.618	109.190
Other investments		1.810	1.811	2.629	2.629
Allowance for losses		(1.760)	(1.760)	(2.505)	(2.504)
Property and equipment		11.481	13.359	11.715	13.715
Leased assets	7	58.462	80.820	58.462	80.820
Deferred assets		26.110	26.596	26.130	26.623
Total assets		10.911.080	14.190.340	10.595.552	14.177.926

Balance sheet
Liabilities and shareholders' equity

		In thousands of Reais			
Note		Bank		Operational Consolidated	
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
Current liabilities		9.466.361	12.363.369	9.142.161	12.269.809
Deposits	10	1.332.009	2.209.231	966.913	2.084.752
Demand deposits		40.670	126.049	79.629	237.890
Interbank deposits		246.124	685.452	196.027	645.431
Time deposits		1.045.215	1.397.730	691.257	1.201.431
Obligations related to repurchase agreements	11	7.415.195	2.137.607	7.420.567	2.137.607
Own portfolio		6.034.169	1.757.171	6.034.168	1.757.171
Third-party portfolio		1.381.026	380.436	1.381.026	380.436
Unrestricted portfolio				5.373	
Funding from securities issued	12	-	353.277	-	252.811
Obligations related to securities issued abroad			353.277		252.811
Interbank accounts		-	80.633	-	80.633
Payments and receipts for future settlement			80.633		80.633
Interbranch accounts		9.891	12.345	9.891	12.345
Third-party funds in transit		9.891	12.345	9.891	12.345
Borrowings obligations	13	79.207	938.175	79.207	939.702
Local borrowings - Official Institutions			51.860		51.860
Borrowings abroad		79.207	886.315	79.207	887.842
Local onlending - Official institutions	13	13.914	78.930	13.914	78.930
BNDES		9.947	71.673	9.947	71.673
FINAME		3.967	7.257	3.967	7.257
Derivative financial instruments	6	39.290	24.695	44.004	60.835
Other liabilities		576.855	6.528.476	607.665	6.622.194
Collection of taxes and contributions		435	1.609	435	1.609
Foreign exchange portfolio	8	385.174	6.342.222	385.174	6.342.222
Social and statutory		3.090	12	3.090	12
Tax and social security charges		23.253	35.720	32.858	40.034
Securities trading and brokerage payables	14	129.884	131.284	138.812	215.519
Sundry		35.019	17.629	47.296	22.798

Balance sheet
Liabilities and shareholders' equity

	Note	In thousands of Reais			
		Bank		Operational	Consolidated
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
Long-term liabilities		786.381	1.088.362	795.053	1.169.508
Deposits	10	178.933	333.591	181.604	412.362
Interbank deposits		31.049	60.379	31.049	60.379
Time deposits		147.884	273.212	150.555	351.983
Funding from securities issued	12	1	-	1	-
Obligations related to securities issued abroad		1		1	
Borrowing obligations	13	516.805	687.921	516.805	687.921
Borrowings abroad		516.805	687.921	516.805	687.921
Local onlending - Official institutions	13	10.303	22.940	10.303	22.940
BNDES		4.991	14.524	4.991	14.524
FINAME		5.312	8.416	5.312	8.416
Derivative financial instruments	6		74	2.416	74
Other liabilities		80.339	43.836	83.924	46.211
Tax and social security charges		23.489		23.489	
Securities trading and brokerage payables	14			2.145	
Sundry	24	56.850	43.836	58.290	46.211
Deferred income		431	1.320	431	1.320
Shareholder's equity	15	657.907	737.289	657.907	737.289
Capital Stock		413.131	413.131	413.131	413.131
Of Brazilian residents		413.131	413.131	413.131	413.131
Capital increase		8.134	8.134	8.134	8.134
Income reserve		244.311	324.260	244.311	324.260
Market Value Adjustment - Securities and Derivative Financial Instruments		471	(96)	471	(96)
Treasury Stock		(8.140)	(8.140)	(8.140)	(8.140)
Total Liabilities		10.911.080	14.190.340	10.595.552	14.177.926

See accompanying notes.

Statement of income

		In thousands of Reais					
		Bank			Operational Consolidated		
		2nd half 2.009	2009	2008	2nd half 2.009	2009	2008
Notes							
	Income from financial intermediation	518.208	1.014.136	1.818.113	526.864	1.024.432	1.829.801
	Loans	81.510	206.981	372.370	85.093	215.562	393.970
	Leasing	4.859	11.176	15.312	4.859	11.176	15.312
	Securities	431.839	795.979	754.111	436.912	797.694	726.136
	Foreign exchange	16		151.387			151.387
	Derivative financial instruments	20		515.638			533.701
	Restricted deposits with Central Bank			9.295			9.295
	Expenses on financial intermediation	(505.347)	(936.843)	(1.643.096)	(503.626)	(918.799)	(1.639.490)
	Funding operations	16	(291.485)	(465.169)	(289.168)	(460.573)	(1.176.499)
	Borrowings, assignments and onlending	16	30.109	108.461	(444.742)	30.110	108.457
	Foreign exchange	16	(25.277)	(108.339)	(25.277)	(108.339)	
	Income from financial derivative instruments	20	(140.158)	(343.058)	(140.755)	(329.606)	
	Allowance for loan losses	7	(78.536)	(128.738)	(17.610)	(78.536)	(128.738)
							(18.152)
	Gross revenue from financial intermediation		12.861	77.293	175.017	23.238	105.633
							190.311
	Other operating income/(expenses)		(269)	22.695	(63.809)	(6.158)	4.332
							(74.722)
	Income from services rendered	17	13.922	37.787	23.361	16.274	41.098
	Personnel expenses		(25.052)	(51.565)	(63.269)	(26.024)	(53.307)
	Other administrative expenses	18	(34.968)	(83.280)	(89.608)	(36.457)	(86.714)
	Tax expenses		(17.464)	(25.939)	(21.633)	(18.161)	(26.838)
	Equity in income of subsidiaries	9	62.260	150.793	64.616	57.502	132.737
	Other operating income		4.163	7.029	30.695	4.375	10.277
	Other operating expenses		(3.130)	(12.130)	(7.971)	(3.667)	(12.921)
							(8.946)
	Operating income		12.592	99.988	111.208	17.080	109.965
							115.589
	Non-operating income (loss)		(1.169)	(2.569)	(214)	(1.169)	(2.569)
							(214)
	Income before income tax, social contribution and profit sharing		11.423	97.419	110.994	15.911	107.396
							115.375
	Income tax and social contribution tax on net profits	23	26.383	27.306	15.837	22.360	18.007
	Provision for income tax		(2.584)	(14.457)	(4.516)	(5.179)	(19.995)
	Provision for social contribution		(693)	(6.395)	(7.022)	(2.293)	(9.779)
	Deferred tax assets		29.660	48.158	27.375	29.832	47.781
							27.704
	Management and employees' profit sharing		(29.518)	(55.769)	(33.077)	(29.983)	(56.447)
	Managers' profit sharing		(6.740)	(9.681)	(2.930)	(6.740)	(9.681)
	Employees' profit sharing		(22.778)	(46.088)	(30.147)	(23.243)	(46.766)
							(30.619)
	Net income		8.288	68.956	93.754	8.288	68.956
							93.754
	Income per share (in Reais)		R\$ 0,03	R\$ 0,27	R\$ 0,37		

See accompanying notes

Demonstração das Mutações do Patrimônio Líquido do Banco BBM S.A.

	Em R\$ Mil											
	Capital	Capital increase	Capital Reserves			Income Reserves		Mark to market of marketable securities and deirvstive financial instruments		Treasury shares	Retained earnings	Total
			Equity valuation	Tax incentives	Other Capital Reserves	Legal	Statutory	Own	Subsidiaries			
Year ended December 31, 2008												
Balances at January 1, 2008	306.231		3.254	2.696	1.974	61.247	633.201	288		(4.583)		1.004.308
Capital increase		106.900					(106.900)					
Capital increase approved by BACEN	106.900	(106.900)										
Restatement of marketable securities			115									115
Mark to market - marketable securities								(385)	1			(384)
Acquisition of treasury shares										(8.140)		(8.140)
Disposal of treasury shares					95					4.583		4.678
Net income for the year											93.754	93.754
Allocations:												
- Interest on equity amounting to R\$ 0.08 per share											(20.923)	(20.923)
Interest on equity amounting to R\$ 0.03 per share											(8.487)	(8.487)
' Interest on equity amounting to R\$ 0.05 per share											(26.216)	(26.216)
- Proposed dividends of R\$ 0.68 per share							(174.416)					(174.416)
- Proposed dividends of R\$ 0.50 per share							(127.000)					(127.000)
- Reserves						4.687	33.441				(38.128)	
At December 31, 2008	413.131		3.369	2.696	2.069	65.934	258.326	(97)	1	(8.140)	0	737.289
Changes in the period	106.900		115		95	4.687	(374.875)	(385)	1	(3.557)		(267.019)
Year ended December 31, 2009												
Balances at January 1, 2009	413.131		3.369	2.696	2.069	65.934	258.325	(97)	1	(8.140)		737.289
Mark to market - marketable securities								567				567
Net income for the year											68.956	68.956
Allocations:												
- Interest on equity amounting R\$ 0.04 per share											(11.226)	(11.226)
Interest on equity amounting R\$ 0.03 per share											(7.704)	(7.704)
- Interest on equity amounting to R\$ 0.01 per share											(3.776)	(3.776)
- Interest on equity amounting to R\$ 0.04 per share											(10.944)	(10.944)
- Interest on equity amounting to R\$ 0.03 per share											(7.526)	(7.526)
- Interest on equity amounting to R\$ 0.01 per share											(3.572)	(3.572)
- Proposed dividends of R\$ 0.12 per share							(30.000)					(30.000)
- Proposed dividends of R\$ 0.29 per share							(74.157)					(74.157)
- Reserves						3.448	20.761				(24.208)	
At December 31, 2009	413.131		3.369	2.696	2.069	69.382	174.929	470	1	(8.140)	0	657.907
Changes in the period	0		0		0	3.448	(83.396)	567	0	0	0	(79.382)
Half-year ended December 31, 2009												
Balances at July 1, 2009	413.131		3.369	2.696	2.069	68.967	263.255	15.158	1	(8.140)		760.506
Mark to market - marketable securities								(14.688)				(14.688)
Net income for the period											8.288	8.288
Allocations:												
- Interest on equity amounting to R\$ 0.04 per share							(10.944)					(10.944)
- Interest on equity amounting to R\$ 0.03 per share							(7.526)					(7.526)
- Interest on equity amounting to R\$ 0.01 per share							(3.572)					(3.572)
- Proposed dividends of R\$ 0.29 per share							(74.157)					(74.157)
- Reserves						415	7.873				(8.288)	-
At December 31, 2009	413.131	0	3.369	2.696	2.069	69.382	174.929	470	1	(8.140)		657.907
Changes during the period	0	0	0	0	0	415	(88.326)	(14.688)	0	0	0	(102.599)

