



**Financial statements
December 31, 2013 and 2012
with Independent Auditor's Report**

Macroeconomic scenario

Throughout the second half of 2013, worldwide growth showed signs of improvement, particularly due to acceleration of developed economies.

In the United States, activities continued to recover in this second six-month period. Economy grew by 4.1% in the third quarter of 2013, with 2.7% rise in the private sector domestic demand. Considering the improvement in the economy and a lower monetary tightening, the US Federal Reserve decided to reduce the monetary stimulus. As from January 2014, monthly purchases of assets fell from US\$85 billion to US\$75 billion. The Committee maintained the interest rate close to zero and highlighted that it will continue at such level at least until the unemployment rate is above 6.5% and inflation is below the target (2.0%).

In China, activities have shown signs of growth towards a robust level. Chinese economy grew 7.7% in 2013, as in 2012. Prospectively, however, economy is heading towards a slowdown in the coming years. In November the Chinese government announced a number of reforms to be implemented within five years. Among such reforms is the change in the economic growth model, reducing its dependence on investments and exports and increasing the weight of the domestic demand. This change in the Chinese growth model, in a scenario of increasing economy leverage of the past years, increases the risk of a more severe slowdown in Chinese activities.

In Brazil, the economy continued showing signs of a slow growth rate in the second half of 2013. GDP in the third quarter decreased 0.5% compared with the prior quarter, already seasonally adjusted. Despite the 1% increase in consumption in the period, the gross fixed capital formation decreased 2.2%. Such changes led to a recovery of part of the gains in the previous quarters. The poor economic performance, however, did not prevent unemployment rate from remaining in its lowest level in history.

Despite the weak growth and tax reliefs granted by the government, inflation reached 5.9% in 2013, slightly above the percentage recorded in 2012 (5.8%). This is the fourth consecutive year in which inflation is above the target of 4.5%. Part of last year's inflation may be attributed to depreciation of the exchange rate which, in view of the perspective of reduced global liquidity, increased from R\$/US\$2.05 in December 2012 to R\$/US\$2.36 in December 2013. In view of this scenario, the Committee continued with the cycle of interest rate hikes that began in April. The Brazilian economy's benchmark interest rate (Selic), that started the year at 7.25%, ended the year 2.75% higher, thus reducing the perspective of acceleration in the economic activity ahead.

Our business

Banco BBM is a wholesale financial institution primarily engaged in providing credit lines for companies and financial advisory wealth management services for individuals.

We maintain governance and processes aiming to fulfill and reconcile the interests of our depositors in a safe and at the same time agile environment.

To this end, we rely on our ability to recruit, assess and motivate people with excellent knowledge, talent, ambition and ethics.

Performance of the BBM Financial Group

Banco BBM Financial Group ended year 2013 with equity of R\$563 million and net income of R\$49 million, which represents annual profitability of 8.79%, calculated on average equity for the period.

Total assets at year end amounted to R\$3.2 billion. The volume of domestic and foreign market funding at year end was of R\$2.1 billion. The Bank's Basel index at year end was 23.26%.

Corporate loans

The loan portfolio at the year end totaled R\$1.3 billion (including advances on foreign exchange contracts, leasing and guarantees given through sureties, guarantees and letters of credit).

Drawing on the expertise developed over the years by both the sales team and the Products and Treasury areas, the Bank operates dynamically and selectively seeking to tailor its products to meet each client's needs by adjusting flows and guarantees.

Treasury

Our treasury activities involve cash management, equity hedge, technical support and know-how to other business areas of the Bank, identification of opportunities in the local market, while maintaining capital as the fundamental principle through prudent market risk management.

Private Banking

The Private Banking area provides financial advice for individuals on asset management, serving their needs by means of BBM's structured financial solutions and alternatives provided by the market.

Fund allocation

BBM Administração de Recursos DTVM, subsidiary of Banco BBM, by means of its continuous offering of funds to institutional clients in the Brazilian market, aims at the growth and loyalty of its client base.

People

Banco BBM is a talent identification and training center, which prizes the systematic search for state-of-the art knowledge and privileges people who want to achieve their professional goals, aggregating value to the institution. Its culture provides optimal conditions for practical learning since it offers direct contact with the financial market day-to-day dynamics through broad exchange of knowledge in a highly qualified professional and team integration environment.

Credit ratings

In the Bank's view, the credit rating agencies are an important source of transparent and independent assessment of the quality of our credit. The current rating given by Moody's Investor Services is "Ba1" for local currency and "Aa2.br" on a national scale, whereas Riskbank's assigned rating is "low risk to medium term" with "very good" disclosure.

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 operate by the Central Bank of Brazil and in Reais (R\$)

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

The
Shareholders, Board of Directors and Officers
Banco BBM S.A.

