

B **BancoBM**

Financial Statements
December 31, 2010 and 2009
with Report of Independent Auditors

Macroeconomic Scenario

The second half of 2010 showed a divergence between the performance of advanced economies and emerging countries. On one hand, while developed economies have shown a recovery of economic activity, removing the risk of a further downturn in the short term, growth was not sufficient to reduce the high unemployment in those countries. In the euro area the uncertainty regarding the financial capacity of central European countries to help the peripheral countries has increased. The fiscal crisis that began in Greece spread to other countries, making necessary an aid package also to Ireland. On the other side, heated activity in the emerging world brought to this group of countries the challenge of halting the deterioration in the inflation and at the same time, prevent excessive appreciation of their currencies.

The local scene was marked by very different behavior between offer data and aggregated demand, a movement that began in the 2Q10, but intensified during the second semester last year. While domestic consumption and imports continued to show high growth rates, industrial production remained virtually stagnant over the period. The strong performance of domestic demand can be explained by very favorable conditions of both the labor market and the credit market. The unemployment rate hit successive low record throughout 2010 and ended the year at 6.5%, after discounting the seasonal effect. The good time in the labor market has also been reflected in the real incomes of workers, which showed average growth of 3.8% last year, above the historical standard. While the credit market for individuals exhibited the lowest interest rates of the history, increased payment terms and increased concessions, which was possible thanks to the significant reduction in the default rate in this segment.

In contrast, the industry's weak performance can be explained by two factors: inventory cycle and greater participation of imported goods. Over the 1Q10, industrial production has grown beyond what that domestic demand could absorb, increasing the level of inventories. The inventory cycle could be observed mainly on data from 3Q10, when the GDP had a negative contribution to the drop in stocks at around 2.1% in annualized terms.

However, the relevant part of the mismatch should be attributed to increased net imports, with a growing share of domestic demand being met by imported goods. While the volume of accumulated retail sales expanded 11.7% in the first 11 months of 2010 over the same period last year, the volume of imports of consumer goods expanded by 41.7% on the same basis of comparison. In the automotive sector, for example, the share of

imported vehicles in total domestic sales increased by 3 percentage points in 2010 compared to the previous year, reaching 22% in Dec/10. The explanation for the strong growth of imports was the increase of the purchasing power of Brazilian consumers in the international market, due to the increase of the exchange rate and the growth difference between Brazil and the world.

Regarding inflation, there was a significant worsening in the last four months of the year when the IPCA accumulated the highest levels for this period of the last seven years. This contributed for the index reached a high of 5.91% in 2010, the highest rate since 2004. While the significant rise in international prices of agricultural commodities has impacted the domestic market, inflationary pressure observed in recent months is not only a result of rising of food prices. The heated domestic demand and the low level of idle capacity in the economy exerted significant pressure on prices, as can be noticed by the performance of the key measures of inflation core in the IPCA. This suggests that inflation should be slightly more persistent, resulting in a high reading also in 2011.

Our Business

Banco BBM's activities are focused on Corporate Credit, Treasury, Private Banking, Funds Allocation and Asset 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 correct incentives whereby the executive officers are strongly committed to the activities impacted by their decisions, both in short and long term, minimizing conflicts of interest between business units and among executive officers and controlling shareholder.

We focus on providing financial services for companies and individuals, offering our clients with a large portfolio of products, services and customized financial solutions, supported by highly qualified treasury services.

Performance of BBM Financial Group

Banco BBM Financial Group closed the year 2010 with shareholders' equity of R\$ 535 million net income of R\$ 46.8 million, representing an annual profitability of 7.85%, calculated on average shareholders' equity for the period.

Total assets at the year end was of R\$ 5 billion. The volume of domestic and foreign market funding at the end of the period was of R\$ 1 billion. The Bank's Basel index was 24.1% at the end of the year.

Loans to Companies

The loan portfolio at the end of six-month period totaled R\$ 595 million (including advances on foreign exchange contracts, leasing and guarantees given through sureties, guarantees and letters of credit).

Treasury

Our treasury activities aim at maintaining capital as the fundamental principle and, as such, prudent risk management over generation of high yields is a priority. The area also operates as a platform, providing technical support and market know-how to the other Bank areas.

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 risk control systems, which have been successfully used since 1995.

Asset Management

Asset management is mainly focused on active management of investment products (Multimarket, Fixed and Variable Income Funds) for distributors (32%), companies and pension funds (23%) and rendering of distinct asset management services to individual clients (45%).

Managed funds on December 31, 2010 amount to R\$ 7.2 billion, and include multimarket (66.80%), fixed income fund (14.49%) and variable income fund (18.71%).

Human Capital

Our policy is based on systematic investment in recruiting, training and motivating our team. 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 Moody's Investor Services is "Ba1" for the local currency and "Aa2.br" on the national scale.

A free-translation from Portuguese into English of independent auditors' report on financial statements prepared in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operated by the Central Bank of Brazil and in Reais (R\$)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

The Board of Directors and Shareholders

Banco BBM S.A.

We have audited the accompanying individual financial statements of Banco BBM S.A. and the consolidated financial statements of Banco BBM Financial Group (Operational Consolidated), which comprise the individual and consolidated balance sheets as at December 31, 2010 and related individual and consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil - BACEN and the internal controls established by it as necessary to allow preparation of individual and consolidated financial statements free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these individual and consolidated financial statements based on our audit conducted in accordance with Brazilian and International Audit Standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the individual and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the individual and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Bank's preparation and fair presentation of the Bank's financial statements in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of internal controls of the Bank and Consolidated. An audit also includes evaluation of the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluation of the overall presentation of the individual and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

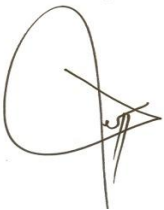
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco BBM S.A., as well as the consolidated financial position of the Banco BBM S.A. Financial Group at December 30, 2010, and the individual and consolidated results of operations and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Salvador, February 22, 2011

ERNST & YOUNG TERCO

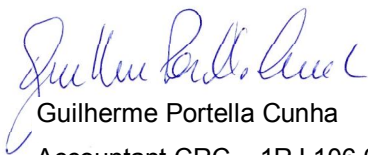
Auditores Independentes S.S.

CRC - 2SP 015.199/O-6 - F - BA



Flávio Serpejante Peppe

Accountant CRC - 1SP 172.167/O-6 - S - BA



Guilherme Portella Cunha

Accountant CRC - 1RJ 106.036/O-5 - S - BA

Asset	Note	In thousand R\$			
		Bank		Operational Consolidated	
		12/31/2010	12/31/2009	12/31/2010	12/31/2009
Current		4,413,905	9,772,929	4,458,272	9,991,169
Cash		3,966	8,152	36,461	5,054
Free reserves		1,681	4,976	1,681	4,976
Cash in foreign currency		2,285	3,176	34,780	78
Short-term investments	5	1,025,583	1,534,817	1,030,268	1,683,962
Open Market Investments		982,454	1,382,043	982,454	1,387,457
Investments in Interbank Deposits		4,680	32,806	4,680	32,806
Investments in foreign currency		38,449	119,968	43,134	263,699
Marketable securities and derivative financial instruments	6	709,728	6,871,420	721,767	6,892,071
Portfolio		422,333	419,940	422,336	425,938
Bound to Repurchase Agreements		100,370	6,051,547	100,370	6,051,547
Derivative Financial Instruments		1,450	42,525	12,586	56,359
Bound to guarantees		185,575	357,408	186,475	358,227
Interbank Relations		591	21,225	591	21,225
Check and Other Papers Clearing			6		6
Bound Credits - Central Bank Deposit		565	16,527	565	16,527
Corresponding		26	4,692	26	4,692
Loan Operations	7	176,995	503,507	178,729	547,406
Private Industry		195,677	563,227	197,411	607,126
Public Industry			8,158		8,158
Allowance for Loan Operations		(18,682)	(67,878)	(18,682)	(67,878)
Lease Operations	7	10,920	4,734	10,920	4,734
Lease and Sublease Operations Receivable		33,560	31,086	33,560	31,086
Income from Lease		(22,640)	(26,352)	(22,640)	(26,352)
Other loans		2,474,778	815,179	2,468,192	822,822
Foreign Exchange Rate Portfolio	8	2,346,728	600,170	2,346,728	600,170
Income Receivable		51,303	540	49,919	540
Securities Trading	14	8,062	125,853	8,133	127,336
Tax Credits		16,503	8	16,503	8
Sundry		76,963	116,230	71,690	122,390
Allowance for Other loans	7	(24,781)	(27,622)	(24,781)	(27,622)
Other Securities and Goods		11,344	13,895	11,344	13,895

Asset	Note	In thousand R\$			
		Bank		Operational Consolidated	
		12/31/2010	12/31/2009	12/31/2010	12/31/2009
Long Term Payable		346,085	340,560	417,873	430,334
Short-term investments		6,942	-	-	-
Investments in Interbank Deposits					
Investments in foreign currency		6,942	-	-	-
Marketable securities and derivative financial instruments	6	151,652	91,051	153,057	98,028
Portfolio		58,760	80,524	58,760	85,066
Derivative Financial Instruments		599	5,031	2,005	7,466
Bound to guarantees		92,293	5,496	92,292	5,496
Loan Operations	7	131,983	202,485	208,402	284,488
Private Industry		133,415	206,061	209,834	288,064
Allowance for Loan Operations		(1,432)	(3,576)	(1,432)	(3,576)
Lease Operations	7	3,619	6,333	3,619	6,333
Lease and Sublease Operations Receivable		11,119	41,579	11,119	41,579
Income from Lease		(7,500)	(35,246)	(7,500)	(35,246)
Other loans		50,685	40,320	51,591	41,114
Foreign Exchange Rate Portfolio	8	12,575	-	12,575	-
Securities Trading	14				11
Tax Credits	23	79,947	117,291	80,769	117,991
Sundry		33,387		33,471	83
Allowance for Other loans	7	(75,224)	(76,971)	(75,224)	(76,971)
Other Securities and Goods		1,204	371	1,204	371
Fixed assets		534,316	797,591	117,732	174,049
Investments		486,662	701,538	69,904	77,742
Interest in Subsidiaries					
In the Country		14,595	44,306		
Abroad		472,017	657,182	69,779	77,618
Other Investments		1,810	1,810	2,629	2,629
Allowance for Losses		(1,760)	(1,760)	(2,504)	(2,505)
Property and equipment		9,727	11,481	9,885	11,715
Leased Assets		29,281	58,462	29,282	58,462
Deferred		8,646	26,110	8,661	26,130
Total Asset		5,294,306	10,911,080	4,993,877	10,595,552

Liabilities	Note	In thousand R\$			
		Bank		Operational Consolidated	
		12/31/2010	12/31/2009	12/31/2010	12/31/2009
Current		3,871,677	9,466,361	3,914,858	9,142,161
Deposits	10	231,177	1,332,009	261,666	966,913
Demand Deposits		68,660	40,670	37,385	79,629
Interbank Deposits		42,895	246,124	4,734	196,027
Time Deposits		119,622	1,045,215	219,547	691,257
Liabilities for repurchase agreements	11	1,019,606	7,415,195	1,019,606	7,420,567
Portfolio		100,019	6,034,169	100,019	6,034,168
Third Party Portfolio		919,587	1,381,026	919,587	1,381,026
Free Operation Portfolio					5,373
Interdependency Relations		6,950	9,891	6,950	9,891
Third Party Funds		6,950	9,891	6,950	9,891
Liabilities for Loans	13	308,165	79,207	308,165	79,207
Loans Abroad		308,165	79,207	308,165	79,207
Liabilities for Onlendings - Official Institutions	13	6,905	13,914	6,905	13,914
BNDES		3,595	9,947	3,595	9,947
FINAME		3,310	3,967	3,310	3,967
Derivative Financial Instruments	6	926	39,290	3,863	44,004
Other Liabilities		2,297,948	576,855	2,307,703	607,665
Collection of Similar Taxes		219	435	219	435
Foreign Exchange Rate Portfolio	8	2,248,063	385,174	2,248,063	385,174
Social and Statutory		14,426	3,090	14,940	3,090
Tax and Social Securities		10,840	23,253	14,090	32,858
Securities Trading	14	7,182	129,884	7,182	138,812
Sundry		17,218	35,019	23,209	47,296