See accompanying notes

Statement of cash flows

	In thousands of Reals					
	Banco			Operational Consolidated		
	2nd half of 2009	2009	2008	2nd half of 2009	2009	2008
Cash flows from operating activities:						
Net income	8.288	68.956	93.754	8.288	68.956	93.754
Adjustments to net income	32.016	(1.011)	(28.394)	34.980	(3.552)	(188.693)
Allowance for loans and other credits	78.536	128.738	17.610	78.536	128.738	18.152
Depreciation and Amortization	14.879	28.335	20.762	14.883	28.419	20.845
Expenses with Civil, Labor and Tax provisions.	8.192	13.012	20.426	8.481	12.070	20.872
Income from equity in subsidiaries	(62.260)	(150.793)	(64.616)	(57.502)	(132.737)	(63.460)
Deferred income and social contribution taxes	(9.796)	(41.290)	(22.123)	(24.538)	(55.482)	(22.452)
Unrealized gain/losses from securities and derivatives	18.270	31.544	(11.547)	18.271	31.547	(11.545)
Revaluation of shares in stock and commodities exchanges	(14.688)		115	(14.688)		115
Equity adjustments	(1.117)	(10.557)	10.979	11.537	(16.107)	(151.220)
Adjusted net income	40.304	67.945	65.360	43.268	65.404	(94.939)
Decrease in interbank investments	(45.037)	283.768	2.121.056	(233.200)	269.357	1.711.766
(Increase) / decrease in securities and derivative financial instruments	(300.001)	(4.770.708)	4.393.404	(295.018)	(4.688.010)	4.497.764
(Decrease) in Interbank and interbranch accounts	3.288	(90.056)	87.758	3.288	(90.056)	87.758
(Increase) / Decrease in loans and Leases	262.918	1.179.806	634.809	237.758	1.262.336	731.463
Increase / (decrease) in deposits	(736.060)	(1.031.880)	(1.645.189)	(627.358)	(1.348.597)	(1.058.459)
Increase / (decrease) in money market investments	1.096.862	5.277.588	(5.849.523)	1.102.234	5.282.960	(5.890.898)
(Decrease) in funding from securities issued	(295.066)	(353.277)	85.544	(198.533)	(252.811)	9.571
Increase (decrease) in borrowings and onlendings	(324.469)	(1.107.737)	608.508	(324.469)	(1.109.264)	607.610
(Increase) in deferred income	(276)	(889)	(4.028)	(276)	(889)	(4.472)
Decrease in other receivables and other assets	449.416	6.387.902	(3.784.855)	519.941	6.473.830	(3.809.342)
(Decrease) in other liabilities	(198.042)	(5.928.130)	3.527.561	(199.662)	(5.988.886)	3.492.731
Cash provided by/used in operating activities	(86.467)	(153.613)	175.045	(15.295)	(190.030)	375.492
Cash flow from investing activities:						
Increase (decrease) in investments	18.655	18.655	(10)	(68.669)	(68.669)	-
Disposal of own and leased assets	144	144		199	199	-
Disposal of deferred assets	1	1	290	1	1	873
Acquisition of own and leased assets	(181)	(383)	(4.681)	(190)	(392)	(4.928)
Acquisition of deferred assets	(646)	(3.374)	(15.594)	(646)	(3.374)	(15.610)
Dividends and interest on equity received	119.495	193.387	164.900	119.163	251.744	188.900
Cash provided by/used in investing activities	137.468	208.430	144.905	49.858	179.509	169.235
Cash flow from financing activities						
Sale of treasury stocks	-	-	4.678,00	-	-	4.678,00
Dividends and interest on equity paid	(96.199)	(148.904)	(357.042)	(96.199)	(148.904)	(357.042)
Acquisition of treasury stocks	-	-	(8.140,00)	-	-	(8.140,00)
Cash provided by/used in financing activities	(96.199)	(148.904)	(360.504)	(96.199)	(148.904)	(360.504)
Net increase/decrease in cash and cash equivalents	(4.894)	(26.142)	24.806	(18.368)	(94.021)	89.284
Beginning of period	13.046	34.294	9.488	23.422	99.075	9.791
End of period	8.152	8.152	34.294	5.054	5.054	99.075
Net increase/decrease in cash and cash equivalents	(4.894)	(26.142)	24.806	(18.368)	(94.021)	89.284

See accompanying notes.

1 Operations

Banco BBM S.A. is leader of the Banco BBM Financial Group (Note 4), being authorized to operate as a multiple bank in the following portfolios:

- Commercial
- Investment
- Credit, financing and investment
- Foreign exchange
- Leasing

The Bank's and the Financial Group's operations are carried out in the context of a group of companies which operate together in the financial market and certain operations have co-participation or intermediation of associated institutions which are part of the Banco BBM Financial Group. The benefits from services rendered among the companies and the costs of the Financial Group's operating and administrative structures are allocated proportionally or specifically among the companies, on a basis that is practical and reasonable in the circumstances.

2 Presentation of financial statements

The financial statements of Banco BBM S.A., including its foreign branch, and of the Banco BBM Financial Group (Note 4) were prepared in accordance with accounting practices derived from the Brazilian Corporate Legislation, considering the changes introduced by the Law No. 11638 and by the Provisional Executive Order (MP) No. 449 in 2008, and regulations and instructions of the Central Bank of Brazil (BACEN), and are presented in conformity with the Chart of Accounts for Institutions of the National Financial System (COSIF).

The first-time adoption of Law No. 11638 has not generated any significant adjustments to the Bank's and the Financial Group's financial statements, as the major changes from the new legislation which impact their operations had already been adopted according to current accounting standards set forth by the Central Bank of Brazil (BACEN).

The authorization for preparation of these financial statements was given by the Bank's Management on March 5, 2010.

3 Significant accounting practices

(a) Recognition of income

Revenues and expenses are recorded on an accrual basis.

(b) Securities and derivative financial instruments

In accordance with BACEN Circular No. 3068, securities are classified in the following categories:

- I- Trading securities;
- II- Available for sale securities; and
- III- Held to maturity securities.

Securities classified in categories I and II are adjusted to fair value. For trading securities, this adjustment is recorded in income and for available for sale securities it is recorded in a specific account in the shareholders' equity, net of tax effects. Securities classified as held to maturity are recorded at cost plus accrued interest.

Derivative financial instruments are adjusted to fair value, in accordance with BACEN Circular No. 3082.

(c) Current and long-term assets

Stated at realizable values, including, when applicable, accrued income and monetary variation (on a daily pro rata basis) and exchange variances, less unearned income and/or allowance for losses. Balances maturing within 12 months (or 360 days) are classified as current assets.

(d) Permanent assets

Stated at cost together with the following aspects:

- Significant investments in subsidiaries are accounted for by the equity method;
- Depreciation of own and leased property and equipment on the straight-line basis, at annual rates which take into account the useful lives of the assets, as follows: buildings in use - 4%; furniture and fixtures, machinery and equipment - 10%;
- Amortization of deferred assets, represented mainly by leasehold improvements, over the lease term.

In accordance with Resolution No. 3617/08 issued by the National Monetary Council (CMN), financial institutions must record as deferred assets only the pre-operating expenses and restructuring costs that will actually contribute to increase net income for more than one fiscal year and that do not represent only a reduction in costs or an increase in operational efficiency. This Resolution also allows institutions to keep those balances existing as of September 30, 2008 until their write-off.

(e) Current and long-term liabilities

Stated at known or estimated values, including, when applicable, accrued charges, monetary and exchange variations (on a daily pro rata basis), less deferred expenses. Balances maturing within 12 months (or 360 days) are classified as current liabilities.

(f) Income tax and Social contribution tax on net profits

The provision for income tax is calculated on taxable profit at a 15% rate, plus an additional 10% on income in excess of R\$240 thousand for a period of 12 months. Social contribution tax is calculated at the rate of 15%.

The deferred tax assets and liabilities arising from temporary differences were recognized in accordance with Resolution No. 3059 issued by the National Monetary Council (CMN) on December 20, 2002, and Resolution No. 3355, issued by the CMN on March 31, 2006, and take into account the history of profits and the expectation of future taxable income supported by technical viability studies. The deferred taxes were recognized based on the expected income tax and social contribution tax rates of 25% and 15% respectively.

(g) Swaps, futures, forward and options

The notional amounts of the contracts are recorded in memorandum accounts. The daily adjustments of operations carried out in the futures market are recorded as effective revenue or expense when earned or incurred. Premiums paid or received in option transactions are recorded in the related balance sheet accounts at cost, and marked-to-market with the resulting gains and losses recognized in income for the period. The fair value of swap and forward transactions are individually recognized in balance sheet accounts, with the resulting gains and losses recognized in the related revenues and expenses accounts.

(h) Income per share

Calculated based on the number of shares outstanding at the balance sheet dates.

(i) Impairment

In accordance with CPC 01, as approved by CMN Resolution 3566, of May 29, 2008, and based on management analysis, an impairment loss is recognized in the income statement if the book value of the Bank's and its subsidiaries' asset exceeds the related recoverable value.

**4 Consolidated financial statements
(Operational consolidated)**

The consolidated financial statements were prepared in conformity with the consolidation principles set forth by BACEN, which require the inclusion of all of the financial institutions belonging to the same financial group, irrespective of intercompany shareholdings.

The operational consolidation process involving balance sheet and profit and loss accounts reflects the aggregate of the balances of the assets, liabilities, revenues and expenses, according to their nature, with the following eliminations:

- Of the participations in the capital, reserves and retained earnings of the consolidated companies, there being no reciprocal holdings;
- Of the balances of current accounts and other asset and/or liability accounts maintained among the consolidated financial institutions; and
- Of the effects of significant operations among these financial institutions.

The Operational Consolidation comprises the financial statements at December 31, 2009 and 2008 of the following institutions:

Banco BBM S.A. and its branch in Nassau

BBM Bank Ltd. **(a)**

BBM Corretora de Câmbio e Valores Mobiliários S.A. **(b)**

BBM Administração de Recursos DTVM S.A. **(b)**

(a) Banco BBM S.A. holds directly 15.15%, and indirectly 84.85% of the capital stock of this institution. Together these direct and indirect interests aggregate 100%, and are both eliminated in the consolidation process (Note 9).

(b) Banco BBM S.A. holds directly 100% of the capital stock of these entities.

5 Interbank investments

Interbank investments are comprised as follows:

	Bank		Operational Consolidated	
	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Money market	1.382.043	1.146.411	1.387.457	1.146.411
Own position	3.000	772.740	8.414	772.740
National Treasury Bills	3.000	486.623	3.000	486.623
National Treasury Notes – B Series (a)		186.170		186.170
National Treasury Notes – F Series		99.947		99.947
Brazilian Sovereign Securities Issued Abroad			5.414	
Financed position	1.379.043	373.671	1.379.043	373.671
Financial Treasury Bills		363.404		363.404
National Treasury Notes – B Series	1.379.043		1.379.043	
National Treasury Notes – F Series		10.267		10.267
Interbank deposits investments	32.806	92.345	32.806	92.345
Foreign currency investments	119.968	579.829	263.699	714.563
	1.534.817	1.818.585	1.683.962	1.953.319
Current assets	1.534.817	1.804.249	1.683.962	1.938.983
Long-term assets		14.336		14.336
	1.534.817	1.818.585	1.683.962	1.953.319

- (a)** At December 31, 2009, federal government fixed income securities amounting to R\$ 274,046 thousand (December 31, 2008 – R\$ 659,062 thousand), received as underlying securities of repurchase agreements, were deposited as guarantees.