We have audited the accompanying individual financial statements of Banco BBM S.A. ("Bank") and the consolidated financial statements of Banco BBM Financial Group ("Consolidated Operating"), which comprise the individual and consolidated balance sheet as at December 31, 2013 and related individual and consolidated income statement, statement of changes in equity and cash flow statement 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 for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these individual and consolidated financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 of the individual and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Bank and Consolidated Operating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and Consolidated Operating internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the individual and consolidated financial statements.

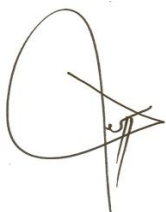
We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Banco BBM Financial Group as at December 31, 2013, their individual and consolidated operating performance and their individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil.

Rio de Janeiro, February 11, 2014

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

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

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Guilherme Portella Cunha
Accountant CRC - 1RJ 106.036/O-5

Assets	Note	In thousands of R\$			
		Bank		Consolidated Operating	
		12/31/2013	12/31/2012	12/31/2013	12/31/2012
Current assets		2,596,665	2,099,956	2,621,895	2,094,467
Cash and banks		114,988	12,891	215,260	15,479
Free reserves		2,257	1,150	2,259	1,156
Funds in foreign currency		112,731	11,741	213,001	14,323
Short-term interbank investments	5	748,121	447,684	664,720	424,254
Open market investments		525,786	351,098	525,786	351,098
Investments in interbank deposits		10,124	19,815	10,124	19,815
Investments in foreign currency		212,211	76,771	128,810	53,341
Marketable securities and derivative financial instruments	6	345,121	549,151	346,790	559,967
Own portfolio		150,426	336,749	150,430	336,752
Subject to repurchase agreements		7,712		7,712	
Derivative financial instruments		4,063	6,588	5,623	17,286
Bound to guarantees		182,920	205,814	183,025	205,929
Interbank accounts		2,614	2,110	2,614	2,110
Restricted credits - BACEN deposits		792	322	792	322
Correspondent banks		1,822	1,788	1,822	1,788
Loans	7	644,929	778,324	650,571	778,324
Loans and discounted notes		478,752	577,239	478,752	577,239
Financing		206,192	209,492	211,834	209,492
Allowance for loan losses		(40,015)	(8,407)	(40,015)	(8,407)
Other receivables		740,113	307,541	741,161	312,078
Exchange portfolio	8	710,114	286,808	710,114	286,808
Income receivable		1,506	1,277	506	829
Securities trading	14	6,592	2,253	6,656	2,319
Sundry		16,105	26,215	17,922	31,134
Tax credits	23	10,368	602	10,535	602
Allowance for losses on other receivables	7	(4,572)	(9,614)	(4,572)	(9,614)
Other assets		779	2,255	779	2,255

See accompanying notes

Assets	Note	In thousands of R\$			
		Bank		Consolidated Operating	
		12/31/2013	12/31/2012	12/31/2013	12/31/2012
Noncurrent assets					
Long-term receivables		553,517	542,818	566,099	558,661
Short-term interbank investments	5		8,223		8,223
Investments in interbank deposits			8,223		8,223
Marketable securities and derivative financial instruments	6	190,598	192,263	190,598	192,263
Own portfolio		100,755	190,634	100,755	190,634
Subject to repurchase agreements			929		929
Derivative financial instruments			700		700
Bound to guarantees		89,843		89,843	
Loans	7	266,675	248,970	277,959	263,734
Loans and discounted notes		162,329	159,777	162,329	159,777
Financing		118,398	91,626	129,682	106,390
Allowance for loan losses		(14,052)	(2,433)	(14,052)	(2,433)
Other receivables		96,244	93,354	97,542	94,433
Sundry		41,551	36,797	41,597	36,845
Tax credits	23	55,042	57,002	56,294	58,033
Allowance for losses on other receivables	7	(349)	(445)	(349)	(445)
Other assets			8		8
Permanent assets		254,659	479,121	44,792	51,781
Investments		245,280	467,561	35,075	39,872
In the country		14,481	18,310		
Abroad		230,749	449,201	35,025	39,822
Other investments		1,810	1,810	2,628	2,628
Provision for losses		(1,760)	(1,760)	(2,578)	(2,578)
Property and equipment in use		5,533	6,593	5,765	6,909
Intangible assets		1,151	1,195	1,257	1,228
Deferred charges		2,695	3,772	2,695	3,772
Total assets		3,404,841	3,121,895	3,232,786	2,704,909

See accompanying notes.