Liabilities	Note	In thousand R\$			
		Bank		Operational Consolidated	
		12/31/2010	12/31/2009	12/31/2010	12/31/2009
Payable in Long Term		886,708	786,381	543,098	795,053
Deposits	10	209,078	178,933	203,753	181,604
Interbank Deposits		39,909	31,049	34,584	31,049
Time Deposits		169,169	147,884	169,169	150,555
Funds from acceptance and issue of securities	12	341,408	1	-	1
Liabilities for Securities Abroad		341,408	1	-	1
Liabilities for Loans	13	215,855	516,805	215,855	516,805
Loans Abroad		215,855	516,805	215,855	516,805
Liabilities for Onlendings - Official Institutions		4,370	10,303	4,370	10,303
BNDES		1,809	4,991	1,809	4,991
FINAME		2,561	5,312	2,561	5,312
Derivative Financial Instruments	6	-	-	1,386	2,416
Other Liabilities		115,997	80,339	117,734	83,924
Social and Statutory		36,565	-	36,565	-
Tax and Social Securities		7,917	23,489	7,917	23,489
Securities Trading	14				2,145
Sundry	24	71,515	56,850	73,252	58,290
Deferred Income		1,311	431	1,311	431
Shareholders' equity	15	534,610	657,907	534,610	657,907
Capital		413,131	413,131	413,131	413,131
From domiciled In the Country		413,131	413,131	413,131	413,131
Adjustment to the Market Value - TVM and instruments Fi		(862)	471	(862)	471
Securities for Sale		(862)	471	(862)	471
Capital Reserves		-	8,134	-	8,134
Profit Reserve		261,393	244,311	261,393	244,311
Treasury Stock		(139,052)	(8,140)	(139,052)	(8,140)
Total Liabilities		5,294,306	10,911,080	4,993,877	10,595,552

Income Statement

	In thousand R\$						
	Note	Bank			Operational Consolidated		
		2nd Half of 2010	2010	2009	2nd Half of 2010	2010	2009
Financial intermediation expenses and foreign exchange gains/losses		186,787	516,606	1,014,136	198,350	539,797	1,024,432
Loan Operations		13,551	61,885	206,981	16,231	68,049	215,562
Lease Operations		3,740	7,794	11,176	3,740	7,794	11,176
Income from Operations with Securities		128,145	406,862	795,979	137,029	423,890	797,694
Foreign exchange Gains/Losses	16	-	12,674	-	-	12,674	-
Credit Reversal for Doubtful Accounts		41,351	27,391	-	41,350	27,390	-
Financial intermediation expenses		(135,298)	(408,727)	(936,843)	(131,398)	(403,830)	(918,799)
Operations of Funds Obtained in the Market	16	(74,495)	(308,792)	(465,169)	(72,098)	(304,348)	(460,573)
Income with Derivative Financial Instruments	20	(55,764)	(73,379)	(343,058)	(54,260)	(72,926)	(329,606)
Foreign exchange Gains/Losses	16	(7,471)	-	(108,339)	(7,471)	-	(108,339)
Loan, Assignments and Onlending Operations	16	2,432	(26,556)	108,461	2,431	(26,556)	108,457
Allowance for Credits of Doubtful Accounts	7	-	-	(128,738)	-	-	(128,738)
Gross Income of Financial Intermediation		51,489	107,879	77,293	66,952	135,967	105,633
Other Operating Income (Losses)		5,674	(1,642)	22,695	(7,907)	(26,149)	4,332
Income from services rendered	17	49,101	84,873	37,787	51,730	91,224	41,098
Personnel expenses		(18,969)	(52,748)	(51,565)	(19,946)	(54,732)	(53,307)
Other Administrative expenses	18	(35,633)	(66,435)	(83,280)	(37,299)	(69,770)	(86,714)
Tax expenses		(4,970)	(14,514)	(25,939)	(5,295)	(15,232)	(26,838)
Revenue from Interest in Subsidiaries	9	18,884	52,701	150,793	5,671	28,030	132,737
Other Operating Revenue		1,719	3,233	7,029	1,793	3,510	10,277
Other Operating expenses		(4,458)	(8,752)	(12,130)	(4,561)	(9,179)	(12,921)
Operating Revenue		57,163	106,237	99,988	59,045	109,818	109,965
Non-Operating Revenue		(3,546)	(5,941)	(2,569)	(3,546)	(5,941)	(2,569)
Revenue before Tax on Profit		53,617	100,296	97,419	55,499	103,877	107,396
Income and Social Contribution Tax	23	(3,755)	(12,679)	27,306	(5,072)	(15,695)	18,007
Allowance for Income Tax		10,627	3,734	(14,457)	9,783	1,813	(19,995)
Allowance for Social Contribution		7,159	5,004	(6,395)	6,620	3,788	(9,779)
Deferred Tax Asset		(21,541)	(21,417)	48,158	(21,475)	(21,296)	47,781
Interest of Managers and employees on the Income		(26,848)	(40,824)	(55,769)	(27,413)	(41,389)	(56,447)
Interest of Managers		(5,029)	(19,005)	(9,681)	(5,029)	(19,005)	(9,681)
Interest of employees		(21,819)	(21,819)	(46,088)	(22,384)	(22,384)	(46,766)
Net Profit		23,014	46,793	68,956	23,014	46,793	68,956

Statements of Changes in Shareholders' Equity of Banco BBM S.A.

	In thousand R\$											
	Capital	Increase of Capital	Capital Reserves			Profit Reserve		Adjustment to the Market Value of TVM		Treasury Stock	Accrued Profit	Total
			Update of Property Securities	Tax Incentive	Other Capital Reserve	Legal	Statutory	Shareholders'	from Subsidiary			
Year Ended on December 31, 2009												
Balances on January 1 of 2009	413,131	-	3,369	2,696	2,069	65,934	258,325	(97)	1	(8,140)	-	737,289
Adjustment to the Market Value - TVM	-	-	-	-	-	-	-	567	-	-	-	567
Net Profit of the year	-	-	-	-	-	-	-	-	-	-	68,956	68,956
Allocations:	-	-	-	-	-	-	-	-	-	-	-	-
- Interest on Shareholder's Equity of R\$ 0,04 per share	-	-	-	-	-	-	-	-	-	-	(11,226)	(11,226)
- Interest on Shareholder's Equity of R\$ 0,03 per share	-	-	-	-	-	-	-	-	-	-	(7,704)	(7,704)
- Interest on Shareholder's Equity of R\$ 0,01 per share	-	-	-	-	-	-	-	-	-	-	(3,776)	(3,776)
- Interest on Shareholder's Equity of R\$ 0,04 per share	-	-	-	-	-	-	-	-	-	-	(10,944)	(10,944)
- Interest on Shareholder's Equity of R\$ 0,03 per share	-	-	-	-	-	-	-	-	-	-	(7,526)	(7,526)
- Interest on Shareholder's Equity of R\$ 0,01 per share	-	-	-	-	-	-	-	-	-	-	(3,572)	(3,572)
- Dividends Proposed of R\$ 0,12 per share	-	-	-	-	-	-	(30,000)	-	-	-	-	(30,000)
- Dividends Proposed of R\$ 0,29 per share	-	-	-	-	-	-	(74,157)	-	-	-	-	(74,157)
- Reversal of Reserves	-	-	-	-	-	3,448	20,761	-	-	-	(24,208)	-
Balances On December 31, 2009	413,131	-	3,369	2,696	2,069	69,382	174,929	470	1	(8,140)	-	657,907
Changes in the period	-	-	-	-	-	3,448	(83,396)	567	-	-	-	(79,382)
Year Ended on December 31, 2010												
Balances on January 1 of 2010	413,131	-	3,369	2,696	2,069	69,382	174,929	470	1	(8,140)	-	657,907
Adjustment to the Market Value - TVM	-	-	-	-	-	-	-	(1,333)	-	-	-	(1,333)
Repurchase of Shares for the Treasury	-	-	-	-	-	-	-	-	-	(130,912)	-	(130,912)
Net Profit of the year	-	-	-	-	-	-	-	-	-	-	46,793	46,793
Allocations:	-	-	-	-	-	-	-	-	-	-	-	-
- Interest on Shareholder's Equity of R\$ 0,08 per share	-	-	-	-	-	-	-	-	-	-	(19,397)	(19,397)
- Interest on Shareholder's Equity of R\$ 0,04 per share	-	-	-	-	-	-	-	-	-	-	(9,574)	(9,574)
- Interest on Shareholder's Equity of R\$ 0,04 per share	-	-	-	-	-	-	-	-	-	-	(8,874)	(8,874)
- Reversal of Reserves	-	-	(3,369)	(2,696)	(2,069)	2,339	14,743	-	-	-	(8,948)	-
Balances On December 31, 2010	413,131	-	-	-	-	71,721	189,672	(863)	1	(139,052)	-	534,610
Changes in the period	-	-	(3,369)	(2,696)	(2,069)	2,339	14,743	(1,333)	-	(130,912)	-	(123,297)
Semester Ended on December 31, 2010												
Balances on July 1, 2010	413,131	-	3,369	2,696	2,069	70,571	178,122	166	1	(21,059)	-	649,066
Adjustment to the Market Value - TVM	-	-	-	-	-	-	-	(1,029)	-	-	-	(1,029)
Repurchase of Shares for the Treasury	-	-	-	-	-	-	-	-	-	(117,993)	-	(117,993)
Net Profit do Semester	-	-	-	-	-	-	-	-	-	-	23,014	23,014
Allocations:	-	-	-	-	-	-	-	-	-	-	-	-
- Interest on Shareholder's Equity of R\$ 0,04 per share	-	-	-	-	-	-	-	-	-	-	(9,574)	(9,574)
- Interest on Shareholder's Equity of R\$ 0,04 per share	-	-	-	-	-	-	-	-	-	-	(8,874)	(8,874)
- Reversal of Reserves	-	-	(3,369)	(2,696)	(2,069)	1,150	11,550	-	-	-	(4,566)	-
Balances On December 31, 2010	413,131	-	-	-	-	71,721	189,672	(863)	1	(139,052)	-	534,610
Changes in the period	-	-	(3,369)	(2,696)	(2,069)	1,150	11,550	(1,029)	-	(117,993)	-	(114,456)