6 Securities and derivative financial instruments

	In thousands of reais							
	Bank				Operational Consolidated			
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
	2009		2008		2009		2008	
I-Securities	857.931	6.914.915	2.099.147	2.101.583	6.888.105	6.926.275	2.204.748	2.207.186
Trading Securities	772.070	6.828.606	2.068.886	2.071.407	6.802.244	6.839.963	2.173.673	2.176.194
Own portfolio	416.590	419.651	109.033	103.730	427.127	430.188	213.075	207.772
Fixed income securities	389.825	391.908	77.842	77.673	389.825	391.908	77.842	77.673
Financial Treasury Bills	8.605	8.605	7.826	7.826	8.605	8.605	7.826	7.826
National Treasury Notes - B series	380.426	382.495	69.270	69.108	380.426	382.495	69.270	69.108
National Treasury Notes - F series	794	808	746	739	794	808	746	739
Equity securities	26.765	27.743	31.191	26.057	26.765	27.743	31.191	26.057
Stocks of listed companies	11.931	12.909	23.038	19.232	11.931	12.909	23.038	19.232
Stocks received from borrowings	1.009	1.009	8.153	6.825	1.009	1.009	8.153	6.825
Quotas for equity fund	13.825	13.825			13.825	13.825		
Securities abroad					10.537	10.537	104.042	104.042
Brazilian securities issued abroad							35.040	35.040
Equity securities							4.278	4.278
Other securities abroad					10.537	10.537	64.724	64.724
'Securities under repurchase agreements		6.051.547	1.758.648	1.766.511	6.018.817	6.051.547	1.758.648	1.766.511
National Treasury Notes - Series B	6.018.817	6.051.547	1.758.648	1.766.511	6.018.817	6.051.547	1.758.648	1.766.511
Deposited as guarantees provided	355.480	357.408	201.205	201.166	356.300	358.228	201.950	201.911
Financial Treasury Bills					820	820	745	745
National Treasury Notes - B Series	354.000	355.925	190.602	191.674	354.000	355.925	190.602	191.674
National Treasury Notes - F Series	481	484	514	518	481	484	514	518
Stocks of listed companies	999	999	10.089	8.974	999	999	10.089	8.974
Available for sale securities	85.861	86.309	30.261	30.176	85.861	86.312	31.075	30.992
Own portfolio	80.394	80.813	30.261	30.176	80.394	80.816	31.075	30.992
Fixed income securities (*)	80.316	80.524	29.051	29.051	80.316	80.524	29.051	29.051
National Treasury Notes - B Series	44.691	44.847			44.691	44.847		
National Treasury Notes - C Series	2.808	2.860			2.808	2.860		
Securities issued by Intern. Finance Corporation	32.817	32.817	29.051	29.051	32.817	32.817	29.051	29.051
Equity securities	78	289	1.210	1.125	78	292	2.024	1.941
Stocks of listed companies	78	289	1.210	1.125	78	292	2.024	1.941
Deposited as guarantees provided	5.467	5.496			5.467	5.496		
National Treasury Notes - B Series (b)	5.467	5.496			5.467	5.496		
II-Derivative financial instruments	53.957	47.556	115.253	106.636	70.225	63.824	148.990	140.372
Swap operations	10.629	7.843	74.242	75.553	26.897	24.111	107.979	109.289
Forward	39.290	39.290	25.462	25.532	39.290	39.290	25.462	25.532
Premiums on options	4.038	423	15.549	5.551	4.038	423	15.549	5.551
Total securities and derivative financial instruments	911.888	6.962.471	2.214.400	2.208.219	6.958.330	6.990.099	2.353.738	2.347.558
Maturity:								
No maturity	27.842	29.031	42.490	36.156	27.842	29.034	91.983	85.651
Up to 3 months	54.537	51.381	85.694	74.014	64.903	61.747	149.355	137.675
From 3 to 12 months	6.756.035	6.790.200	2.007.127	2.017.932	6.765.497	6.799.662	2.025.655	2.036.461
Over 12 months	92.291	91.859	79.089	80.117	100.088	99.656	86.745	87.771
Total	6.930.705	6.962.471	2.214.400	2.208.219	6.958.330	6.990.099	2.353.738	2.347.558
Current assets		6.871.420		2.177.870		6.892.071		2.317.209
Long-term assets		91.051		30.349		98.028		30.349
Total		6.962.471		2.208.219		6.990.099		2.347.558

6 Securities and derivative financial instruments (continued)

	In thousands of reais							
	Bank				Operational Consolidated			
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
	2009		2008		2009		2008	
III-Derivative Financial Instruments								
Liability position	39.512	39.290	19.403	24.769	46.642	46.420	55.544	60.909
Swap operations	48		4.830	4.584	5.918	5.870	10.170	9.923
Forward	39.290	39.290			40.550	40.550	30.801	30.801
Premiums on options	174		14.573	20.185	174		14.573	20.185
Maturity:								
Up 3 months	39.464	39.290	14.224	9.532	41.768	41.594	46.845	42.153
From 3 to 12 months			5.107	15.163	2.410	2.410	8.627	18.682
Over 12 months	48		72	74	2.464	2.416	72	74
Total	39.512	39.290	19.403	24.769	46.642	46.420	55.544	60.909
Current Liabilities		39.290		24.695		44.004		60.835
Long-term liabilities				74		2.416		74
Total		39.290		24.769		46.420		60.909

The fair values of securities are determined based on quoted market prices at the balance sheet date, when available, or using price valuation techniques.

(*) At December 31, 2009, trading securities maturing after 12 months are classified as current assets in accordance with BACEN Circular 3068/01 and totalled R\$ 808 thousand in the Bank and R\$ 6,170 thousand in Operational Consolidated (December 31, 2008 - R\$ 49,768 thousand in the Bank and R\$ 57,422 thousand in Operational Consolidated). securities available for sale maturing after 12 months are classified as long-term assets irrespective of their liquidity, in accordance with BACEN Circular 3068/01, and amounted to R\$ 86,020 thousand in the Bank and Operational Consolidated (December 31, 2008 R\$ 29,051 thousand in the Bank and Operational Consolidated). The effect of this classification in the working capital is shown in Note 22 - Liquidity risk

7 Loans, commercial leasing and financial guarantees

At December 31, 2009 and 2008, loans, leases and guarantees provided through sureties or guarantee agreements by the Bank and the Operational Consolidated, classified according to the clients' economic activities, are as follows:

Economic Activity	Bank				Operational Consolidated			
	2009		2008		2009		2008	
Sugar and Alcohol	290.661	21,78%	421.112	14,22%	290.661	21,78%	421.112	14,03%
Private Individuals	165.920	12,43%	94.314	3,19%	165.920	12,43%	94.314	3,14%
Food	149.914	11,23%	404.856	13,68%	149.914	11,23%	404.856	13,49%
Agriculture	138.779	10,40%	348.346	11,77%	138.779	10,40%	348.346	11,61%
Energy	137.378	10,29%	284.372	9,61%	137.378	10,29%	284.372	9,48%
Metallurgy	107.520	8,06%	165.720	5,60%	107.520	8,06%	165.720	5,52%
Foreign Trade	70.369	5,27%	118.624	4,01%	70.369	5,27%	118.624	3,95%
Vehicles and Components	48.894	3,66%	109.676	3,70%	48.894	3,66%	109.676	3,65%
Construction and Engineering	46.684	3,50%	187.711	6,34%	46.684	3,50%	187.711	6,25%
Specialized Services	28.561	2,14%	120.522	4,07%	28.561	2,14%	159.082	5,30%
Paper, Plastic and Packaging	28.535	2,14%	91.252	3,08%	28.535	2,14%	91.252	3,04%
Chemical and Petrochemical	27.664	2,07%	140.853	4,76%	27.664	2,07%	142.757	4,76%
Textile, Leather and Clothing	22.095	1,66%	88.287	2,98%	22.095	1,66%	88.287	2,94%
Financial	18.612	1,39%	80.582	2,72%	18.612	1,39%	80.582	2,69%
Pharmaceutical	14.152	1,06%	87.570	2,96%	14.152	1,06%	87.570	2,92%
Mining	11.574	0,87%	64.661	2,18%	11.574	0,87%	64.661	2,15%
Beverages and Tobacco	8.756	0,66%	49.130	1,66%	8.756	0,66%	49.130	1,64%
Retail	8.326	0,62%	40.120	1,36%	8.326	0,62%	40.120	1,34%
Transport and Logistics	7.872	0,59%	23.494	0,79%	7.872	0,59%	23.494	0,78%
Construction and Decoration Material	2.171	0,17%	14.807	0,50%	2.171	0,17%	14.807	0,49%
Telephone	110	0,01%	983	0,03%	110	0,01%	983	0,03%
Electrical and Electronics			14.701	0,50%			14.701	0,49%
Steel			8.853	0,30%			8.853	0,30%
Total	1.334.547	100%	2.960.546	100%	1.334.547	100%	3.001.010	100%

Credit operations are presented in the Bank and the Operational Consolidated balance sheets as follows:

	Bank		Operational Consolidated	
	2009	2008	2009	2008
Current assets				
Loans	571.385	1.593.713	615.284	1.758.166
Private Sector	563.227	1.575.498	607.126	1.739.951
Public Sector	8.158	18.215	8.158	18.215
Lease operations (c)	4.734	2.500	4.734	2.500
Lease and sublease income receivable				
	31.086	28.862	31.086	28.862
Unearned lease income				
Commercial lease	(26.352)	(26.362)	(26.352)	(26.362)
Other receivables	33.412	28.003	33.412	28.003
Foreign exchange portfolio – income receivable (a)	12.805	28.003	12.805	28.003
Securities and credits receivable	20.607		20.607	
Long-term assets				
Loans	206.061	488.285	288.064	534.169
Private sector	206.061	481.184	288.064	527.068
Public sector		7.101		7.101
Lease operations (c)	6.333	5.726	6.333	5.726
Lease receivables	41.579	66.106	41.579	66.106
Unearned lease income				
Commercial lease	(35.246)	(60.380)	(35.246)	(60.380)
Permanent assets (c)	58.462	80.820	58.462	80.820
Leased assets	58.462	80.820	58.462	80.820
Current liabilities				
Other liabilities	217.952	481.810	217.952	481.810
Foreign exchange portfolio- advances on exchange (a)	217.952	481.810	217.952	481.810
Subtotal	1.098.339	2.680.857	1.224.241	2.891.194
Guarantees provided (b)	236.208	279.689	110.306	109.816
Total	1.334.547	2.960.546	1.334.547	3.001.010

(a) The advances on exchange contracts and the related income receivable are classified as reduction accounts of Other Liabilities – Foreign exchange portfolio and Other Receivables – Foreign exchange portfolio, respectively, as shown in Note 8.

- (b) Refer to guarantees provided through sureties, guarantee agreements and import operations letter of credit. Guarantees provided are recorded in memorandum accounts (off balance sheet) and the related income is recorded in Deferred Income and recognized in net income according to their maturity terms. The Bank's balances also include guarantees provided for loans receivable by BBM Bank Limited, which are eliminated in the Operational Consolidated.
- (c) The lease receivables were calculated using internal rate of return for each contract, in accordance with BACEN Circular 1429/1989, and intends to use specific accounting principles such as present value of future cash flows of lease operations.

The leased assets are committed to be sold to the lessees for the amount of R\$ 514 thousand (December 31, 2008 – R\$ 514 thousand). The lease receivables are guaranteed by the leased assets, and the contracts contain compulsory insurance clause in favor of the lessor.

At December 31, 2009 and 2008, credit operations, lease operations and guarantees provided through sureties and guarantee agreements by the Bank and the Operational Consolidated were segregated by the following payment terms, grouped according to the due date of the installments:

Terms of Maturity	In thousands of reais			
	Bank		Operational Consolidated	
	2009	2008	2009	2008
Due within 90 days	362.121	994.124	368.504	1.050.679
Due between 91 and 180 days	166.291	675.424	171.535	685.183
Due between 181 and 360 days	288.482	605.274	281.846	635.754
Due over 360 days	415.153	668.571	410.063	610.183
Overdue by up to 14 days	11.373	7.468	11.373	7.547
Overdue between 15 and 60 days	15.577	6.675	15.675	6.675
Overdue between 61 and 90 days	16.049	1.730	16.049	1.730
Overdue between 91 and 180	23.309	1.279	23.309	1.354
Overdue between 181 and 360	36.192	1	36.193	1.905
Total	1.334.547	2.960.546	1.334.547	3.001.010

The allowance for loans and lease operations was calculated according to the criteria established by Resolutions 2682 and 2697 of the National Monetary Council, based on the risk classification of the transactions and the amounts in arrears.

The classification of loans in the Operational Consolidated can be shown as follows:

Levels of risk	In thousands of reais				
	Balances		% of Allowance	Total allowance	
	2009	2008		2009	2008
AA	216.793	215.810			
A	270.830	820.166	0,50%	1.354	4.101
B	355.426	1.343.310	1%	3.554	13.433
C	243.228	526.132	3%	7.297	15.784
D	75.218	9.663	10%	7.522	966
E	3.997	107	30%	1.199	32
F	27.586	83.894	50%	13.793	41.947
G	600	23	70%	420	16
H	140.869	1.905	100%	140.869	1.905
Total	1.334.547	3.001.010		176.008	78.184

The quality of credit operations in the Operational Consolidated can be demonstrated by the following main indexes:

Percentage of allowance for loan losses/Total Loans	13,19%	2,61%
Percentage of allowance for loan losses/S hareholders' equity	26,75%	10,60%
Percentage of D-H loans/Total Loans	18,60%	3,19%
Percentage of D-H loans/S hareholders' equity	37,74%	12,97%
Percentage of (D-H Loans - allowance for loan losses)/S hareholders' equity	10,98%	2,36%
Percentage of (D-H Loans - allowance for loan losses)/Total Loans	5,41%	0,58%
Leverage (Total Loans/S hareholders' equity)	2,03	4,07

The provision above is presented in the Operational Consolidated as follows:

	In thous ands of reais	
	2009	2008
Allowance for loan losses	71.454	66.081
Current assets	67.878	61.149
Long-term assets	3.576	4.932
Allowance for lease losses	0	445
Current assets		135
Long-term assets		310
Allowance for other receivables	104.554	11.658
Allowance for advances on exchange contracts	21.970	7.039
Current assets	21.970	7.039
Long-term assets		
Allowance for guarantees provided	82.584	4.619
Current assets	5.613	4.090
Long-term assets	76.971	529
Total	176.008	78.184

The changes in the allowance are as follows:

	In thousands of Reais	
	Operational Consolidated	
	2009	2008
Balance at January 1	78.184	62.757
Constitution / (Reversal)	128.904	18.331
Write-off	(31.080)	(2.904)
Balance at December 31	176.008	78.184

In the year ended December 31, 2009, renegotiated loans at the bank and in Operational Consolidated amounted to R\$ 89.4 thousand (year ended December 31, 2008 – R\$ 25,992 thousand), of which R\$ 76 thousand was found to be totally provisioned for.

In the year ended December 31, 2009, there were no recovered loans in the Bank and Operational Consolidated (year ended December 31, 2008 – R\$ 3,000 thousand).

During the years ended December 31, 2009 and 2008 the Bank sold out loan contracts with no joint liability, as follows:

	In thousands of reais	
	Related party	
	2009	2008
Number of contracts	36	87
Amount sale (a)	7.249	124.883
Book value net of allowance	33.965	178.068
Income (loss) from sale of credits	(26.716)	(53.185)

(a) This includes the sale of 20 contracts whereby the Bank is jointly liable for credit recovery up to R\$ 2,423 thousand (2008 – 28 contracts, up to the amount of R\$ 22,661 thousand).

The concentration of credit risk in the Operational Consolidated is as follows:

	In thousands of reais			
	2009	%	2008	%
Largest client	86.907	6,5%	89.047	3,0%
10 largest clients	430.123	32,2%	605.731	20,2%
20 largest clients	614.968	46,1%	991.441	33,0%
50 largest clients	927.061	69,5%	1.677.571	55,9%
100 largest clients	1.167.113	87,5%	2.294.927	76,5%

The credit operations segregated by the type of operation in the Operational Consolidated are as follows:

Working capital	521.600	1.415.779
Trade Finance	439.235	1.010.097
Repass from Res. 2770 and Res. 3221	73.014	146.404
Repass from BNDES	19.980	102.039
Lease operations	69.529	89.047
Guarantees provided	28.334	109.816
Consigned credit	140.067	48.817
Other	42.788	79.011
Total	1.334.547	3.001.010

8 Foreign exchange portfolio (Bank and Operational Consolidated)

	In thousands of Reais	
	2009	2008
Other receivables - foreign exchange portfolio		
Foreign exchange purchased for future settlement	395.701	3.559.254
Foreign exchange sales rights	191.664	3.404.462
Income receivable for advances on contracts (a) (a)	12.805	28.003
Total	600.170	6.991.719
Other liabilities - Foreign exchange portfolio		
Foreign exchange sold for future settlement	191.444	3.420.197
Payable on foreign exchnage purchased	411.605	3.403.713
Advances on foreign exchange contracts - given (a)	(217.952)	(481.810)
Other	77	122
Total	385.174	6.342.222

(a) See Note 7.

At December 31, 2009, federal government fixed income securities amounting to R\$ 85,902 thousand (2008 - R\$ 3,283 thousand) were deposited as guarantees of foreign exchange transactions in the Foreign Exchnage Clearing of the Futures and Commodities Exchnage - BM&F.

9 Investments – Subsidiaries

Banco BBMS.A.

	BBM Adm. Recursos DTVM S. A. (a)	BBM CCVM S. A. (a)	The Southern Atlantic Investments Ltd. (a)	BBM Bank Ltd. (a) (b)	Other (c) (d)	Total
At December 31, 2009:						
Number of shares issued	5.849.278	127.374	471.541.838	5.000.000		
Common nominative	2.924.639	63.687	471.541.838	5.000.000		
Preferred nominative	2.924.639	63.687				
Direct interest	100%	100%	100%	15,15%		
Capital - R\$ thousand	2.950	33.755	471.542	8.702		
Adjusted shareholders' equity R\$ thousands	4.281	40.025	638.986	581.303		
Net income for the year R\$ thousand	56.366	5.269	85.507	12.712		
Dividends and interest on equity paid - R\$ thousand	85.000	3.891	104.496			
Book value of investments - R\$ thousand						
December 31, 2009	4.281	40.025	638.986	18.196		701.488
Equity income of subsidiaries in thousands of Reais						
Second half 2009	10.804	3.315	33.002	(2.398)	17.537	62.260
Full year 2009	56.366	5.269	85.507	(4.447)	8.098	150.793
December 31, 2008:						
Number of share issued	5.849.278	127.374	471.541.838	5.000.000		
Common nominative	2.924.639	63.687	471.541.838	5.000.000		
Preferred nominative	2.924.639	63.687				
Direct Interest	100%	100%	100%	15,15%		
Capital - R\$ thousand	2.950	24.000	471.542	11.681		
Adjusted shareholders' net equity - R\$ thousand	32.915	38.647	657.975	581.642		
Net income (loss) for the year - R\$ thousand	25.411	2.932	18.802	2.158		
Dividends and equity on interest paid - R\$ thousand		85.000	79.900			
Book value of investments - in thousands of reais						
December 31, 2008	32.915	38.647	657.975	22.643		752.180
Equity income of subsidiaries in thousands of reais						
Second half of 2008	17.030	1.437	(12.807)	6.405	13.173	25.238
Full year 2008	25.527	3.035	18.802	6.273	10.979	64.616

(a) Financial statements audited or reviewed by our independent auditors.

(b) The business purpose of BBM Bank Ltd., located in the Bahamas, such as the branch in Nassau, is to facilitate operations for the Banco BBM Financial Group in the international financial market.

In addition to the direct interest, Banco BBM S.A. has an indirect interest in BBM Bank Ltd. of 84.85% through the wholly owned subsidiary The Southern Atlantic Investments Ltd.

The direct interest of Banco BBM S.A. in BBM Bank Ltd. does not comprise all of its subsidiary's equity accounts. Therefore, the book value of the investment does not correspond, directly, to the interest on the adjusted shareholders' equity balance as of December 31, 2009 and 2008.

(c) Refers substantially to the foreign exchange effects on the Nassau Branch equity, not eliminated in the consolidation process.

(d) Refers to income from a equity pickup at December 31, 2009, due to the merger of BBM Gestão by Banco BBM.

Operational Consolidated

	In thousand of reais						
	Book Value of the Investment		Equity income of subsidiaries			Dividends and Interest on Equity	
	2009	2008	2nd half of 2009	2009	2008	2009	2008
The Southern Atlantic Investments Ltd. (a) (b)	75.880	98.975	33.990	73.298	16.971		
BBM Gestão de Recursos S.A. (a) (d)		2.660	25.792	66.410	21.122	40.000	24.000
BBM Investment Management Services (a) (e)	1.738	10.215	1.059	10.213	8.224	18.357	
Other (c)			(3.339)	(17.184)	17.143		
Total	77.618	111.850	57.502	132.737	63.460	58.357	24.000

- (a) Financial statements reviewed by our independent auditors.
- (b) The 84.85% indirect interest of Banco BBM S.A. in the capital of BBM Bank Ltd. has been eliminated in the Operational Consolidated in the line "Subsidiaries – The Southern Atlantic Investment Ltd". In the year ended December 31, 2009, such elimination produced the following effects in the Operational Consolidated: reduction of permanent investments by R\$ 563,106 thousand (December 31, 2008 – 559,000 thousand), and reduction in equity in income of subsidiaries of R\$ 12,209 thousand (December 31, 2008 – R\$ 1,831 thousand).
- (c) Equity variations of subsidiaries, such as the effects of foreign exchange variations on offshore interests, revaluation of membership shares, and prior year adjustments, when applicable, are shown as "Others" in the Operational Consolidated, and are not eliminated.
- (d) At December 31, 2009, BBM Gestão de Recursos Ltda. was merged by Banco BBM S.A., in order to reduce operating costs generated by keeping an independent corporate entity, as well as simplification of the of corporate structure. At present, the merger operation is at the registration stage with the relevant authorities.
With the merger of this corporate entity, fund management activity began to be carried out directly by Banco BBM S.A.. In our interpretation of segregation ("chinese wall") regulations of the CVM, that regulates third party fund management activities that characterize the independent and effective fiscal and business operation segregation of the Manager in relation to the Treasury Owner, so that the merger is not in any way in contravention of these standards.
- (e) BBM Investment Management Services, based in the Cayman Islands, was set up in March 2006 through a capital increase of US\$ 50 mil, US\$ 50 thousand in order to provide asset management services on the international market.