B
BancoBM Banco BBM S.A.
and Banco BBM Financial Group
Statements of Cash Flow

Cash Flow Statement

	In thousand R\$					
	Bank			Operational Consolidated		
	2° Semester of 2010	2010	2009	2° Semester of 2010	2010	2009
Cash Flow of the Operating Activities:						
Net Profit	23,014	46,793	68,956	23,014	46,793	68,956
Adjustment to Net Profit	(4,771)	(15,156)	(1,011)	8,554	9,858	(3,552)
Allowance for Credits of Doubtful Accounts	(41,351)	(27,391)	128,738	(41,351)	(27,391)	128,738
Depreciations and Amortizations	29,634	47,418	28,335	29,680	47,497	28,419
Expenses with Civil, Labor and Tax Allowance	5,393	14,666	13,012	5,561	14,970	12,070
Revenue from Interest in Subsidiaries	(18,884)	(52,701)	(150,793)	(5,671)	(28,030)	(132,737)
Income and Social Contribution Tax - Deferred	24,958	5,845	(41,290)	24,972	5,804	(55,482)
Gain/ Loss not received of TVM and Derivatives	(2,886)	(1,370)	31,544	(2,883)	(1,367)	31,547
Update of securities	(1,028)	(1,333)	-	(1,027)	(1,333)	-
Property Adjustment	(607)	(291)	(10,557)	(726)	(291)	(16,107)
Adjusted Net Profit	18,244	31,636	67,945	31,569	56,651	65,404
(Increase) Reduction in short-term investments	1,945,055	502,292	283,768	2,087,498	653,694	269,357
(Increase)/Reduction in TVM and Derivative Financial Instruments	(360,785)	6,064,097	(4,770,708)	(305,745)	6,076,501	(4,688,010)
(Increase)/Reduction in Interbank Relations and Interdependency	5,811	20,634	(90,056)	5,811	20,634	(90,056)
(Increase)/Reduction in Loan Operations and Lease	89,453	420,933	1,179,806	132,340	468,682	1,262,336
Increase (Reduction) in Deposits	(356,561)	(1,070,687)	(1,031,880)	(178,760)	(683,098)	(1,348,597)
Increase (Reduction) Funds Obtained in the Open Market	(1,551,890)	(6,395,589)	5,277,588	(1,551,890)	(6,400,961)	5,282,960
Increase (Reduction) Interdependency Relations	(2,941)	(2,941)	-	(2,941)	(2,941)	-
(Reduction) in Funds of Issuance of Securities	341,329	341,407	(353,277)	(78)	-	(252,811)
Increase/(Reduction) in Liabilities for Loans and onlendings	(54,542)	(84,934)	(1,107,737)	(54,542)	(84,934)	(1,109,264)
(Increase) in Incomes Future Years	690	880	(889)	690	880	(889)
Reduction in Other loans and Other Securities and Goods	(1,974,956)	(1,674,091)	6,387,902	(1,928,763)	(1,659,933)	6,473,830
(Reduction) in Other Liabilities	1,937,501	1,742,085	(5,928,130)	1,861,192	1,718,878	(5,988,886)
Net Cash from/ used from the Operating Activities	18,164	(135,914)	(153,613)	64,812	107,402	(190,030)
Cash Flow of Investments:						
Increase / (Reduction) of Investments	(122,532)	44,636	18,655	6,460	31,813	(68,669)
Disposal of Property and Equipment and Lease	558	981	144	561	981	199
Disposal of Other Investments	-	-	1	-	-	1
Purchase of Property and Equipment and Lease	-	-	(383)	-	-	(392)
Purchase of Deferred	-	-	(3,374)	-	-	(3,374)
Dividends and Interest on the Shareholder's Equity Received	221,632	223,232	193,387	1,616	3,317	251,744
Net Cash From/ Use in Investments Activities	99,658	268,849	208,430	8,637	36,111	179,509
Cash Flow from Funding:						
Disposal of Treasury Stock	-	-	-	-	-	-
Dividends Interest on the Shareholders' Equity paid	(18,448)	(37,845)	(148,904)	(18,448)	(37,845)	(148,904)
Purchase of Treasury Stock	(117,993)	(130,912)	-	(117,993)	(130,912)	-
Net Cash From/ Use in Funding Activities	(136,441)	(168,757)	(148,904)	(136,441)	(168,757)	(148,904)
Net Increase/ Reduction, of Cash and Cash equivalent	(376)	(4,186)	(26,142)	(31,423)	31,407	(94,021)
Beginning of the Period	4,342	8,152	34,294	67,884	5,054	99,075
End of the Period	3,966	3,966	8,152	36,461	36,461	5,054
Net Increase/ Reduction, of Cash and Cash equivalent	(376)	(4,186)	(26,142)	(31,423)	31,407	(94,021)

The Management Notes are part of the Financial Statements

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
- Loan, financing and investment
- Foreign exchange
- Lease

The Bank's and the Financial Group's operations are carried out in the context of a group of institutions 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 such institutions and the costs of the Financial Group's operating and administrative structures in common are fully or individually absorbed, 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 Corporation Law, considering the changes introduced by Law No. 11638 and by the Provisional Executive Order (MP) No. 449 as from 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 conclusion of these financial statements was given by the Bank's Board of Directors on February 14, 2011.

3 Significant accounting practices

(a) Profit and loss

Profit and loss are recorded on an accrual basis.

(b) Marketable securities and derivative financial instruments

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

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

Securities classified in categories I and II are adjusted to market value. For trading securities, this adjustment is recorded in P&L and for available for sale securities it is recorded in a specific account in 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 market value, in accordance with BACEN Circular No. 3082.

(c) Current and non-current assets

These are stated at realization values, including, when applicable, earnings and monetary (on a daily pro-rata basis) and foreign exchange variations, less unearned income and/or allowance for losses. Balances maturing within 12 months (or 360 days) are classified as current assets.

3 Significant accounting practices - (Continued)

(d) Permanent assets

Stated at cost combined with the following aspects:

- Significant investments in subsidiaries are accounted for by the equity pickup method;
- Property and equipment and leased assets are depreciated on the straight-line basis, at annual rates which take into account the useful lives of the assets, as follows: property in use - 4%; furniture and fixtures, machinery and equipment - 10% and data processing - 20%.
- Amortization of deferred charges, 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 charges only the pre-operating expenses and restructuring costs that will actually contribute to increasing 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 non-current liabilities

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

3 Significant accounting practices - (Continued)

(f) Income and social contribution taxes

The provision for income tax is calculated on taxable profit at a 15% rate, plus 10% surtax 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 feasibility studies. The deferred taxes were recognized based on the expected income and social contribution tax rates of 25% and 15% respectively

(g) Swaps, futures, forward and options

The nominal amounts of contracts are recorded in memorandum accounts. The daily adjustments of operations carried out in the futures market are recorded as effective income 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 P&L 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 income and expense accounts.

(h) Earnings per share

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

(i) Impairment of assets

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' assets exceeds the related recoverable value.

3 Significant accounting practices - (Continued)

(j) Contingent assets and liabilities and legal obligations

Recognition, measurement and disclosure of contingent assets and liabilities and legal obligations are made pursuant to the criteria defined below:

Contingent assets - These are only recognized in financial statements upon existence of evidence guaranteeing their realization, on which no further appeals can be filed.

Contingent liabilities - These are recognized in the financial statements when legal counsel and management rate the likelihood of an unfavorable outcome for a lawsuit or administrative proceeding as probable and the amounts involved are measurable with sufficient safety. Contingent liabilities considered as possible losses by the legal counsel are only disclosed in the notes to the financial statements, whereas those rated as remote do not require any provision or disclosure.

Legal obligations - tax and social security - These refer to legal claims whereby lawfulness and constitutionality of certain taxes and contributions are under dispute. The amount at issue is quantified and recorded.

4 Consolidated financial statements
(Operational consolidated)

The consolidated financial statements were prepared in conformity with the consolidated 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 consolidated process involving balance sheet and profit and loss accounts corresponds to the horizontal addition of balances of assets, liabilities, revenues and expenses accounts, according to their nature, with the following eliminations:

- Shareholding interest, reserves and retained earnings between institutions, there being no reciprocal holdings;
- Current account balances and other asset and/or liability accounts maintained between institutions, whose balance sheets were consolidated; and

4 Consolidated financial statements
(Operational consolidated)- (Continued)

- Effects of significant operations conducted among such institutions.

The Operational Consolidated comprises the financial statements at June 30, 2010 and 2009 of the following institutions:

Banco BBM S.A. e Agência Nassau

BBM Bank Ltd. **(a)**

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

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

(a) The indirect interest of 100% of Banco BBM SA in BBM Bank Ltd capital was eliminated in the Operational Consolidated in "Interest in Subsidiaries - The Southern Atlantic Investments Ltd." in line. This elimination produced the following effects on Consolidated Operational: reduction of permanent investment in R\$ 402,321 thousand, and a reduction in equity income in R\$ 11,940 million.

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

5 Short-term interbank investments

Short-term interbank investments are as follows:

	In thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
Open Market Investments	982,454	1,382,043	982,454	1,387,457
Supported Position	65,679	3,000	65,680	8,414
Bills of the National Treasury	1,000	3,000	1,000	3,000
Bills of the Treasury	59,403	-	59,403	-
Notes of the National Treasury - Series B	5,276	-	5,277	-
Securities of the Federal Government Abroad	-	-	-	5,414
Funded Position	916,775	1,379,043	916,774	1,379,043
Bills of the Treasury	594,287	-	594,286	-
Notes of the National Treasury - Series B	322,488	1,379,043	322,488	1,379,043
Notes of the National Treasury - Series F	-	-	-	-
Investments in Interbank Deposits	4,680	32,806	4,680	32,806
Investments in foreign currency	45,391	119,968	43,134	263,699
	1,032,525	1,534,817	1,030,268	1,683,962
Current Asset	1,025,583	1,534,817	1,030,268	1,683,962
Short-term Receivable Asset	6,942	-	-	-
	1,032,525	1,534,817	1,030,268	1,683,962

6 Marketable securities and derivative financial instruments

	In thousand R\$							
	Bank				Operational Consolidated			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	2010	2009	2010	2009	2010	2009	2010	2009
I-Securities	859,622	859,331	6,876,748	6,914,915	860,522	860,234	6,888,105	6,926,275
Trading Securities	14,634	15,784	6,790,887	6,828,606	15,534	16,684	6,802,244	6,839,963
Portfolio	14,629	15,776	416,590	419,651	14,629	15,776	427,127	430,188
Fixed- income Securities	-	-	389,825	391,908	-	-	389,825	391,908
Bills of the National Treasury	-	-	8,605	8,605	-	-	8,605	8,605
Notes of the National Treasury - Series B	-	-	380,426	382,495	-	-	380,426	382,495
Notes of the National Treasury - Series F	-	-	794	808	-	-	794	808
Securities of Variable Income	14,629	15,776	26,765	27,743	14,629	15,776	26,765	27,743
Shares from publicly held Companies Abroad	4,133	5,272	11,931	12,909	4,133	5,272	11,931	12,909
Shares received for Loans	381	389	1,009	1,009	381	389	1,009	1,009
Variable Income Fund Shares	10,115	10,115	13,825	13,825	10,115	10,115	13,825	13,825
Securities Abroad	-	-	-	-	-	-	10,537	10,537
Others Securities Abroad	-	-	-	-	-	-	10,537	10,537
Bound to Repurchase Agreements	-	-	6,018,817	6,051,547	-	-	6,018,817	6,051,547
Notes of the National Treasury - Series B	-	-	6,018,817	6,051,547	-	-	6,018,817	6,051,547
Bound to guarantees	5	8	355,480	357,408	905	908	356,300	358,228
Bills of the Treasury	-	-	-	-	900	900	820	820
Notes of the National Treasury - Series B	-	-	354,000	355,925	-	-	354,000	355,925
Notes of the National Treasury - Series F	-	-	481	484	-	-	481	484
Shares from publicly held Companies Abroad	5	8	999	999	5	8	999	999
Securities for Sale	844,988	843,547	85,861	86,309	844,988	843,550	85,861	86,312
Portfolio	465,209	465,317	80,394	80,813	465,209	465,320	80,394	80,816
Fixed- income Securities (*)	465,131	465,077	80,316	80,524	465,131	465,077	80,316	80,524
Bills of the Treasury	13,926	13,925	-	-	13,926	13,925	-	-
Bills of the National Treasury	355,841	355,537	-	-	355,841	355,537	-	-
Notes of the National Treasury - Series B	54,595	54,789	44,691	44,847	54,595	54,789	44,691	44,847
Notes of the National Treasury - Series C	3,125	3,144	2,808	2,860	3,125	3,144	2,808	2,860
Notes of the National Treasury - Series F	1,294	1,330	-	-	1,294	1,330	-	-
Securities issued by Intern. Finance Corporation	36,350	36,352	32,817	32,817	36,350	36,352	32,817	32,817
Securities of Variable Income	78	240	78	289	78	243	78	292
Shares from publicly held Companies Abroad	78	240	78	289	78	243	78	292
Bound to Repurchase Agreements	100,540	100,370	-	-	100,540	100,370	-	-
Notes of the National Treasury - Series B (b)	100,540	100,370	-	-	100,540	100,370	-	-
Bound to guarantees	279,239	277,860	5,467	5,496	279,239	277,860	5,467	5,496
Bills of the Treasury	9,015	9,014	-	-	9,015	9,014	-	-
Bills of the National Treasury	270,224	268,846	-	-	270,224	268,846	-	-
Notes of the National Treasury - Series B (b)	-	-	5,467	5,496	-	-	5,467	5,496
II-Derivative Financial Instruments	3,224	2,049	53,957	47,556	15,764	14,590	70,225	63,824
Swap Operations	1,409	864	10,629	7,843	3,054	2,509	26,897	24,111
Forward	-	-	39,290	39,290	10,895	10,895	39,290	39,290
Options Premium	1,815	1,185	4,038	423	1,815	1,186	4,038	423
Total de Securities and Derivative Financial Instruments	862,846	861,380	6,930,705	6,962,471	876,286	874,824	6,958,330	6,990,099
Separation of Portfolio in Maturity Range:								
No maturity	14,712	16,025	27,842	29,031	14,712	16,028	27,842	29,034
Up to 3 months	388,165	387,256	54,537	51,381	399,380	398,470	64,903	61,747
De 3 a 12 months	307,664	306,447	6,756,035	6,790,200	308,484	307,269	6,765,497	6,799,662
Over 12 months	152,305	151,652	92,291	91,859	153,710	153,057	100,088	99,656
Total	862,846	861,380	6,930,705	6,962,471	876,286	874,824	6,958,330	6,990,099
Current Asset		709,728		6,871,420		721,767		6,892,071
Short-term Receivable Asset		151,652		91,051		153,057		98,028
Total		861,380		6,962,471		874,824		6,990,099

6 Marketable securities and derivative financial instruments (Continued)

	In thousand R\$							
	Bank				Operational Consolidated			
	Cost		Market		Cost		Market	
	2010		2009		2010		2009	
III-Derivative Financial Instruments								
Passive Position	1,022	926	39,512	39,290	5,345	5,249	46,642	46,420
Swap Operations	46	297	48	-	1,668	1,920	5,918	5,870
Forward	-	-	39,290	39,290	2,701	2,701	40,550	40,550
Options Premium	976	629	174	-	976	629	174	-
Separation into Maturity Range:	-	-	-	-	-	-	-	-
Up to 3 months	976	629	39,464	39,290	3,104	2,757	41,768	41,594
From 3 to 12 months	46	297	-	-	855	1,106	2,410	2,410
Over 12 months	-	-	48	-	1,386	1,386	2,464	2,416
Total	1,022	926	39,512	39,290	5,345	5,249	46,642	46,420
Current Liabilities		926		39,290		3,863		44,004
Liabilities Payable in Long Term		-		-		1,386		2,416
Total		926		39,290		5,249		46,420

The market value of marketable securities is determined based on market price quotations on the balance sheet date, when available, or through price valuation models.

(*) Securities classified as 'For Trading' maturing after 12 months, the balances of which correspond to zero at the Bank and R\$ 900 thousand at the Operational Consolidated at December 31, 2010 (R\$ 808 thousand at Bank and R\$6,170 thousand at Operational Consolidated at December 31, 2009) are stated in Current assets as required by the Central Bank of Brazil (BACEN) Circular No. 3068/01. Securities classified as 'Available for Sale' maturing after 12 months in the amount of R\$ 151,052 thousand at Bank and Operational Consolidated as of December 31, 2010 (R\$ 86,020 thousand at Bank and Operational Consolidated as of December 31, 2009) are stated in Non-current assets, as required by the BACEN Circular No. 3.068/01, regardless of their liquidity level. The effect of this classification on working capital, net is set out in Note 21 - Liquidity Risk.

(**) At December 31, 2010, Fixed-income Securities classified as 'For Trading' under the Bank's portfolio were reclassified to 'Available for Sale' in accordance with the criteria established by BACEN Circular No. 3.068/01.

7 Loans, lease, sureties and guarantees

On December 31, 2010 and 2009, loans, lease 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	In thousand R\$							
	Bank				Operational Consolidated			
	2010		2009		2010		2009	
Sugar and Alcohol	132,464	22.25%	290,661	21.78%	132,464	22.25%	290,661	21.78%
Electric Power	115,250	19.36%	165,920	12.43%	115,250	19.36%	165,920	12.43%
Individual	105,363	17.70%	107,520	8.06%	105,363	17.70%	107,520	8.06%
Food	79,184	13.30%	149,914	11.23%	79,184	13.30%	149,914	11.23%
Agriculture	57,996	9.74%	138,779	10.40%	57,996	9.74%	138,779	10.40%
Paper, Plastic and Package	27,253	4.58%	137,378	10.29%	27,253	4.58%	137,378	10.29%
Vehicles and Parts	20,795	3.49%	28,535	2.14%	20,795	3.49%	28,535	2.14%
Construction and Engineering	19,217	3.23%	48,894	3.66%	19,217	3.23%	48,894	3.66%
Textile, Leather and Clothing	10,504	1.76%	46,684	3.50%	10,504	1.76%	46,684	3.50%
Financial	8,540	1.43%	22,095	1.66%	8,540	1.43%	22,095	1.66%
Chemical and Petrochemical	7,868	1.32%	18,612	1.39%	7,868	1.32%	18,612	1.39%
Mining	7,740	1.30%	27,664	2.07%	7,740	1.30%	27,664	2.07%
Metallurgy	1,234	0.21%	11,574	0.87%	1,234	0.21%	11,574	0.87%
Pharmaceutical	1,227	0.21%	14,152	1.06%	1,227	0.21%	14,152	1.06%
Foreign Trade	448	0.08%	70,369	5.27%	448	0.08%	70,369	5.27%
Transports and Logistics	138	0.04%	7,872	0.59%	138	0.04%	7,872	0.59%
Beverage and Tobacco	11	0.00%	8,756	0.66%	11	0.00%	8,756	0.66%
Specialized Services	-	-	28,561	2.14%	-	-	28,561	2.14%
Retail	-	-	8,326	0.62%	-	-	8,326	0.62%
Construction and Decoration Mater	-	-	2,171	0.16%	-	-	2,171	0.16%
Steel Work	-	-	110	0.01%	-	-	110	0.01%
Total	595,232	100%	1,334,547	100%	595,232	100%	1,334,547	100%

7 Loans, lease, sureties and guarantees - (Continued)

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

	In thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
Current Asset				
Loan Operations	195,677	571,385	197,411	615,284
Private Industry	195,677	563,227	197,411	607,126
Public Industry		8,158		8,158
Lease Operations (c)	10,920	4,734	10,920	4,734
Lease and Sublease Operations Receivable	33,560	31,086	33,560	31,086
Income from Lease	(22,640)	(26,352)	(22,640)	(26,352)
Other loans	11,307	33,412	11,307	33,412
Foreign Exchange Rate Portfolio - Income Receivable (a)	8,510	12,805	8,510	12,805
Securities and Loans Receivable (d)	2,797	20,607	2,797	20,607
Short-term Receivable Asset				
Loan Operations	133,415	206,061	209,834	288,064
Private Industry	133,415	206,061	209,834	288,064
Public Industry				
Lease Operations (c)	3,619	6,333	3,619	6,333
Lease and Sublease Operations Receivable	11,119	41,579	11,119	41,579
Income from Lease	(7,500)	(35,246)	(7,500)	(35,246)
Other loans	5,076	-	5,076	-
Foreign Exchange Rate Portfolio - Income Receivable (a)	147	-	147	-
Securities and Loans Receivable (d)	4,929	-	4,929	-
Fixed Assets (c)	29,281	58,462	29,281	58,462
Leased Assets	29,281	58,462	29,281	58,462
Current Liabilities				
Other Liabilities	111,941	217,952	111,941	217,952
Foreign Exchange Rate Portfolio - Advanced Payments on Foreign E	111,941	217,952	111,941	217,952
Sub-total	501,236	1,098,339	579,389	1,224,241
Co-obligations and Risks on guarantees posted (b)	93,996	236,208	15,843	110,306
Total	595,232	1,334,547	595,232	1,334,547

(a) The advances on foreign 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.

7 Loans, lease, sureties and guarantees - (Continued)

(b) Refer to guarantees provided through sureties, guarantee agreements and import letter of credit. Guarantees provided are recorded in memorandum accounts 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 from 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 in order to share specific accounting principles such as present value of future cash flows of the lease portfolio.

(d) These refer also to purchase of real estate portfolios.

The leased assets are committed to be sold to the lessees for the amount of R\$ 514 thousand (December 31, 2009 - R\$ 514 thousand). The lease receivables are guaranteed by the leased assets, and the contracts contain compulsory insurance clause in favor of the lessor.

On December 31, 2010 and 2009, loans, lease and guarantees provided through sureties and guarantee agreements, Bank and the Operational Consolidated, were segregated by the following payment terms, grouped according to the due date of the installments:

Maturity Range	In thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
To be due within 90 days	66,525	362,121	67,649	368,504
To be due from 91 and 180 days	67,182	166,291	66,375	171,535
To be due from 181 and 360 days	115,618	288,482	115,653	281,846
To be due after 360 days	239,715	415,153	238,864	410,063
Due within 14 days	14,184	11,373	14,184	11,373
Due from 15 and 60 days	47,455	15,577	47,717	15,675
Due from 61 and 90 days	4,791	16,049	5,029	16,049
Due from 91 and 180 days	34,033	23,309	34,032	23,309
Due from 181 and 360 days	5,729	36,192	5,729	36,193
Total	595,232	1,334,547	595,232	1,334,547

7 Loans, lease, sureties and guarantees - (Continued)

The allowance for loan and lease losses 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:

Risk Range	In thousand R\$				
	Balances		% de Allow ance	Allow ance	
	2010	2009		2010	2009
AA	70,204	216,793	-	-	-
A	152,337	270,830	0.50%	761	1,354
B	140,286	355,426	1%	1,403	3,554
C	75,984	243,228	3%	2,280	7,297
D	10,856	75,218	10%	1,086	7,522
E	24,868	3,997	30%	7,460	1,199
F	25,664	27,586	50%	12,832	13,793
G	3,660	600	70%	2,562	420
H	91,373	140,869	100%	91,373	140,869
Total	595,232	1,334,547		119,757	176,008

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

	2010	2009
Percentage Allow ance for Loan Operations / Total Credit Portfolio	20.12%	13.19%
Percentage Allow ance for Loan Operations / Shareholders' Equity	22.40%	26.75%
Percentage Credits D to H / Total Credit Portfolio	26.28%	18.60%
Percentage Credits D to H / Shareholders' Equity	29.26%	37.74%
Percentage (Credits D to H - Allow ance for Loan Operations) / Total Credit Portfolio	6.16%	10.98%
Percentage (Credits D to H - Allow ance for Loan Operations) / Shareholders' Equity	6.86%	5.41%
Leverage (Total Credit Portfolio / Shareholders' Equity)	1.11	2.03

7 Loans, lease, sureties and guarantees - (Continued)

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

	In thousand R\$	
	2010	2009
Allowance for Loan Operations	20,114	71,454
Current Asset	18,682	67,878
Short-term Receivable Asset	1,432	3,576
Allowance for Other loans		
Allowance for Advanced Payments on Foreign Exchange Contracts	23,720	21,970
Current Asset	23,503	21,970
Short-term Receivable Asset	217	-
Allowance for Co-obligations and Risks on guarantees posted	75,923	82,584
Current Asset	916	5,613
Short-term Receivable Asset	75,007	76,971
Total	119,757	176,008

The changes in allowance are as follows:

	In thousand R\$	
	Operational Consolidated	
	2010	2009
Balance on January 1	176,008	78,184
Reversal	(32,478)	128,904
Write off for Loss	(23,773)	(31,080)
Balance on December 31	119,757	176,008

In the year ended on December 31, 2010, renegotiated loans at the Bank and in Operational Consolidated amounted to R\$ 23,338 thousand (year ended on December 31, 2009 - R\$ 89.4 thousand).