10 Deposits

Deposits

Maturity terms	In thousands of reais							
	Time Deposits		Interbank Deposits		Total 2009		Total 2008	
	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated
Due within 1 month		139.973			0	139.973	679.513	345.851
Between 1 and 3 months		64.253	58.128	58.128	58.128	122.381	465.638	564.657
Between 3 and 6 months		318.024	57.386	57.386	57.386	375.410	435.211	433.534
Between 6 and 12 months		169.007	121.971	80.513	121.971	249.520	502.820	502.820
Over 12 months		150.555	39.688	31.049	39.688	181.604	333.591	412.362
Sub-total	0	841.812	277.173	227.076	277.173	1.068.888	2.416.773	2.259.224
Demand and other deposits					40.670	79.629	126.049	237.890
Total					317.843	1.148.517	2.542.822	2.497.114

The average original terms of the interbank and time deposits outstanding at December 31, 2009, in the Operational Consolidated, is 466 days and 538 days (December 31, 2007 - 396 and 305 days), respectively. The segregation by the original terms when the deposits were issued, is as follows::

Maturity terms when issued	In thousands of reais							
	Time deposits		Interbank Deposits		Total 2009		Total 2008	
	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated
Due within 1 month	435.027	5.395			435.027	5.395	366.097	30.356
Between 1 and 3 months	17.971	17.970			17.971	17.970	56.622	67.730
Between 3 and 6 months	57.188	57.188	58.128	58.128	115.316	115.316	329.081	376.956
Between 6 and 12 months	234.089	234.089	48.745	38.841	282.834	272.930	462.814	503.252
Over 12 months	448.824	527.170	170.300	130.107	619.124	657.277	1.202.159	1.280.930
Sub-total	1.193.099	841.812	277.173	227.076	1.470.272	1.068.888	2.416.773	2.259.224
Demand and other deposits					40.670	79.629	126.049	237.890
Total					1.510.942	1.148.517	2.542.822	2.497.114

The composition of the deposits by group of clients in the Operational Consolidated is as follows:

	In thousands of reais									
	Time deposits		Demand deposits		Interbank deposits		Total			
	2009	2008	2009	2008	2009	2008	2009		2008	
Assets	48.850	115.224	358.692	695.579	0		407.542	35,5%	810.803	32,47%
Corporate entities	29.920	117.101	206.172	429.768	0		236.092	20,6%	546.869	21,90%
Financial institutions	156	57	1.276	70.867	227.076	705.810	228.508	19,9%	776.734	31,11%
Institutional customers	-		95.172	160.403	0		95.172	8,3%	160.403	6,42%
Individuals	703	5.508	180.500	196.797	0		181.203	15,8%	202.305	8,10%
Total	79.629	237.890	841.812	1.553.414	227.076	705.810	1.148.517	100,0%	2.497.114	100,0%

The concentration of the clients in the Operational Consolidated is as follows:

	In thousands of reais			
	2009		2008	
Largest client	96.211	8,38%	244.098	9,78%
10 largest clients	577.764	50,31%	1.058.400	42,38%
20 largest clients	801.984	69,83%	1.517.918	60,79%
50 largest clients	1.020.577	88,86%	2.036.397	81,55%
100 largest clients	1.114.915	97,07%	2.297.394	92,00%

11 Obligations related to repurchase agreements

Obligations related to repurchase agreements in the Bank and in the Operational Consolidated are as follows:

	In thousands of Reais			
	Bank		Operational Consolidated	
	2009	2008	2009	2008
Own Portfolio	6.034.169	1.757.171	6.034.168	1.757.171
National Treasury Notes - B Series	6.034.169	1.757.171	6.034.168	1.757.171
Third-party Portfolio	1.381.026	380.436	1.381.026	380.436
National Treasury Bills		369.870		369.870
National Treasury Notes - B Series	1.381.026		1.381.026	
National Treasury Notes - F Series		10.566		10.566
Unrestricted portfolio		-	5.373	-
Government securities issued abroad			5.373	
	7.415.195	2.137.607	7.420.567	2.137.607

12 Funding from securities issued

	Bank		Operational Consolidated	
	2009	2008	2009	2008
Securities issued abroad	1	353.277	1	252.811
Current liabilities		353.277		252.811
Long-term liabilities	1		1	
	1	353.277	1	252.811

In November 2006, Banco BBM S.A., through its branch in Nassau, Bahamas issued US\$ 150,000 thousand of Euro Medium – Term Notes, which bear interest at a rate of 7.5% per annum, payable every six months, and have maturity in November 2009. This was the first issuance of a program with total amount of up to US\$ 500,000 thousand.

At December 31, 2008, Part of these notes held by BBM Bank Ltd. amounting to R\$ 100,466 thousand which was eliminated in the Operational Consolidated.

13 Borrowings and onlendings

a) Borrowings abroad

Borrowings abroad in the Bank and the Operational Consolidated are comprised as follows:

	In thousands of Reais			
	Bank		Operational Consolidated	
	2009	2008	2009	2008
Borrowings abroad	489.811	568.839	489.811	568.839
Export credit line	7.583	646.649	7.583	648.176
Import credit line	98.618	358.748	98.618	358.748
	596.012	1.574.236	596.012	1.575.763
Current liabilities	79.207	886.315	79.207	887.842
Long-term liabilities	516.805	687.921	516.805	687.921
	596.012	1.574.236	596.012	1.575.763

Long-term liabilities amounting to R\$ 516,805 thousand in the Bank and in the Operational Consolidated (December 31, 2008 – R\$ 687,921 thousand in the Bank and in the Operational Consolidated), are comprised of:

- Two funding operations in Brazilian Reais obtained from the International Finance Corporation (IFC), a member of the World Bank, amounting to R\$ 215,855 thousand (December 31, 2008 – R\$ 215,855 thousand) in the Bank and in the Operational Consolidated with maturity in July 2013 and January 2014 and indexed to the CDI, the Brazilian short-term interbank interest rate. One funding amounting to R\$ 260,587 thousand in the Bank and in the Operational Consolidated (December 31, 2008 – R\$ 331,592 thousand), refers to the funding of US\$ 150,000 thousand obtained from the "International Finance Corporation" (IFC), indexed to Libor plus 1.75% per annum, with maturity in July 2011.
- Funding related to export and import credit line operations amounting to R\$ 40.363 thousand in the Bank in the Operational (December 31, 2008 – R\$ 140,474 in the Bank and the operational Consolidated), with maturities up to October 2011 (December 31, 2008 – maturity up to April 2001 and interest rates between 3.21% and 4.92% per year).

b) Local onlending

Obligations related to local onlending amounting to R\$ 24.217 thousand (December 31, 2008 – R\$ 101,870 thousand), of which R\$ 10,303 thousand (December 31, 2008 – R\$ 22,940 thousand) classified in the long term liabilities, refer to credit lines obtained from BNDES (National Bank for Economic and Social Development) FINAME and FINEM, which have maturities up to June 2015, with R\$ 23,467 thousand indexed to the long term interest rate (TJLP) and R\$ 750 thousand indexed to the US Dollar (December 31, 2008 – maturing up to April 2013, with R\$ 85,045 thousand indexed to the TJLP and R\$ 16,825 thousand indexed to the US Dollar).

14 Securities trading and brokerage

	In thousands of Reais			
	Other Receivables			
	Bank		Operational Consolidated	
	2009	2008	2009	2008
Securities clearing accounts	109.341	33.247	109.341	33.247
Pending settlements	12.474	4.972	12.551	4.967
Adjustments for future settlement –	4.038		5.455	35.793
Total	125.853	38.219	127.347	74.007

	In thousands of Reais			
	Other Liabilities			
	Bank		Operational Consolidated	
	2009	2008	2009	2008
Securities clearing accounts	114.190	38.116	114.190	38.116
Pending settlements	8.115	9.323	8.114	43.873
Creditors on borrowed stocks	6.535	27.073	6.535	31.864
Securities short position				
	1.008	426	1.008	426
Futures settlement adjustment - Futures market		56.257	11.076	101.151
Other	36	89	34	89
Total	129.884	131.284	140.957	215.519

15 Shareholders' equity

(a) Capital – Banco BBM S.A.

At the Extraordinary Shareholders' General Meeting held on January 11, 2008, approval was given to a 2,180-for-one split of the shares of Banco BBM S.A. At the Extraordinary Shareholders' General Meeting held on February 15, 2008, approval was given to the conversion of 39,237,573 preferred shares into common shares, at the conversion ratio of 1 for 1. Therefore, capital stock now comprises 232,985,320 nominative shares with a par value of R\$ 1.31 each, 155,730,233 of which are common shares and 77,255,087 are preferred shares.

At the Extraordinary Shareholders' General Meeting held on April 30, 2008, approval was given to a capital increase in the amount of R\$ 106,900,005.90, through the use of the statutory profit reserves and the issue of 24,574,714 nominative shares, being 16,426,037 common shares and 8,148,677 preferred shares with a par value of 4.35 each. Therefore, the capital stock is now comprised of 257,560,034 nominative shares with a par value of R\$ 1.60 each, with 172,156,270 common shares and 85,403,764 preferred shares. This capital increase was approved by the Brazilian Central Bank of Brazil on July 31, 2008.

(b) Capital increase

This represents the aforementioned capital increases registered in this account until approval by the Central Bank of Brazil.

(c) Legal reserve

This reserve is calculated at the rate of 5% of the net income for each accounting period up to the limit determined by the corporate legislation of 20% of Capital.

(d) Statutory reserve

In accordance with the Bank's by-laws, this reserve represents the appropriation of the remaining balance of the net income for each accounting period, after the legal appropriations.

(e) Treasury stock

In the first half of 2008, the Bank sold 1,070,380 of its own shares in the amount of R\$ 4,677 thousand and acquired 1,159,020 of its own shares in the amount of R\$ 3,674 thousand.

During the second half of 2008, the Bank purchased 1,287,800 of its own shares in the amount of R\$ 4,466 thousand.

(f) Interest on equity capital

In accordance with article 9 of Law 9249/95 and subsequent regulations, Banco BBM S.A., in 2009, credited to its shareholders R\$ 44,747 thousand (2008 – R\$ 55,626 thousand) relating to interest on capital stock, reduced by withholding income tax of R\$ 6,712 thousand (2008 - R\$ 8,344 thousand), calculated at the rate of 15%. The amount was determined in accordance with the legal limits in force, and recorded as "Other operating expenses" in the official accounts.

For the purposes of publication of the Statement of Income, as established by BACEN Circular 2739, the expense related to the payment of interest on capital stock was adjusted by a reclassification to retained earnings and shown in the statement of changes in shareholders' equity as an appropriation of income.

The interest on capital stock proposed in 2009 reduced the tax burden by R\$ 17,899 thousand (2008 – R\$ 22,250 thousand).

(g) Dividends

In accordance with the Bank's by-laws, the shareholders are entitled to a minimum dividend of 25% of the net income for the year, after other specific appropriations.

At the Board Meetings held on May 6, 2008, approval was given to the distribution of dividends amounting to R\$ 202,215 thousand, corresponding to R\$ 0.79 per share, being part of this amount, R\$ 27,799 thousand, corresponding to the remaining balance of minimum compulsory dividends payable from the year ended December 31, 2007.

At the Board Meetings held on December 30, 2008, approval was given to the distribution of dividends amounting to R\$ 127,000 thousand corresponding to R\$ 0.50 per share, paid on that date.

At the Board Meetings held on June 30, 2009, approval was given to the distribution of dividends of Banco BBM S.A. in the amount of R\$ 30,000 thousand, equivalent to R\$ 0.12 per outstanding share.

At the Board Meetings held on November 30, 2009, approval was given to the distribution of dividends of Banco BBM S.A. in the amount of R\$ 74,157 thousand, equivalent to R\$ 0.29 per outstanding share.