In the year ended on December 31, 2010, recovered loans in the Bank and Operational Consolidated amounted to R\$ 3,408 thousand (year ended on December 31, 2009 there were no recovered loans).

7 Loans, lease, sureties and guarantees - (Continued)

During the year ended on December 30, 2010 the Bank transferred loan agreements with no guarantees, as follows:

	In thousand R\$	
	Associated Company	
	2010	2009
Quantity of Contracts	15	36
Amount of assignment	14,179	7,249
Net Book Value of Allowance		33,965
Income from assignments	14,179	(26,716)

The credit risk concentration in Operational Consolidated is as follows:

	In thousand R\$			
	2010	%	2009	%
Main debtor	80,873	13.6%	86,907	6.5%
10 biggest debtors	275,643	46.3%	430,123	32.2%
20 biggest debtors	384,154	64.5%	614,968	46.1%
50 biggest debtors	515,940	86.7%	927,061	69.5%
100 biggest debtors	539,959	90.7%	1,167,113	87.5%

The portfolio composition by type in Consolidated Operations is as follows:

	In thousand R\$	
	2010	2009
Working capital	170,798	521,600
Trade Finance	273,227	439,235
Onlending of Res. 2770 and Res. 3221	-	73,014
Onlending of BNDES	11,287	19,980
Lease	43,820	69,529
Co-obligations and Risks on guarantees posted	15,843	28,334
Credit Granted	55,358	140,067
Others	24,899	42,788
Total	595,232	1,334,547

8 Foreign exchange portfolio (Bank and Operational Consolidated)

	In thousand R\$	
	2010	2009
Other loans - Foreign Exchange Rate Portfolio		
Purchased Foreign Exchange Rate to Settle	1,351,553	395,701
Rights on Foreign Exchange Rate Sales	999,093	191,664
Income Receivable from Granted Advanced Payments (a)	8,657	12,805
Total	2,359,303	600,170
Other Liabilities - Foreign Exchange Rate Portfolio		
Sold Foreign Exchange Rate to Settle	999,240	191,444
Liabilities for Foreign Exchange Rate Purchase	1,360,691	411,605
Advanced Payment on Granted Foreign Exchange Rate Contracts (a)	(111,941)	(217,952)
Others	73	77
Total	2,248,063	385,174

(a) See Note nº 7.

On December 31, 2010, there were securities from the federal government deposited as guarantee of Foreign Exchange Rate operations in clearing of Foreign Exchange Rate of BM&F Bovespa S.A. - Bolsa de mercadorias and Futuros at the amount of R\$ 74.568 thousand.

9 Investments in subsidiaries

Banco BBM S.A.

	BBM Adm. Recusos DTVM S.A. (a)	BBM CCVM S.A. (a)	The Southern Atlantic Investments Ltd. (a)	BBM Bank Ltd. (a) (b)	Others (c)	Total
On December 31, 2010:						
Amount of Shares Issued	5,849,278	127,374	471,541,838	-	-	-
Nominative Common	2,924,639	63,687	471,541,838	-	-	-
Nominative Preference	2,924,639	63,687	-	-	-	-
Direct Interest	100%	100%	100%			
Capital Stock - R\$ thousand	2,950	8,755	471,542	-	-	-
Shareholders' Equity - R\$ thousand	4,412	10,183	472,017	-	-	-
Net Profit (Loss) of the year - R\$ thousand	2,732	2,163	46,658	-	-	-
Dividends and JCP paid - R\$ thousand	2,600	7,005	213,627	-	-	223,232
Book Value of the Investments - R\$ thousand						
December 31, 2010	4,412	10,183	472,017	-	-	486,612
Revenue from Interest in Subsidiaries - R\$ thousand						
2nd Half of 2010	834	1,207	17,570	(120)	(607)	18,884
Year of 2010	2,732	2,163	46,658	1,439	(290)	52,702
On December 31, 2009:						
Amount of Shares Issued	5,849,278	127,374	471,541,838	5,000,000	-	-
Nominative Common	2,924,639	63,687	471,541,838	5,000,000	-	-
Nominative Preference	2,924,639	63,687	-	-	-	-
Direct Interest	100%	100%	100%	15.15%	-	-
Capital Stock - R\$ thousand	2,950	33,755	471,542	9,754	-	-
Shareholders' Equity - R\$ thousand	4,281	40,025	638,986	652,883	-	-
Net Profit (Loss) of the year - R\$ thousand	56,366	5,269	85,507	15,554	-	-
Dividends and JCP paid - R\$ thousand	85,000	3,891	104,496	-	-	-
Book Value of the Investments - R\$ thousand						
December 31, 2009	4,281	40,025	638,986	18,196	-	701,488
Revenue from Interest in Subsidiaries - R\$ thousand						
2nd Half of 2009	10,804	3,315	33,002	(2,398)	17,537	62,260
Year of 2009	56,366	5,269	85,507	(4,447)	8,098	150,793

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

9 Investments in subsidiaries - (Continued)

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

In August 2010, the Bank sold its 15.15% direct interest in the assets of BBM Bank Ltd to Southern Atlantic Investments Ltd, which now controls 100% of BBL. The sale of the investment generated a negative income of R\$ 649 thousand.

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 participation in the adjusted shareholders' equity balance as of December 31, 2010 and 2009.

(c) Refers partly to the foreign exchange on the Nassau branch equity, not eliminated in the consolidation process.

Operational Consolidated

Operational Consolidated

	In thousand R\$						
	Book value of the investment		Revenue from Interest in Subsidiaries			Dividends and JCP	
	2010	2009	2nd Half of 2010	2010	2009	2010	2009
The Southern Atlantic Investments Ltd. (a) (b)	69,696	75,880	5,630	26,659	73,298	213,627	-
BBM Gestão de Recursos S.A (c)					66,410		40,000
BBM Investment Management Services (d)	83	1,738	767	1,662	10,213	3,317	18,357
Others (e)	-		(726)	(291)	(17,184)		-
Total	69,779	77,618	5,671	28,030	132,737	216,944	58,357

(a) Financial statements reviewed by our independent auditors.

9 Investments in subsidiaries - (Continued)

- (b) The indirect interest of 84.85% held by 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 six-month period ended December 31, 2010, such elimination produced the following effects in the Operational Consolidated: reduction of permanent investments by R\$ 402,321 thousand (December 31, 2009 - 563,106 thousand), and reduction in equity pickup of R\$ 11,940 thousand (December 31, 2009 - R\$ 12,209 thousand).
- (c) 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 corporate structure. With the merger of this corporate entity, fund management activities began to be carried out directly by Banco BBM S.A. In our interpretation of the segregation regulations ("Chinese wall") of the CVM, which regulates asset management, independence is considered to be the effective physical and business segregation of the management business as regards Proprietary Treasury, so that the referred to merger is not in any way in contravention of these standards.
- (d) BBM Investment Management Services, based in the Cayman Islands, was set up in March 2006 through a capital payment of US\$ 50 thousand, in order to provide investment fund management services on the international market.
- (e) Equity variations of subsidiaries, such as the effects of foreign exchange variations on offshore investments, restatement of membership certificates and prior-year adjustments, when applicable, are mostly shown as "Other" in the Operational Consolidated, and are not eliminated.

10 Deposits

Maturity Range	In thousand R\$							
	Time Deposits		Deposits Interbank		Total 12/31/2010		Total 12/31/2009	
	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated
Up to 1 month	46,772	146,695	4,734	4,734	51,506	151,429	569,605	139,973
From 1 to 3 months	6,666	6,666	35,074	-	41,740	6,666	122,380	122,381
From 3 to 6 months	27,052	27,052	229	-	27,281	27,052	375,410	375,410
From 6 to 12 months	39,134	39,134	2,858	-	41,992	39,134	215,305	249,520
Over 12 months	169,169	169,169	39,909	34,584	209,078	203,753	187,572	181,604
Sub-total	288,791	388,716	82,804	39,318	371,597	428,034	1,470,272	1,068,888
demand Deposits and Others Deposits	-	-	-	-	68,660	37,385	40,670	79,629
Total	-	-	-	-	440,257	465,419	1,510,942	1,148,517

The average time for issuance of Interbank Deposits and forward, for open operations on December 31, 2010, in Consolidated Operational, is 679 days and 523 days (December 31, 2009 - 466 and 538 days), respectively. Separation by

Maturity Term on Issuance	In thousand R\$							
	Time Deposits		Deposits Interbank		Total 12/31/2010		Total 12/31/2009	
	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated
Up to 1 month	2,269	102,194	-	-	2,269	102,194	435,027	5,395
From 1 to 3 months	18,508	18,508	-	-	18,508	18,508	17,971	17,970
From 3 to 6 months	32,660	32,660	4,734	4,734	37,394	37,394	115,316	115,316
From 6 to 12 months	25,984	25,983	5,238	-	31,222	25,984	282,834	272,930
Over 12 months	209,371	209,371	72,832	34,584	282,202	243,955	619,124	657,277
Sub-total	288,792	388,716	82,804	39,318	371,595	428,035	1,470,272	1,068,888
demand Deposits and Others Deposits	-	-	-	-	68,660	37,385	40,670	79,629
Total	-	-	-	-	440,255	465,420	1,510,942	1,148,517

The composition of the Operational Consolidated segment is as follows:

	In thousand R\$									
	demand Deposits		Time Deposits		Interbank Deposits		Total			
	2010	2009	2010	2009	2010	2009	2010		2009	
Assets	20,232	48,850	81,291	358,692	-	-	101,523	21.8%	407,542	35.48%
Legal Entities	14,329	29,920	151,281	206,172	-	-	165,610	35.6%	236,092	20.56%
Financial Institutions	5	156	-	1,276	39,318	227,076	39,323	8.5%	228,508	19.90%
Institutional customers	-	-	50,379	95,172	-	-	50,379	10.8%	95,172	8.29%
Individuals	395	703	105,765	180,500	-	-	106,160	22.8%	181,203	15.78%
Group	2,424	-	-	-	-	-	2,423	0.5%	-	-
Total	37,385	79,629	388,716	841,812	39,318	227,076	465,418	100.0%	1,148,517	100.0%

10 Deposits - (Continued)

The concentration of the main customers in the Operational Consolidated is as follows:

	In thousand R\$			
	2010		2009	
Main depositor	64,951	13.96%	96,211	8.38%
10 biggest depositors	315,801	67.85%	577,764	50.31%
20 biggest depositors	403,753	86.75%	801,984	69.83%
50 biggest depositors	458,207	98.45%	1,020,577	88.86%
100 biggest depositors	465,007	99.91%	1,114,915	97.07%

11 Liabilities for repurchase agreements

Liabilities for repurchase agreements, Bank and Operational Consolidated, are as follows:

	In thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
Portfolio	100,019	6,034,169	100,019	6,034,168
Notes of the National Treasury - Series B	100,019	6,034,169	100,019	6,034,168
Third Party Portfolio	919,587	1,381,026	919,587	1,381,026
Bills of the Treasury	594,310	-	594,310	-
Notes of the National Treasury - Series B	325,277	1,381,026	325,277	1,381,026
Free Operation Portfolio	-	-	-	5,373
Securities of the Government Abroad	-	-	-	5,373
	1,019,606	7,415,195	1,019,606	7,420,567

12 Funds from acceptance and issue of securities

Banco BBM S.A. has a program for issuance of Euro Medium - Term Notes through its branch in Nassau, Bahamas, in the total amount of US\$ 500,000 thousand. In November 2006, the Bank issued US\$ 150,000 thousand worth, with payment of half-yearly interest corresponding to 7.5% per year, maturing in November 2009.

In the year ended on December 31, 2010 the volume available relating to this program amounts to US\$ 500,000 thousand.

Banco BBM has an issue of Eurobonds at the amount of R\$ 341,408 thousand in December 2010, acquired by The Southern Atlantic Investments Ltd, a company not included in the Consolidated Operational.

13 Borrowings and onlending

a) Borrowings abroad

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

	In thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
Liabilities for Loans Abroad	479,053	489,811	479,053	489,811
Export Credit Facility	6,275	7,583	6,275	7,583
Import Credit Facility	38,692	98,618	38,692	98,618
	524,020	596,012	524,020	596,012
Current Liabilities	308,165	79,207	308,165	79,207
Payable in Long Term	215,855	516,805	215,855	516,805
	524,020	596,012	524,020	596,012

The amount of R\$ 215,855 thousand, Bank and Operational Consolidated (December 31, 2009 - R\$ 516,805 thousand in the Bank and Operational Consolidated), classified as non-current liabilities, comprise two funding operations in Reais, obtained from the International Finance Corporation (IFC), a World Bank agency, maturing in July 2013 and January 2014, indexed to the CDI.

b) Local onlending

Liabilities for local onlending, in the amount of R\$ 11,275 thousand (December 31, 2009 - R\$ 24,217 thousand), of which R\$ 4,370 thousand (December 31, 2009 - R\$ 10,303 thousand) is classified as non-current liabilities, refer to credit lines obtained from BNDES, FINAME and FINEM, maturing up to June 2013, with R\$ 5,871 thousand indexed to the TJLP, R\$ 5,028 thousand indexed to the CDI and R\$ 376 thousand pre-fixed (December 31, 2009 - maturing up to May 2015, with R\$ 23,467 thousand indexed to the TJLP and R\$ 750 thousand indexed to US Dollar).

14 Securities trading

	In thousand R\$			
	Other loans			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
Stock exchange clearing department	5,816	109,341	5,816	109,341
debtors - Outstanding calculation of award	2,247	12,474	2,317	12,551
Adjustments to settle - Futures Market	-	4,038	-	5,455
Total	8,062	125,853	8,133	127,347

	In thousand R\$			
	Other Liabilities			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
Stock exchange clearing department	973	114,190	973	114,190
Creditors - Outstanding calculation of award	1,496	8,115	1,496	8,114
Adjustments to settle - Futures Market	4,289	-	4,289	-
Creditors for Stock Loan	390	6,535	390	6,535
Position Sold of Securities	-	1,008	-	1,008
Adjustments to settle - Futures Market	-	-	-	11,076
Other values	34	36	34	34
Total	7,182	129,884	7,182	140,957

15 Shareholders' equity

(a) Capital Stock - Banco BBM S.A.

Capital is of 257,560,034 registered shares with par value of R\$ 1.60 each, represented by 172,156,270 common shares and 85,403,764 preferred shares.

(b) Legal reserve

This reserve is calculated at the rate of 5% of the net income at each balance sheet, up to the limit determined by the Corporation Law of 20% of Capital.

15 Shareholders' equity - (Continued)

(c) Statutory reserve

In accordance with the articles of incorporation, this reserve represents the remaining balance of net income at each balance sheet date, after the legal allocations.

(d) Treasury stock

On December 31, 2010, Banco BBM has 53,553,304 shares held in treasury, in the amount of R\$ 139,052 thousand.

On January 29, 2010, Banco BBM purchased 5,794,816 PN shares at the unit value of R\$2.23, held in treasury.

On November 24, 2010, Bank BBM acquired 1,871,842 ON and 43,439,826 PN at a unit value per share of R\$ 2.60, with those remaining in the treasury.

(e) Interest on equity capital

In accordance with article 9 of Law 9.249/95 and subsequent regulations, Banco BBM S.A. in 2010 declared the amount of R\$ 37,845 thousand (2009 - R\$ 44,747 thousand) for purposes of interest on equity, with Withholding Income Tax of R\$ 5,677 thousand (2009 - R\$ 6,712 thousand), calculated at 15% rate. The amount was determined in accordance with the legal limits in force, and recorded as "Other operating expenses".

For purposes of publication of the Statement of Income, as established by BACEN Circular No. 2.739, the expense related to the payment of interest on equity capital was adjusted by a reclassification to retained earnings, and recognized in the statement of changes in shareholders' equity as an allocation of income.

The interest on equity capital proposed in 2010 reduced the tax burden by R\$ 15,138 thousand (2009 - R\$ 17,899 thousand).

15 Shareholders' equity - (Continued)

(f) Dividends

In accordance with the Bank's articles of incorporation, the shareholders are entitled to minimum dividends of 25% of net income for the year, after specific allocations.

	In thousand R\$	
	2010	2009
Net Profit of the year - banco BBMS.A.	46,793	68,956
(-) Legal Reserve	(2,340)	(3,448)
Calculation Basis	44,453	65,508
Minimum mandatory dividends	25%	25%
	11,113	16,377
Deliberated and Paid Dividends	-	104,157
Interest on Shareholders' Equity Deliberated and	37,845	44,747
Total	37,845	148,904

16 Financial intermediation expenses and foreign exchange gains/losses

	In thousand R\$					
	Bank			Operational Consolidated		
	2nd Half of 2010	2010	2009	2nd Half of 2010	2010	2009
Operations of Funds Obtained in the Market						
Remunerated Deposits Abroad	(28)	(245)	(621)	(86)	(156)	(726)
Interbank Deposits	(5,410)	(17,193)	(63,528)	(3,202)	(12,991)	(59,631)
Time Deposits	(15,195)	(43,589)	(101,934)	(15,197)	(43,673)	(103,345)
Purchase and Sale Agreements	(82,177)	(257,544)	(513,405)	(82,177)	(257,553)	(513,374)
Expenses with Securities Abroad	(340)	(18,066)	(20,483)	(93)	(17,821)	(18,299)
Assets Guaranteeing Credits	(442)	(1,319)	(1,956)	(442)	(1,319)	(1,956)
Exchange Variation (a)	29,098	29,165	236,758	29,098	29,165	236,758
	(74,495)	(308,792)	(465,169)	(72,098)	(304,348)	(460,573)
Loans, Assignments and Onlending Operations						
BNDES Onlending Expenses	(499)	(1,204)	(1,344)	(499)	(1,204)	(1,344)
Loans Expenses Abroad	(17,624)	(36,567)	(64,416)	(17,624)	(36,567)	(64,420)
Exchange Variation (b)	20,540	11,510	184,248	20,540	11,510	184,248
Income (Losses) from Stock Loans	100	(209)	(7,985)	100	(209)	(7,985)
Other Expenses	(85)	(85)	(2,042)	(85)	(85)	(2,042)
	2,432	(26,556)	108,461	2,432	(26,556)	108,457
Foreign Exchange Gains/Losses						
Income from Advance Payments of Foreign Exchange G	4,110	12,410	30,220	4,110	12,410	30,220
Rate Differences and Variations	(11,147)	1,160	(137,351)	(11,147)	1,160	(137,351)
Other Expenses	(433)	(896)	(933)	(433)	(896)	(933)
	(7,471)	12,674	(108,064)	(7,471)	12,674	(108,064)

(a) These refer substantially to the foreign exchange effects on borrowings obtained by the Bank from its Branch abroad, through onlending of funds raised in foreign currency, which, on December 31, 2010 and 2009, were reclassified for purposes of preparation of the financial statements, from "Other operating income" to "Market funding expenses".

(b) The balance of expenses with Borrowings, Assignments and Onlending is negative in the first half of 2010 mainly due to negative foreign exchange variation on the foreign borrowings balance (Note 13), reclassified from "Other operating income" for publication purposes.

17 Income from services rendered

	In thousand R\$					
	Bank			Operational Consolidated		
	2nd Half of 2010	2010	2009	2nd Half of 2010	2010	2009
Investment Fund Management and Performance Fees (a)	47,962	82,522	33,549	51,029	89,747	37,707
Other Services	1,139	2,351	4,238	701	1,477	3,391
	49,101	84,873	37,787	51,730	91,224	41,098

(a) As described in Note 25, income from investment fund management and performance fees in the year 2010 also includes the amount of R\$ 1,699 thousand, determined by subsidiaries not included in the Operational Consolidated, totaling R\$ 91,446 thousand from investment fund management and performance fees and R\$ 92,923 thousand relating to total Income from services rendered.

18 Other administrative expenses

	In thousand R\$					
	Bank			Operational Consolidated		
	2nd Half of 2010	2010	2009	2nd Half of 2010	2010	2009
Other Administrative Expenses						
Utilities	(532)	(1,147)	(1,299)	(549)	(1,179)	(1,310)
Rents	(2,784)	(5,321)	(5,021)	(2,894)	(5,531)	(5,232)
Notices	(2,374)	(4,886)	(6,975)	(2,599)	(5,352)	(7,257)
Maintenance and Preservation of Goods	(549)	(1,020)	(976)	(551)	(1,024)	(982)
Material	(88)	(184)	(311)	(93)	(196)	(327)
Data Processing	(1,730)	(3,493)	(3,604)	(1,991)	(3,996)	(4,095)
Promotions/ Advertisement/ Publications	(296)	(896)	(1,560)	(383)	(1,086)	(1,756)
Financial System Services (a)	(3,469)	(8,915)	(11,857)	(3,727)	(9,348)	(12,419)
Third Parties' Service	(789)	(5,533)	(910)	(1,218)	(6,369)	(1,855)
Safety Supervision Service	(147)	(355)	(360)	(147)	(355)	(360)
Specialized Technical Service	(3,053)	(7,804)	(32,313)	(3,076)	(7,867)	(32,545)
Transport	(158)	(314)	(2,406)	(213)	(417)	(2,448)
Travel	(539)	(1,221)	(2,299)	(537)	(1,222)	(2,311)
Other Administrative Expenses	(4,750)	(7,109)	(7,412)	(4,900)	(7,512)	(7,756)
Amortization and Depreciation	(14,375)	(18,237)	(5,977)	(14,421)	(18,316)	(6,061)
	(35,633)	(66,434)	(83,280)	(37,299)	(69,770)	(86,714)

(a) This includes brokerage expenses, fees and commissions regarding stock and derivative financial instrument trading in amounting to R\$ 7,323 thousand and Operational Consolidated at the amount of R\$ 7,390 thousand in the year 2010 (2009 - R\$ 9,550 thousand in Banco and R\$ 9,849 thousand in Operational Consolidated).