The calculation of minimum dividends payments is as follows:

	In thousands of Reais	
	2009	2008
Net income for the year - Banco BBMS.A.	68.956	93.754
(-) Legal reserve	(3.448)	(4.687)
Calculation base	65.508	89.067
Minimum mandatory dividends	25%	25%
	16.377	22.267
Dividends approved and paid	104.157	301.416
Interest on equity capital approved and paid	44.747	55.626
Total	148.904	357.042

The dividends and interest on equity capital were proposed by the Board of Directors on the assumption of its subsequent approval at the Ordinary Shareholders' Meeting.

16 Expenses on financial intermediation and foreign exchange gains / losses

	In thousands of Reais					
	Bank			Operational Consolidated		
	2nd half of 2009	2009	2008	2nd half of 2009	2009	2008
Funding Operations						
Demand deposits abroad	(383)	(621)	(12.997)	(437)	(726)	(5.424)
Interbank Deposits	(21.114)	(63.528)	(93.882)	(19.262)	(59.631)	(88.370)
Time Deposits	(44.214)	(101.934)	(284.725)	(44.881)	(103.345)	(292.070)
Repurchase agreements	(297.675)	(513.405)	(549.851)	(297.644)	(513.374)	(548.820)
Securities issued abroad	(8.067)	(20.483)	(220.472)	(6.912)	(18.299)	(222.999)
Deposits Guarantee Fund ("FGC")	(991)	(1.956)	(3.855)	(991)	(1.956)	(3.855)
Foreign exchange gains (losses) (a)	80.959	236.758	(14.962)	80.959	236.758	(14.961)
	(291.485)	(465.169)	(1.180.744)	(289.168)	(460.573)	(1.176.499)
Borrowings and onlendings						
Onlending expenses – BNDES	(994)	(1.344)	(14.556)	(994)	(1.344)	(14.556)
Expenses on borrowings abroad	(19.732)	(64.416)	(236.634)	(19.731)	(64.420)	(236.731)
Foreign exchange gains/losses (b)	55.207	184.248	(219.258)	55.207	184.248	(219.258)
Gains (losses) on stock loans	(4.028)	(7.985)	25.962	(4.028)	(7.985)	25.962
Other expenses	(344)	(2.042)	(256)	(344)	(2.042)	(256)
	30.109	108.461	(444.742)	30.110	108.457	(444.839)
Foreign exchange						
Income from advances on foreign exchange	12.654	30.220	64.083	12.654	30.220	64.083
Foreign exchange gains/ losses	(37.562)	(137.351)	89.058	(37.562)	(137.351)	89.058
Other expenses	(94)	(933)	(1.754)	(94)	(933)	(1.754)
	(25.002)	(108.064)	151.387	(25.002)	(108.064)	151.387

(a) These refer substantially to the foreign exchange effects on borrowings obtained by the Bank from its Branch abroad, through the onlending of deposits raised in foreign currency, which were reclassified in 2009 and 2008 for publication purposes from the account "Other operating income" to the account "Expenses on Financial Intermediation – Funding Operations".

- (b) The balance of expenses with Borrowings, Assignments and Onlending is positive in 2009 due mainly to foreign exchange losses on foreign borrowings balances (see Note 13), which were reclassified for presentation purposes from the account "Other Operating Income."

17 Income from services rendered

	In thousands of reais					
	Bank			Operational Consolidated		
	2nd half of 2009	2009	2008	2nd half of 2009	2009	2008
Administration and performance fees from investment funds (a)	12.233	33.549	12.491	15.036	37.707	15.399
Other services	1.689	4.238	10.870	1.238	3.391	10.371
	13.922	37.787	23.361	16.274	41.098	25.770

- (a) As described in Note 25, the total amount of administration and performance fees earned from investment funds in 2009 also included the amount of R\$ 95,284 thousand (2008 – R\$ 36,479 thousand), earned by subsidiaries not included in the Operational Consolidated, recorded as "Equity in income of subsidiaries", totaling, R\$ 132,991 thousand (2008 – R\$ 51,878 thousand) of administration and performance fees and R\$ 136,382 thousand (2008 – R\$ 62,242 thousand) of the total of income for services rendered.

18 Other administrative expenses

	In thousands of Reais					
	Bank			Operational Consolidated		
	2nd half of 2009	2009	2008	2nd half of 2009	2009	2008
Other administrative expenses						
Water, energy and gas	(589)	(1.299)	(1.479)	(600)	(1.310)	(1.491)
Rents	(2.606)	(5.021)	(5.874)	(2.718)	(5.232)	(6.077)
Communication	(2.928)	(6.975)	(5.554)	(3.105)	(7.257)	(5.813)
Maintenance and preservation of Material	(472)	(976)	(968)	(475)	(982)	(973)
Data processing equipment	(1.885)	(3.604)	(4.350)	(2.126)	(4.095)	(4.797)
Promoções/P ropaganda/P ublicações	(758)	(1.560)	(2.078)	(860)	(1.756)	(2.208)
Financial system services (a)	(5.500)	(11.857)	(17.013)	(5.672)	(12.419)	(19.672)
Third parties services	(359)	(910)	(1.778)	(667)	(1.855)	(3.884)
Security services	(203)	(360)	(373)	(203)	(360)	(373)
Specialized technical services (b)	(12.029)	(32.313)	(31.868)	(12.136)	(32.545)	(32.183)
Transportation	(225)	(2.406)	(1.007)	(251)	(2.448)	(1.044)
Travel	(1.087)	(2.299)	(3.561)	(1.095)	(2.311)	(3.656)
Other administrative expenses (c)	(2.971)	(7.412)	(7.992)	(3.144)	(7.756)	(10.893)
Depreciation and amortization	(3.196)	(5.977)	(5.130)	(3.236)	(6.061)	(5.213)
	(34.968)	(83.280)	(89.608)	(36.457)	(86.714)	(98.892)

- (a) This includes brokerage expenses and fees regarding stocks and derivatives trading in the Bank amounting to R\$ 9,550 thousand in the Operational Consolidated amounting to R\$ 9,849 thousand in 2009 (2008 - R\$ 13,327 thousand in the Bank and R\$ 15,741 thousand in Operational Consolidated).

(b) This includes the expenses for monitoring, evaluation and storage of commodities received in guarantee of credit operations in the Bank and in the Operational Consolidated amounting to R\$ 28,729 thousand in 2009 (2008 - R\$ 28,657 thousand in the Bank and in the Operational Consolidated).

(c) This includes expenses related to cultural sponsorship according to Law 8313/91, Article 18, as amended by Law 9874/99, in the Bank amounting to R\$ 250 thousand and in Operational Consolidated amounting to R\$ 323 thousand in 2009 (2008 - R\$ 372 thousand in the Bank and Operational Consolidated).

19 Significant transactions with related parties

	2nd half of 2009	2009	2008	2nd half of 2009	2009	2008
Assets						
Interbank Investments						
Foreign Currency		2	296.044			
Other receivables						
Securities trading and brokerage		61	61		137	56
Sundry		35	3		52	3
Liabilities						
Demand deposits		19.502	76.848		9.985	73.171
Interbank deposits		50.097	40.021			
Time deposits		516.137	429.996		86.505	172.477
Other liabilities						
Securities trading and brokerage			1.337			1.277
Social and statutory		3.090	12		3.090	12
Sundry		280	414		302	298
Revenues and expenses						
Income from investments abroad	704	704	2.021	704	942	3821
Derivative financial instruments gains			(2.812)			(2.812)
Funding operations						
Expenses of marketable securities held abroad	(7.824)	(7.824)		(6.668)	(6.668)	
Expenses on interbank deposits	(1.870)	(4.010)	(5.513)	(19)	(114)	(1)
Expenses on demand deposits	(383)	(621)	(12.992)	(382)	(612)	(36)
Expenses on time deposits	(2.825)	(7.895)	(9.422)	(2.822)	(3.790)	(12.245)
Other administrative expenses						
Services rendered	(18)	(62)	(179)	(2)	(18)	(114)
Rent			(3.269)			(3.293)
Other operating income						
Services rendered	501	1.070	1.017	51	134	42
Other						

The transactions with related parties were carried out at rates compatible with those used by third parties, prevailing on the dates of the transaction.

In addition in 2009 loans were granted to related parties with net losses amounting to R\$ (26.716) thousand (2008 - net loss of R\$ (53.185) thousand), as described in Note 7.

20 Derivative financial instruments

The Bank and other institutions of the Operational Consolidated participate in operations involving derivative financial instruments on their own account as well as on behalf of their clients.

Derivative financial instruments are classified according to management's purpose at the inception of the transaction, taking into consideration whether or not the intention is to hedge risks.

In accordance with BACEN Circular 3082, derivative financial instruments designated to compensate, in whole or in part, exposure to risks from financial assets and liabilities, commitments or projected future transactions are classified as hedge instruments if they are considered effective in reducing the risk associated with the exposure of the hedged item, according to their nature:

- *Fair value hedge* –financial assets and liabilities hedged and the related derivative financial instruments are recorded at fair value, with corresponding gains and losses recognized in the income for the period; and

Cash flow hedge - The derivative financial instruments designated as hedging instruments are recorded at fair value with corresponding gain and losses, net of tax effects, recognized in the Shareholders' equity separate account "Market value adjustment of securities and derivative financial instruments" up to the realization of the hedged item. The non-effective portion of the hedge is recognized directly in the income for the period.

In addition, there are "macro hedging" operations to hedge all or part of the net exposure of Operational Consolidated to interest rate and foreign exchange risks and also operations for specific purposes. Management of these risks is carried out through policies, which define the operations strategy, as well as controls to monitor and limit positions. These operations do not comply with the definition of "hedge accounting" as established by Circular 3082 of the Central Bank of Brazil.

These operations are traded at and registered with the Futures and Commodities Exchange - BM&F, or the Clearing House for the Custody and Settlement – CETIP. In the Operational Consolidated, the operations with international derivatives are traded at and registered in the Chicago Board of Trade – CBOT or the Chicago Mercantile Exchange – CME.

The criteria used to calculate the fair value of the derivative financial instruments are:

- Futures: the daily adjustment amount of the transactions;
- Swaps and forward: the cash flow of each component is estimated and discounted to present value, according to related interest yield obtained based on BM&F's prices;
- Options: average quoted market price on the balance sheet date or, when not available, estimated market price based on pricing models such as Black & Scholes.

The guarantees involved in the operations with derivative financial instruments are represented mainly by sureties and government securities in the total amount of R\$ 199,504 thousand (2008 – R\$ 635,852 thousand).

The commitments assumed as a result of these financial instruments, as recorded in memorandum accounts at December 31, 2009, mature up January 2017 (December 31, 2008 – up to January 2017), and may be summarized as follows:

Swap and Forwards – Bank

	Bank											
	Values by the rates and contracted indexes						Fair Value					
	2009			2008			2009			2008		
	Asset	Liability	Net Position	Asset	Liability	Net Position	Asset	Liability	Net Position	Asset	Liability	Net Position
A) Referenced in:												
Currency		120.036	(120.036)	285.413	280.317	5.096		122.371	(122.371)	272.543	266.311	6.232
Interest rate	377.491	6.108	371.383	345.401	262.749	82.652	377.652	6.108	371.544	344.884	261.474	83.410
Other	45.213	285.979	(240.766)	7.126		7.126	45.361	286.691	(241.330)	6.859		6.859
	422.704	412.123	10.581	637.940	543.066	94.874	423.013	415.170	7.843	624.286	527.785	96.501
B) Counterparties												
Institutional Clients	310.628	307.016	3.612	1.693	1.654	39	310.633	307.854	2.779	1.698	1.654	44
Financial Institutions	6.070	6.108	(38)	102.054	90.534	11.520	6.219	6.108	111	99.949	89.657	10.292
Related Parties	52.550	46.853	5.697	153.115	150.951	2.164	52.550	47.630	4.920	153.114	149.587	3.527
Individuals				69.115	49.762	19.353				68.954	49.754	19.200
Corporations	53.456	52.146	1.310	311.963	250.165	61.798	53.611	53.578	33	300.571	237.133	63.438
	422.704	412.123	10.581	637.940	543.066	94.874	423.013	415.170	7.843	624.286	527.785	96.501
C) Maturities												
Up to 3 months	89.434	85.877	3.557	403.993	332.817	71.176	89.452	86.161	3.291	392.361	320.738	71.623
From 3 to 6 months	7.695	7.455	240	96.985	78.234	18.751	7.748	7.643	105	96.386	77.275	19.111
From 6 to 12 months	267.102	265.967	1.135	72.842	68.020	4.822	267.192	267.765	(573)	71.684	67.141	4.543
Over 12 months	58.473	52.824	5.649	64.120	63.995	125	58.621	53.601	5.020	63.855	62.631	1.224
	422.704	412.123	10.581	637.940	543.066	94.874	423.013	415.170	7.843	624.286	527.785	96.501
D) Traded at:												
BM&F	5.923	5.971	(48)	21.466	23.596	(2.130)	6.071	5.971	100	20.452	22.719	(2.267)
CETIP	377.491	366.862	10.629	521.724	426.956	94.768	377.652	369.909	7.743	509.084	412.552	96.532
SELIC	39.290	39.290					39.290	39.290				
Balcão				94.750	92.514	2.236				94.750	92.514	2.236
	422.704	412.123	10.581	637.940	543.066	94.874	423.013	415.170	7.843	624.286	527.785	96.501

Swap and Forwards – Operational and Consolidated

	Operational Consolidated											
	Amounts at rates and contracted indices						Valor de mercado					
	2009			2008			2009			2008		
	Asset	Liability	Net Position	Asset	Liability	Net Position	Asset	Liability	Net Position	Asset	Liability	Net Position
A) Referenced in:												
Currency (*)	1.013.402	1.136.517	(123.115)	1.275.698	1.266.623	9.075	1.013.402	1.138.852	(125.450)	1.262.828	1.252.617	10.211
Interest rate	6.227.519	5.843.919	383.600	12.609.428	12.533.159	76.269	6.227.680	5.843.919	383.761	12.608.911	12.531.884	77.027
Other	45.213	285.979	(240.766)	7.126		7.126	45.361	286.691	(241.330)	6.859		6.859
	7.286.134	7.266.415	19.719	13.892.252	13.799.782	92.470	7.286.443	7.269.462	16.981	13.878.598	13.784.501	94.097
B) Counterparties												
Institutional Clients	446.379	5.277.627	(4.831.248)	3.826.952	3.823.250	3.702	446.384	5.278.465	(4.832.081)	3.826.957	3.823.250	3.707
Financial Institutions	5.853.110	1.010.314	4.842.796	9.531.107	9.525.654	5.453	5.853.259	1.010.314	4.842.945	9.529.002	9.524.777	4.225
Related Parties	933.189	926.328	6.861	153.115	150.951	2.164	933.189	927.105	6.084	153.115	149.587	3.527
Individuals				69.115	49.762	19.353				68.954	49.754	19.200
Corporations	53.456	52.146	1.310	311.963	250.165	61.798	53.611	53.578	33	300.570	237.133	63.438
	7.286.134	7.266.415	19.719	13.892.252	13.799.782	92.470	7.286.443	7.269.462	16.981	13.878.598	13.784.501	94.097
C) Maturities												
Up to 3 months	1.365.292	1.353.796	11.496	11.729.364	11.660.599	68.765	1.365.310	1.354.080	11.230	11.717.732	11.648.520	69.212
From 3 to 6 months	888.334	886.930	1.404	2.025.926	2.007.168	18.758	888.387	887.118	1.269	2.025.327	2.006.209	19.118
From 6 to 12 months	267.102	265.967	1.135	72.842	68.020	4.822	267.192	267.765	(573)	71.684	67.141	4.543
Over 12 months	4.765.406	4.759.722	5.684	64.120	63.995	125	4.765.554	4.760.499	5.055	63.855	62.631	1.224
	7.286.134	7.266.415	19.719	13.892.252	13.799.782	92.470	7.286.443	7.269.462	16.981	13.878.598	13.784.501	94.097
D) Traded at:												
BM&F	5.923	5.971	(48)	21.466	23.596	(2.130)	6.071	5.971	100	20.452	22.719	(2.267)
CETIP	377.491	366.862	10.629	521.724	426.956	94.768	377.652	369.909	7.743	509.084	412.552	96.532
SELIC	39.290	39.290					39.290	39.290				
Counter	6.863.430	6.854.292	9.138	13.349.062	13.349.230	(168)	6.863.430	6.854.292	9.138	13.349.062	13.349.230	(168)
	7.286.134	7.266.415	19.719	13.892.252	13.799.782	92.470	7.286.443	7.269.462	16.981	13.878.598	13.784.501	94.097

(*) Include currencies swap contracts with floor limit based on interest rates.

Options

	2009			2008			2009			2008		
	Cost value	Fair value	Risk	Cost value	Fair value	Risk	Cost value	Fair value	Risk	Cost value	Fair value	Risk
A) Rights upon:												
Currency	4.038	423	11.306	15.549	5.551	(45.216)	4.038	423	11.306	15.549	5.551	(45.216)
	4.038	423	11.306	15.549	5.551	(45.216)	4.038	423	11.306	15.549	5.551	(45.216)
B) Obligations upon:												
Currency	174			14.573	20.185	(98.113)	174			14.573	20.185	(98.113)
	174	-	-	14.573	20.185	(98.113)	174	-	-	14.573	20.185	(98.113)
Total	3.864	423	11.306	976	(14.634)	52.897	3.864	423	11.306	976	(14.634)	52.897
C) Counterparties												
Exchanges	3.864	423	11.306	976	(14.634)	52.897	3.864	423	11.306	976	(14.634)	52.897
	3.864	423	11.306	976	(14.634)	52.897	3.864	423	11.306	976	(14.634)	52.897
D) maturities												
Up to 3 months	2.928	206	8.702	295	(7.141)	20.376	2.928	206	8.702	295	(7.141)	20.376
From 3 to 6 months	523	81	1.176	1.030	(4.251)	20.949	523	81	1.176	1.030	(4.251)	20.949
From 6 to 12 months	413	136	1.428	(348)	(3.242)	11.572	413	136	1.428	(348)	(3.242)	11.572
Over 12 months												
	3.864	423	11.306	976	(14.634)	52.897	3.864	423	11.306	976	(14.634)	52.897
E) Trade at:												
Exchanges	3.864	423	11.306	976	(14.634)	52.897	3.864	423	11.306	976	(14.634)	52.897
	3.864	423	11.306	976	(14.634)	52.897	3.864	423	11.306	976	(14.634)	52.897

Futures contracts

	2009	2008	2009	2008
	Market Value	Market Value	Market Value	Market Value
A) Referenced in:				
Foreign exchange coupon				
Long position (DDI and SCC)	4.230.559	9.203.451	4.230.559	9.203.451
Short positions (DDI and SCC)	(1.702.386)	(10.631.328)	(1.702.386)	(10.631.328)
Interest rate (DI1)				
Long position	468.655	5.674.896	468.655	5.674.896
Short position	(2.639.128)	(191.525)	(2.639.128)	(191.525)
Foreign exchange rate				
Long position			476.469	498.019
Short position			(352.501)	(1.207.579)
Stock indices				
Long position				
Short position	(13.145)		(13.145)	
Foreign currency				
Long position	1.181.349	2.505.752	1.181.349	2.517.541
Short position	(6.754)	(1.130.974)	(21.002)	(1.130.974)
Commodities				
Long position			9.034	30.218
Short position			(9.034)	(30.218)
	1.519.150	5.430.272	1.628.870	4.732.501
B) Counterparties				
Exchange	1.519.150	5.430.272	1.628.870	4.732.501
	1.519.150	5.430.272	1.628.870	4.732.501
C) Maturities				
Up to 3 months (I)	2.523.299	3.302.106	2.447.054	2.508.846
From 3 to 6 months (II)	894.715	(20.032)	870.212	553.355
From 6 to 12 months (III)	1.458.057	32.835	1.442.428	(55.333)
Over 12 months	(3.356.921)	2.115.363	(3.130.824)	1.725.633
	1.519.150	5.430.272	1.628.870	4.732.501
D) Traded at:				
Exchanges	1.519.150	5.430.272	1.628.870	4.732.501
	1.519.150	5.430.272	1.628.870	4.732.501

(I) Includes futures contracts with maturities up to April 1, 2010.

(II) Includes futures contracts with maturities from April 1, 2010 to July 1, 2010.

(III) Includes futures contracts with maturities from July 1, 2010 to January 2, 2011.

The futures positions include long positions in foreign exchange coupon amounting to R\$ 1,427,565 thousand (2008 – bought with foreign exchange coupons R\$ 1,038,913 thousand and sold R\$ 1,616,618 thousand), long positions in interest rates amounting to R\$ 465.695 thousand (2008 – R\$ 1.480.600 thousand), long positions in currencies amounting to R\$ 66,949 thousand (2008 – R\$ 1,860,486 thousand), all having maturities on the first business day of the following month.

Net gains/losses on derivative financial instruments can be summarized as follows:

	In thousands of Reais			
	Bank		Operational Consolidated	
	2009	2008	2009	2008
Futures Contracts	(313.875)	187.103	(316.619)	146.595
Options Contracts	(4.919)	(133.181)	(5.071)	(131.530)
Swap and Forward Contracts	(24.264)	461.716	(7.916)	518.636
Total	(343.058)	515.638	(329.606)	533.701

Hedge accounting

At December 31, 2009, derivative financial instruments represented by future foreign exchange coupon contracts amount to R\$ 265,840 thousand in the Bank and Operational Consolidated (2008 – R\$ 335.435 mil). Hedged items are liability transactions subject to foreign exchange coupon variation. These operations were adjusted to fair value resulting in losses, net of taxes, to the amount of R\$ 11,241 thousand in the Bank and in the Operational Consolidated (2008 – gains, net of taxes, in the amount of R\$ 11,542 thousand) recorded in net income for the year.

The hedge effectiveness of the hedge has been tested, as required by the Central Bank of Brazil.

21 Risk management

Market risk

Banco BBM has a market risk management structure comprised of the following agents, with their respective functions: a) the Board of Directors, responsible for reviewing risk management policies and propose risk management operating limits submitting these to the Management Committee at least annually; b) the Management Committee, approves the policies and management market risk limits at least annually; c) the Market Risk department, reporting to the Bank's Chief Risk Officer, responsible for identifying, measuring, monitoring and informing management of the Bank's market risk to the Board of Directors on a daily basis compliance with the market risk management policy as well as ensuring that operational limits are observed; d) the Price department, which among other duties is responsible for defining the price models and sources used in mark-to-market adjustments of traded products, independently from managerial departments; e) Internal Audit, which is responsible for ensuring the adequacy of procedures and the consistency between market risk management policies and the structure actually implemented. A full description of the Bank's risk management structure is available on Banco BBM's website. (www.bancobbm.com.br).