19 Significant transactions with related parties

	In thousand R\$					
	Bank			Operational Consolidated		
	2nd Half 2010	2010	2009	2nd Half 2010	2010	2009
Asset						
Short-term investments						
Investments in foreign currency	45,391	45,391	2	-	-	-
Other loans						
Dividends and Bonus Receivable	49,459	49,459	-	48,075	48,075	-
Securities Trading	-	-	61	-	-	137
Other Debtors In the Country (Capital Decrease)	25,000	25,000	-	-	-	-
Sundry	196	196	35	178	178	52
Liabilities						
Demand Deposits	55,485	55,485	19,502	5,463	5,463	9,985
Interbank Deposits	43,485	43,485	50,097	-	-	-
Time Deposits	65,231	65,231	516,137	100,205	100,205	86,505
Liabilities for Securities Abroad	341,408	341,408	-	-	-	-
Derivative Financial Instruments	-	-	-	1,814	1,814	-
Dividends and Bonus Payable	36,565	36,565	-	36,565	36,565	-
Other Liabilities						
Social and Statutory	-	-	3,090	-	-	3,090
Sundry	114	114	280	7	7	302
Income						
Income from Investments Abroad	486	-	704	-	-	942
Income from Service Rendering	446	907	1,070	9	-	134
Income with Derivative Financial Instruments	28	288	-	(47,892)	(46,542)	-
Operations of Funds Obtained in the Market						
Expenses with Securities Abroad	27,431	9,706	(7,824)	27,679	9,954	(6,668)
Expenses with Interbank Deposits	(2,208)	(4,203)	(4,010)	-	-	(114)
Expenses with Deposits of Prior Notice	(28)	(245)	(621)	(9)	(10)	(612)
Expenses with Time Deposits	(1,210)	(3,617)	(7,895)	(1,212)	(1,286)	(3,790)
Other Administrative Expenses						
Service Rendering	(17)	(34)	(62)	(1)	(1)	(18)
Others	(649)	(649)	-	(651)	-	-
Managers' Compensation	(5,029)	(19,005)	-	(5,029)	(19,005)	-

Operation among related parties were made at the average rate of the market in force on the operation dates.

20 Derivative financial instruments

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

Derivative financial instruments are classified according to management's intent at the inception of the transaction, taking into consideration whether or not the purpose 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 assets, liabilities, commitments or projected future transactions (hedged item) 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:

- Market risk hedge - hedged items and related derivative financial instruments are recorded at market value and corresponding appreciations or devaluations are posted to P&L for the period; and
- Cash flow hedge - hedged items and related derivative financial instruments are recorded at market value, and corresponding appreciations or devaluations, net of tax effects, are posted to the separate shareholders' equity account "Market value adjustment - marketable securities and derivative financial instruments", up to realization of the hedged item. The non-effective portion of the hedge is recognized directly in P&L 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 with directional positions. Management of these risks is carried out through policies that define the operation's strategy, as well as controls to monitor and define position limits. These operations do not comply with the definition of "hedge accounting" as established by Circular 3082 of the Central Bank of Brazil.

The operations are traded, registered or held in custody at the Brazilian Securities, Commodities and Futures Exchange - BM&F - or the OTC Clearing House - CETIP. In the Operational Consolidated, operations with international derivatives are traded at and registered in the Chicago Board of Trade - CBOT - or the Chicago Mercantile Exchange - CME.

20 Derivative financial instruments - (Continued)

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

- Futures: the daily adjustment 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 or prices of the underlying assets;
- Options: average trading price on the calculation date or, when not available, estimated price based on pricing models, such as Black & Scholes.

On December 31, 2010 the guarantees involved in the operations with derivative financial instruments are represented mainly by sureties and government securities in the total amount of R\$ 155,416 thousand (December 31, 2009 - R\$ 199,504 thousand).

The commitments assumed as a result of these financial instruments, as recorded in memorandum accounts on December 31, 2010, mature up January 2017 (December 31, 2009 - up to January 2017), and may be summarized as follows:

Swaps and Forward - Bank

	Bank											
	Values for fees and indexes hired						Market Value					
	2010			2009			2010			2009		
	Asset	Liabilities	Net Position	Asset	Liabilities	Net Position	Asset	Liabilities	Net Position	Asset	Liabilities	Net Position
A) Referenced in												
Currencies	-	-	-	-	120,036	(120,036)	-	-	-	-	122,371	(122,371)
Interest Rate	119,232	118,411	821	377,491	6,108	371,383	119,191	119,230	(39)	377,652	6,108	371,544
Others	28,908	28,366	542	45,213	285,979	(240,766)	29,001	28,396	605	45,361	286,691	(241,330)
	148,140	146,777	1,363	422,704	412,123	10,581	148,192	147,626	566	423,013	415,170	7,843
B) Parties												
Institutional customers	120,890	120,610	281	310,628	307,016	3,612	120,881	120,738	143	310,633	307,854	2,779
Financial Institutions	8,326	7,783	542	6,070	6,108	(38)	8,387	7,783	604	6,219	6,108	111
Related parties	-	-	-	52,550	46,853	5,697	-	-	-	52,550	47,630	4,920
Legal Entities	18,924	18,384	540	53,456	52,146	1,310	18,924	19,105	(181)	53,611	53,578	33
	148,140	146,777	1,363	422,704	412,123	10,581	148,192	147,626	566	423,013	415,170	7,843
C) Maturities												
Up to 3 months	-	-	-	89,434	85,877	3,557	-	-	-	89,452	86,161	3,291
From 3 to 6 months	125,917	125,524	393	7,695	7,455	240	125,907	125,747	161	7,748	7,643	105
From 6 to 12 months	15,158	14,703	455	267,102	265,967	1,135	15,134	15,328	(194)	267,192	267,765	(573)
Over 12 months	7,065	6,550	515	58,473	52,824	5,649	7,150	6,550	600	58,621	53,601	5,020
	148,140	146,777	1,363	422,704	412,123	10,581	148,192	147,626	566	423,013	415,170	7,843
D) Operations made												
BM&F	28,907	28,366	541	5,923	5,971	(48)	29,001	28,396	605	6,071	5,971	100
CETIP	119,232	118,411	821	377,491	366,862	10,629	119,191	119,230	(38)	377,652	369,909	7,743
SELIC	-	-	-	39,290	39,290	-	-	-	-	39,290	39,290	-
	148,140	146,777	1,363	422,704	412,123	10,581	148,192	147,626	566	423,013	415,170	7,843

Swaps and Forward - Operational Consolidated

	Operational Consolidated											
	Values for fees and indexes hired						Market Value					
	2010			2009			2010			2009		
	Asset	Liabilities	Net Position	Asset	Liabilities	Net Position	Asset	Liabilities	Net Position	Asset	Liabilities	Net Position
A) Referenced in												
Currencies (*)	11,541	3,220	8,321	1,013,402	1,136,517	(123,115)	11,541	3,220	8,321	1,013,402	1,138,852	(125,450)
Interest Rate	119,233	118,411	822	6,227,519	5,843,919	383,600	119,191	119,230	(38)	6,227,680	5,843,919	383,761
Others	29,906	29,365	541	45,213	285,979	(240,766)	30,000	29,395	605	45,361	286,691	(241,330)
	160,681	150,996	9,685	7,286,134	7,266,415	19,719	160,732	151,845	8,888	7,286,443	7,269,462	16,981
B) Parties												
Institutional customers	122,515	121,091	1,425	446,379	5,277,627	(4,831,248)	122,506	121,219	1,287	446,384	5,278,465	(4,832,081)
Financial Institutions	19,242	9,707	9,534	5,853,110	1,010,314	4,842,796	19,303	9,707	9,596	5,853,259	1,010,314	4,842,945
Related parties	-	1,814	(1,814)	933,189	926,328	6,861	-	1,814	(1,814)	933,189	927,105	6,084
Legal Entities	18,924	18,384	540	53,456	52,146	1,310	18,924	19,104	(181)	53,611	53,578	33
	160,681	150,996	9,685	7,286,134	7,266,415	19,719	160,733	151,845	8,888	7,286,443	7,269,462	16,981
C) Maturities												
Up to 3 months	10,314	2,034	8,280	1,365,292	1,353,796	11,496	10,314	2,034	8,280	1,365,310	1,354,080	11,230
From 3 to 6 months	125,917	125,524	393	888,334	886,930	1,404	125,907	125,747	161	888,387	887,118	1,269
From 6 to 12 months	16,249	15,758	491	267,102	265,967	1,135	16,225	16,383	(158)	267,192	267,765	(573)
Over 12 months	8,201	7,680	521	4,765,406	4,759,722	5,684	8,286	7,680	606	4,765,554	4,760,499	5,055
	160,681	150,996	9,685	7,286,134	7,266,415	19,719	160,733	151,845	8,888	7,286,443	7,269,462	16,981
D) Operations made												
BM&F	28,907	28,366	541	5,923	5,971	(48)	29,001	28,396	605	6,071	5,971	100
CETIP	119,232	118,411	821	377,491	366,862	10,629	119,191	119,230	(38)	377,652	369,909	7,743
SELIC	-	-	-	39,290	39,290	-	-	-	-	39,290	39,290	-
Counter	12,541	4,219	8,322	6,863,430	6,854,292	9,138	12,541	4,219	8,322	6,863,430	6,854,292	9,138
	160,681	150,996	9,685	7,286,134	7,266,415	19,719	160,733	151,845	8,888	7,286,443	7,269,462	16,981

(*) Include currency swap operations with floor limit based on interest rates.

Options

	Bank						Operational Consolidated					
	2010		2009		2010		2009		2010		2009	
	Value at Cost	Market Value	Risk	Value at Cost	Market Value	Risk	Value at Cost	Market Value	Risk	Value at Cost	Market Value	Risk
A) Rights on												
Currencies	839	557	24,514	4,038	423	11,306	839	557	24,514	4,038	423	11,306
	839	557	24,514	4,038	423	11,306	839	557	24,514	4,038	423	11,306
B) Obligations on												
Currencies	-	-	-	174	-	-	-	-	-	174	-	-
	-	-	-	174	-	-	-	-	-	174	-	-
Total	839	557	24,514	3,864	423	11,306	839	557	24,514	3,864	423	11,306
C) Parties												
Stock Exchanges	839	557	24,514	3,864	423	11,306	839	557	24,514	3,864	423	11,306
	839	557	24,514	3,864	423	11,306	839	557	24,514	3,864	423	11,306
D) Maturities												
Up to 3 months	839	557	24,514	2,928	206	8,702	839	557	24,514	2,928	206	8,702
From 3 to 6 months	-	-	-	523	81	1,176	-	-	-	523	81	1,176
From 6 to 12 months	-	-	-	413	136	1,428	-	-	-	413	136	1,428
Over 12 months	-	-	-	-	-	-	-	-	-	-	-	-
	839	557	24,514	3,864	423	11,306	839	557	24,514	3,864	423	11,306
E) Operations made												
In Stock Exchanges	839	557	24,514	3,864	423	11,306	839	557	24,514	3,864	423	11,306
	839	557	24,514	3,864	423	11,306	839	557	24,514	3,864	423	11,306

Futures

	In thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
	Market Value	Market Value	Market Value	Market Value
A) Referenced in				
Exchange Coupon				
Active Position (DDI and SCC)	601,714	4,230,559	601,714	4,230,559
Passive Position (DDI and SCC)	(2,552,736)	(1,702,386)	(2,552,736)	(1,702,386)
Interest Rate (DI1)				
Active Position	396,681	468,655	396,681	468,655
Passive Position	(905,412)	(2,639,128)	(905,412)	(2,639,128)
External Interest Rate				
Active Position	-	-	-	476,469
Passive Position	-	-	(73,982)	(352,501)
Indexes				
Active Position	-	-	-	-
Passive Position	(2,452)	(13,145)	(2,452)	(13,145)
Foreign Currency				
Active Position	831,600	1,181,349	831,600	1,181,349
Passive Position	(285,361)	(6,754)	(285,361)	(21,002)
Commodities				
Active Position	-	-	-	9,034
Passive Position	-	-	-	(9,034)
	(1,915,966)	1,519,150	(1,989,948)	1,628,870
B) Parties				
Stock Exchanges	(1,915,966)	1,519,150	(1,989,948)	1,628,870
	(1,915,966)	1,519,150	(1,989,948)	1,628,870
C) Maturities				
Up to 3 months (I)	(852,010)	2,523,299	(915,216)	2,447,054
From 3 to 6 months (II)	(28,165)	894,715	(38,113)	870,212
From 6 to 12 months (III)	89,783	1,458,057	88,955	1,442,428
Over 12 months	(1,125,573)	(3,356,921)	(1,125,573)	(3,130,824)
	(1,915,966)	1,519,150	(1,989,948)	1,628,870
D) Operations made				
In Stock Exchanges	(1,915,966)	1,519,150	(1,989,948)	1,628,870
	(1,915,966)	1,519,150	(1,989,948)	1,628,870

- I.** Includes futures contracts with maturities up to April 01, 2011.
- II.** Includes futures contracts with maturities between April 04, 2011 and July 01, 2011.
- III.** Includes futures contracts with maturities between July 04, 2011 and January 02, 2012.