BBM'S market risk is monitored through daily calculations of the Value at Risk (VaR *), a statistical tool that measures the institution's maximum potential loss at a given confidence level for a given period of investment. A stipulated VaR limit may be allocated by the Chief Treasury Officer among the various risk factors. The VaR calculation model is subjected to back testing on a regular basis. Additionally, scenario analyses are conducted daily, as monthly defined by the Risk Committee, independently from managerial departments.

*VaR = Maximum potential loss given a probability and an investment timeframe. As for BBM, the limit is based on a 95% probability to lose a maximum 2% of its net equity over one day.

Liquidity risk

Liquidity risk is managed based on cash flow forecasts, considering different scenarios of funding, credit and treasury operations. The management policy, as defined by the Management Committee, establishes scenarios in which: a) funding operations are considered only to first-term liquidity; b) cash inflows consider each client's underlying risk; c) assumptions related to additional cash requirements to meet compulsory deposits obligations, derivatives adjustments and other obligations. The general principle is to ensure that the bank's commitments match net equity and current funding, credit and treasury policies.

	In thousands of Reais			
	Bank		Operational Consolidated	
	2009	2008	2009	2008
Current assets	9.772.928	12.687.620	9.991.168	13.267.997
Current liabilities	(9.441.219)	(12.363.443)	(9.117.019)	(12.269.883)
Net working capital	331.709	324.177	874.149	998.114
Securities available for sale included in long-term assets	80.524	29.051	85.066	29.051
	412.233	353.228	959.215	1.027.165

Credit risk

The credit risk evaluation process of each company and/or economic group focuses on the ability to generate future profits, market share, quality of its control, debt level, and management strategy and commitment.

Credit limit recommendations are submitted to a formal approval process, by a credit committee which includes, among others, the Executive Director of Risk Control, at least one Executive Director and a member of the Board of Directors. Credit limits approved are mostly valid for up to 90 days.

Operational risk

Banco BBM has implemented an operational risk management structure based on the best market practices and for compliance with regulatory requirements in force.

The structure is documented in the internal manual "Policy on Operational Risk Management" which describes the methodology, management process, roles and responsibilities, categories, internal documentation procedures and information storage procedures, and also the disclosure process in order to ensure the transparency of management activities. A full description of the operational risk management structure is available on the Bank's website (www.bancobbm.com.br).

The Operational Risk Department is an independent organizational unit segregated from the internal audit department, led by the Risk Manager and reporting to the Executive Director of Risk and Control, and is responsible for enforcing the guidelines of the Operational Risk Policy together with the other components of the operational risk structure in order to ensure compliance with the directives of the policy mentioned above.

22 Operational limits

In July 2008, the new rules related to capital measurement became effective. Financial institutions and similar entities are required to maintain minimum equity of 11% of their assets weighted by risk factors to exposures in gold, foreign currencies and transactions subject to operational risks and to changes in: exchange rates, interest rates, commodity prices and stock prices classified as trading securities in accordance with rules established by BACEN. Banco BBM S.A. opted to calculate the operational limits based on the Operational Consolidated figures, and complies with this limit at December 31, 2009.

	Operational Consolidated	
	2009	2008
Tier 1 Capital	648.345	727.213
Net equity	657.908	737.289
Deferred permanent assets	9.058	10.172
Market value adjustment - Securities and derivatives	505	(96)
Tier 2 Capital	505	(96)
Market value adjustment - Securities and derivatives	505	(96)
Total Capital (PR)	648.850	727.117
Capital Requirement (Regulatory Capital) (PRE)	490.691	550.286
Portion referring to:		
Credit Risk (PEPR)	187.257	389.364
Foreign Exchange Risk (PCAM)	34.900	52.593
Interest Risk (PJUR)	204.256	86.530
Equity Risk (PACS)	2.231	5.861
Operational Risk (POPR)	62.047	15.938
Capital surplus or deficit (PR - PRE)	158.159	176.831
RBAN	1.291	6.595
Risk Factor - 11% of PR	71.374	79.983
Basel Index (Risk Factor / PRE)	14,55%	14,53%
Ratio of fixed assets to total assets	16,42%	19,55%

23 Income and social contribution taxes on net profits

The changes in deferred tax assets and in the provision for deferred taxes on temporary differences can be summarized as follows:

In thousands of Reais				
Bank		Operational Consolidated		
2009	2008	2009	2008	
Deferred tax assets:				
Balance at January 1	60.974	33.599	62.051	34.347
Setting up (reversal)				
- Effect on net income	56.317	27.375	55.940	27.704
- Effect on shareholders' equity (Available for sale securities)	8		8	
Balance at December 31	117.299	60.974	117.999	62.051
Provision for deferred taxes:				
Balance at January 1	23.337	18.304	23.337	18.305
Setting up (reversal)				
- Effect on net income	164	5.252	164	5.252
- Effect on shareholders' equity (Available for sale securities)	301	(219)	302	(220)

Deferred tax assets and provision for deferred taxes are comprised as follows:

Bank		Operational Consolidated		
2009	2008	2009	2008	
Deferred tax assets:				
Temporary differences				
- Allowance for loan losses	81.933	30.788	81.932	30.788
- Fair value adjustment of securities and	2.288	8.470	2.288	8.470
- PIS / COFINS (Note 24b)	20.790	16.714	21.363	17.664
- Other	12.288	5.002	12.416	5.129
Total	117.299	60.974	117.999	62.051
Provision for deferred taxes :				
Temporary differences				
- Fair value adjustment of securities and	18.936	11.842	18.936	11.842
- Fair value adjustment of hedge	192	7.685	192	7.685
- Other	4.674	3.810	4.674	3.810
Total	23.802	23.337	23.802	23.337

The reconciliation between the tax expense calculated at the statutory rates and the income tax and social contribution tax expenses recorded by the Bank is as follows:

	In thousands of Reais			
	2009		2008	
	Income tax	contribution	Income tax	contribution
Profit before income tax and social contribution	(3.097)	(3.097)	22.291	22.291
Net Income	68.956	68.956	93.754	93.754
(-) Interest on capital stock	(44.747)	(44.747)	(55.626)	(55.626)
(-/+) Income tax and social contribution	27.306	27.306	15.837	15.837
Statutory rate (a)	25%	15%	25%	9%/15%
Income and social contribution tax:				
At the statutory rate (a)	774	-	(5.573)	(2.006)
Permanent additions	100.471	90.789	56.044	53.114
Non-deductible expenses	10.904	1.222	3.813	883
Addition of foreign earnings	89.567	89.567	52.231	52.231
Permanent exclusion:	(152.109)	(152.109)	(89.869)	(89.869)
Non-taxable income	(831)	(831)	(2.460)	(2.460)
Equity pickup - before elimination of income from foreign agency	(151.278)	(151.278)	(87.409)	(87.409)
Temporary additions/ exclusions	103.223	103.223	48.456	48.456
Tax base	48.488	38.806	36.922	33.992
Income and social contribution tax (a)	(12.098)	(5.821)	(9.207)	(3.059)
Use of tax incentives and taxes of foreign subsidiaries	1.763		5.981	
Income tax and social contribution in income for the year	(10.335)	(5.821)	(3.226)	(3.059)
Ajuste DIP J	171	2.001		
Deferred tax liabilities	(4.293)	(2.575)	(1.290)	(3.963)
Income and social contribution tax on income for the year - Banco BBM	(14.457)	(6.395)	(4.516)	(7.022)
Income Tax and Social Contribution of other entities of the Operational Consolidated	(5.538)	(3.384)	(2.703)	(1.535)
Income Tax and Social Contribution on Income - Operational Consolidated	(19.995)	(9.779)	(7.219)	(8.557)

(a) On January 3, 2008 Provisional Executive Order No. 413 was issued which among other measures adjusted the rate of Social Contribution Tax (CSLL) of Financial Institutions from 9% to 15%. This increase entered into force in accordance with the Provisional Executive Order in force as from 2008. Accordingly the deferred assets and liabilities were restated in accordance with the new Social Contribution rate of 15%.

24 Provisions and liabilities for legal obligations

The Bank and the Banco BBM Financial Group are parties to judicial and administrative proceedings, arising from the normal course of operations, involving tax, labor, civil and other issues.

a) Composition of the provisions

Based on information from legal advisors, analysis of the pending legal proceedings, and previous experience with regard to amounts claimed in labor claims, management recorded provisions for amounts considered sufficient to cover possible losses from the current actions, as follows:

	In thousands of Reais			
	Bank		Operational Consolidated	
	2009	2008	2009	2008
Civil	510	510	510	510
Labor	4.364	1.540	4.364	1.540
Total – Provision for contingencies	4.874	2.050	4.874	2.050

Provisions are registered as "Other Liabilities - Sundry" under long-term liabilities. During the year ended December 31, 2009, a provision for contingencies of R\$ 2,851 thousand was set up and R\$ 27 thousand reversed in the bank and Operational Consolidated (2008 – provision for contingencies of R\$ 2,540 thousand was set up in the Bank and Operational Consolidated and R\$ 2,521 thousand was reversed in the Bank and Operational Consolidated).

b) Liability for legal obligation

Since April 2007, based on a preliminary court order in connection with contesting the constitutionality of the law that increased the PIS and COFINS basis of calculation, Banco BBM and BBM CCVM have been paying PIS and COFINS calculated only over income from services rendered, recording a liability for the remaining balances until the final decision, included in "Other Liabilities - Sundry" under long-term liabilities as follows:

	In thousands of Reais			
	Bank		Operational Consolidated	
	2009	2008	2009	2008
PIS and COFINS	51.974	41.786	53.407	44.161
Total – Liability for legal obligation	51.974	41.786	53.407	44.161

During the year ended December 31, 2009, the total amount of R\$ 10,188 thousand in the Bank (2008 – R\$ 20,407 thousand), with R\$ 3,494 thousand refer to restatement by the SELIC interest rate (2008 – R\$ 3,036 thousand) and R\$ 9,246 thousand in Operational Consolidated (2008 – R\$ 20,900 thousand), with R\$ 3,498 thousand referring to restatement by the SELIC interest rate (2008 – R\$ 3,270 thousand).

25 Asset management

December 31, 2009, under the management of Banco BBM Financial Group totaled R\$ 6,304,062 thousand (December 31, 2008 - R\$ 3,326,229 thousand), with R\$ 5,870,217 thousand (December 31, 2008 - R\$ 2,728,545 thousand) referring to funds, investment clubs and portfolios managed and administrated by the Group, and R\$ 433,845 thousand (December 31, 2008 - R\$ 597,584 thousand) referring to investment fund portfolios administrated by third parties.

Revenues from management and performance fees are recorded in the account "Income from services rendered" except for those earned by BBM Gestão de Recursos S.A. and BBM Investment Management Services, which are subsidiaries of BBM Administração de Recursos DTVM S.A. not included in the Operational Consolidated as they are not financial institutions, as described in Note 4. The revenues from asset management and administration services are as follows:

	In thousands of Reais	
	2009	2008
Management and performance fees from investment funds recorded in Operational Consolidated (a)	37.707	15.399
Management and performance fees from investment funds recorded in related parties (b)	95.284	36.479
Total	132.991	51.878

(a) See Note 17

(b) These management and performance fees from investment funds are included in "Equity in income of subsidiaries" in the income statement of the Operational Consolidated.

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Sérgio Freitas – Controller

Sérgio Fonseca – Accountant
CRC RJ 084.227/O-4-"S"-BA