Futures - (Continued)

The futures market includes the following positions maturing on the first business day of the subsequent month:

- Long position in foreign exchange coupons (DDI) in the amount of R\$ 1,559,642 thousand (December 31, 2009 - long position in foreign exchange coupons (DDI) in the amount of R\$ 736,566 thousand);
- Long position in interest (DI1) in the amount of R\$ 396,681 thousand (December 31, 2009 - short position in interest (DI1) in the amount of R\$ 465,694 thousand);
- Short position in currency (DOL) in the amount of R\$ 831,600 thousand (December 31, 2009 - short position in currency (DOL) in the amount of R\$ 66,949 thousand);
- Long position in foreign exchange coupons (SCC) in the amount of R\$ 33,031 thousand (December 31, 2009 - short position in foreign exchange coupons (SCC) in the amount of R\$ 690.998 thousand).

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

	In thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
Front and Back Contracts	(78,141)	(313,875)	(74,121)	(316,619)
Option Contracts	(652)	(4,919)	(779)	(5,071)
Sw ap and Forward Contracts	5,414	(24,264)	1,973	(7,916)
Total	(73,379)	(343,058)	(72,926)	(329,606)

Hedge accounting

On December 31, 2010, derivative financial instruments classified as market risk hedge, adjusted, represented by future foreign exchange coupon contracts amount to R\$ 249,571 thousand, Bank and Operational Consolidated (December 31, 2009 - R\$ 265,840 thousand). Hedged items are liability transactions subject to foreign exchange coupon variation. These operations were adjusted to market value resulting in gains, net of taxes, in the amount of R\$ 534 thousand Bank and Operational Consolidated (December 31, 2009 - loss, net of taxes, at the amount of R\$ 11.241 thousand), posted to P&L for the year.

Evidence of hedge effectiveness was made in compliance with the conditions set forth by the Central Bank of Brazil.

21 Risk management

Market risk

Bank BBM has a market risk management structure comprised of the following agents, with their respective functions: a) the Executive Board, responsible for reviewing risk management policies and proposing risk management operational limits, submitting these to the approval of the Board of Directors at least annually; b) Board of Directors, which approves the risk policies and limits at least annually; c) the Market Risk area, reporting to the Bank's Chief Risk Officer, is responsible for identifying, measuring, monitoring and informing the Bank's market risk to the Board of Directors, on a daily basis, ensuring compliance with the market risk management policy, as well as guaranteeing 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).

21 Risk management (Continued)

Market risk - (Continued)

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 over a given investment horizon. 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 department.

*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, loan and treasury operations. The management policy, as defined by the Management Committee, establishes scenarios in which: a) funding operations are considered only up to first-term liquidity; b) cash inflows consider each client's underlying risk; c) assumptions are made regarding 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, loan and treasury policies.

21 Risk management (Continued)

	In thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
Current Asset	4,413,905	9,772,929	4,458,272	9,991,169
Current Liabilities	(3,871,677)	(9,466,361)	(3,914,858)	(9,142,161)
Current Net Capital	542,228	306,568	543,414	849,008
Securities for Sale Included in Short-Term Receivable	151,052	80,524	151,052	85,066
	693,280	387,092	694,466	934,074

Credit risk

The credit risk evaluation process of each company and/or economic group focuses on the ability to generate profits, market share, quality of its control, indebtedness 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 Chief Risk Officer, 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 in 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, information storage and documentation 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 Chief Risk Officer, 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 therewith.

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 levels of risk to exposures in gold, foreign currency and operations subject to operational risk and changes in: exchange rates, interest rates, commodities prices and stock prices classified as trading securities, in accordance with rules established by BACEN. The Bank's Operational Consolidated statements fall into this operational limit on December 31, 2010.

	In thousand R\$
	Operational Consolidated
	2010
Reference Equity Level I	530,721
Shareholders' Equity	534,610
Deferred Fixed assets	4,752
Adjustment to the Market Value - TVM and Derivative Financial Instruments	(863)
Reference Equity Level II	(863)
Adjustment to the Market Value - TVM and Derivative Financial Instruments	(863)
Reference Equity (PR)	529,858
Reference Equity Required (PRE)	241,849
Installment referring to:	
Credit Risk (PEPR)	115,992
Foreign Exchange Risk (PCAM)	61,909
Interest Risk (PJUR)	4,421
Stock Risk (PACS)	2,048
Operating Risk (POPR)	57,549
RBAN	1,289
Margin Value or Insufficiency (PR - PRE)	288,009
Risk Factor - 11% do PR	58,284
Basel Index (Risk Factor / PRE)	24.10%
Investment Index	15.80%
Investment Margin	181,230

23 Income and social contribution taxes

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

	In thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
Active Tax Credit:				
Balance on January 1	117,299	60,974	117,999	62,051
Reversal				
- With effects on the income	(21,417)	56,317	(21,296)	55,940
- With effects on the equity (Securities for Sale)	568	8	568	8
Balance on December 31	96,450	117,299	97,271	117,999
Allowance for Deferred Taxes:				
Balance on January 1	23,802	23,337	23,803	23,337
Reversal				
- With effects on the income	(15,572)	164	(15,572)	164
- With effects on the equity (Securities for Sale)	(313)	301	(313)	302
Balance on December 31	7,917	23,802	7,918	23,803

23 Income and social contribution taxes - (Continued)

Tax credits and provision for deferred taxes are comprised as follows:

	In thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
Active Tax Credit:				
Temporary Differences (a)				
- Allowance for Loan Operations	48,267	81,933	48,267	81,932
- Market adjustment of TVM and Derivatives	1,008	2,288	1,008	2,288
- PIS / COFINS (Note 24b)	28,606	20,790	29,301	21,363
- Others	18,569	12,288	18,695	12,416
Total	96,450	117,299	97,271	117,999
Allowance for Deferred Taxes:				
Temporary Differences				
- Market adjustment of TVM and Derivatives	-	18,936	1	18,936
- Market adjustment of hedge	-	192	-	192
- Others	7,917	4,674	7,917	4,675
Total	7,917	23,802	7,918	23,803

(a) It is expected that these tax credits are realized both in Controller and Operational Consolidated, until 2013.

23 Income and social contribution taxes - (Continued)

The reconciliation of tax expenses calculated at the statutory rates and the income and social contribution taxes recorded is as follows:

	In thousand R\$			
	2010		2009	
	IRPJ	CSLL	IRPJ	CSLL
Accounting Profit before Income Tax				
e Social Contribution	21,627	21,627	(3,097)	(3,097)
Net Profit of the bank	46,793	46,793	68,956	68,956
(-) Interest on Shareholders' Equity	(37,845)	(37,845)	(44,747)	(44,747)
(-/+) Income and Social Contribution Tax	(12,679)	(12,679)	27,306	27,306
Tax Rate	25%	15%	25%	15%
Income and Social Contribution Tax				
For Tax Rate	(5,407)	(3,244)	774	0
Additions Fixed Assets	68,445	49,702	100,471	90,789
Non Deductible Expenses	19,314	570	10,904	1,222
Increase of Profit Abroad	49,131	49,131	89,567	89,567
Exclusions Fixed Assets	51,149	51,149	(152,109)	(152,109)
Tax Free Income	57	57	(831)	(831)
Equity Accounting - before removal of profit	51,092	51,092	(151,278)	(151,278)
Temporary Additions/ Exclusions	(14,613)	(14,613)	103,223	103,223
Tax Basis	24,310	5,567	48,488	38,806
Income and Social Contribution Tax (a)	(6,054)	(835)	(12,098)	(5,821)
Use of Tax Incentives e	9	-	1,763	
Taxes of Subsidiaries Abroad				
Income and Social Contribution Tax in the income of the year	(6,044)	(835)	(10,335)	(5,821)
DIPJ Adjustment	45	-	171	2,001
Deferred Tax Liabilities	9,733	5,840	(4,293)	(2,575)
Income and Social Contribution Tax in the income of the year - banco BBM	3,733	5,004	(14,457)	(6,395)
Income and Social Contribution Tax of other institutions of Operational Consolidated	(1,922)	(1,216)	(5,538)	(3,384)
Income and Social Contribution Tax in the income of the year - Operational Consolidated	1,812	3,788	(19,995)	(9,779)

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) Breakdown of 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 thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
Civil	510	510	510	510
Labor	8,002	4,364	8,002	4,364
Total - Allowance for contingencies	8,512	4,874	8,512	4,874

Provisions are registered as "Other Liabilities - Sundry" under non-current liabilities. During the year ended on December 31, 2010, a provision for contingencies of R\$ 3,639 thousand was set up in the Bank and Operational Consolidated.

24 Provisions and liabilities for legal obligations - (Continued)

b) Liabilities for legal obligations

Since April 2007, based on a preliminary court order in connection with contesting the constitutionality of the law that increased the PIS and COFINS tax bases, Banco BBM and BBM CCVM have been paying said taxes calculated only on income from services rendered, recording a liability for the remaining balances until a final decision is handed down, recorded as "Other Liabilities - Sundry" under non-current liabilities as follows:

	In thousand R\$			
	Bank		Operational Consolidated	
	2010	2009	2010	2009
PIS and COFINS	63,002	51,974	64,739	53,407
Total - Liabilities for Legal Obligations	63,002	51,974	64,739	53,407

During the year ended on December 31, 2010, the total amount of R\$ 11,029 thousand was set up in the Bank (2009 - R\$ 18,188 thousand), of which R\$ 4,435 thousand (2009 - R\$ 3,494 thousand), is restated based on SELIC. In Operational Consolidated the amount of R\$ 11,332 thousand (2009 - R\$ 9,246 thousand) was set up, of which R\$ 4,558 thousand (2009 - R\$ 3,498 thousand), is restated based on SELIC.

25 Asset management

On December 31, 2010, assets under Banco BBM Financial Group's management totaled R\$ 7,281,032 thousand (December 31, 2009 - R\$ 6,304,062 thousand), of which R\$ 1,133,758 thousand (December 31, 2009 - R\$ 5,870.217 thousand) refers to funds, investment clubs and portfolios managed by the Group, and R\$ 6,147,274 thousand (December 31, 2009 - R\$ 433,845 thousand) to investment funds managed by third parties.

25 Asset management - (Continued)

Income 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. (merged on December 31, 2009, as mentioned in Note 9.d) and BBM Investment Management Services, which is a subsidiary of BBM Administração de Recursos DTVM S.A., not included in the Operational Consolidated as it is not considered a financial institution, as described in Note 4. Income from asset management is as follows:

	In thousand R\$	
	2010	2009
Income from investment fund management and performance fees recorded in the financial conglomerate (a)	89,747	37,707
Income from investment fund management and performance fees associated companies (b)	1,699	95,284
Total	91,446	132,991

(a) See Note 17.

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

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Sérgio Freitas - Controller

Aline Gomes - Accountant

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