Balance sheets

Liabilities	Note	In thousands of R\$			
		Bank		Consolidated	Operating
		12/31/2013	12/31/2012	12/31/2013	12/31/2012
Current liabilities		2,237,070	1,241,636	2,200,174	1,255,208
Deposits	10	526,469	556,827	602,176	550,511
Demand deposits		36,498	16,203	38,363	18,980
Interbank deposits		7,381	49,795	1,085	40,702
Time deposits		482,590	490,829	562,728	490,829
Repurchase agreements	11	7,685	925	7,685	925
Own portfolio		7,685	925	7,685	925
Funds from acceptance and issue of securities	12	864,929	338,889	747,826	338,955
Liabilities from marketable securities abroad		117,393		290	66
Liabilities from issue of agribusiness credit bills		265,254	257,938	265,254	257,938
Liabilities from issue of financial bills		452,035	49,369	452,035	49,369
Liabilities from issue of real estate credit bills		30,247	31,582	30,247	31,582
Interbank accounts			4		4
Amounts receivable and payable			4		4
Interbranch accounts		23,469	46,454	23,469	46,454
Third-party funds in transit		23,469	46,454	23,469	46,454
Borrowings	13	352,058	262,390	352,058	262,390
Foreign borrowings		352,058	262,390	352,058	262,390
Onlending in Brazil – government agencies	13		437		437
FINAME			437		437
Derivative financial instruments	6	6,081	6,328	6,392	6,355
Derivative financial instruments		6,081	6,328	6,392	6,355
Other liabilities		456,379	29,382	460,568	49,177
Collection of similar taxes		89	15	89	15
Exchange portfolio	8	401,650		401,650	
Social and statutory		41,600	18,316	42,844	19,522
Tax and social security		5,282	4,384	5,661	6,051
Securities trading	14	4	587	4	587
Sundry		7,754	6,080	10,320	23,002

See accompanying notes.

Liabilities	Note	In thousands of R\$			
		Bank		Consolidated	Operating
		12/31/2013	12/31/2012	12/31/2013	12/31/2012
Noncurrent liabilities					
Long-term payables		604,866	1,336,653	469,707	906,095
Deposits	10	61,611	168,487	53,440	158,519
Interbank deposits		9,612	9,968	1,441	
Time deposits		51,999	158,519	51,999	158,519
Funds from acceptance and issue of securities	12	514,134	947,888	384,457	524,745
Liabilities from marketable securities abroad		129,677	423,143		
Liabilities from issue of agribusiness credit bills		74,556	50,329	74,556	50,329
Liabilities from issue of financial bills		305,344	464,915	305,344	464,915
Liabilities from issue of real estate credit bills		4,557	9,501	4,557	9,501
Borrowings	13		107,640		107,640
Foreign borrowings			107,640		107,640
Derivative financial instruments	6		896		896
Derivative financial instruments			896		896
Other liabilities		29,121	111,742	31,810	114,295
Tax and social security		7,413	6,394	7,413	6,394
Social and statutory		9,929	11,097	10,056	11,308
Sundry		11,779	94,251	14,341	96,593
Deferred income		379	550	379	550
Equity	15	562,526	543,056	562,526	543,056
Capital		413,131	413,131	413,131	413,131
Domiciled in Brazil		413,131	413,131	413,131	413,131
Market value adjustment – marketable securities and financial instruments		(1,260)	406	(1,260)	406
Securities available for sale		(1,260)	406	(1,260)	406
Income reserves		332,334	310,876	332,334	310,876
Treasury shares		(181,679)	(181,357)	(181,679)	(181,357)
Total liabilities and equity		<u>3,404,841</u>	<u>3,121,895</u>	<u>3,232,786</u>	<u>2,704,909</u>

See accompanying notes.

	Note	In thousands of R\$					
		Bank			Consolidated Operating		
		2nd half of 2013	12/31/2013	12/31/2012	2nd half of 2013	12/31/2013	12/31/2012
Financial intermediation income		171,399	361,047	348,141	174,214	367,201	358,553
Loans		74,088	158,287	120,245	74,268	158,636	121,063
Lease transactions		-	-	575	-	-	575
Income from marketable security transactions	6	53,873	113,841	159,384	53,335	112,910	157,118
Exchange gains	16	24,739	56,302	67,937	24,739	56,302	67,937
Gains on derivative financial instruments	20	18,699	32,617	-	21,872	39,353	11,860
Financial intermediation expenses		(135,128)	(263,040)	(240,149)	(134,036)	(260,950)	(236,945)
Funding operations	16	(63,573)	(117,288)	(144,242)	(62,481)	(115,198)	(142,141)
Losses on derivative financial instruments	20	-	-	(1,103)	-	-	-
Set up (reversal) of allowance for loan losses	7	(20,760)	(39,800)	3,700	(20,760)	(39,800)	3,700
Loans, assignments and onlending transactions	16	(50,795)	(105,952)	(98,504)	(50,795)	(105,952)	(98,504)
Gross profit from financial intermediation		36,271	98,007	107,992	40,178	106,251	121,608
Other operating income (expenses)		(9,348)	(39,074)	(28,061)	(9,476)	(42,120)	(37,467)
Service revenue	17	5,376	11,665	10,266	11,065	22,472	22,918
Personnel expenses		(13,579)	(27,053)	(30,375)	(15,896)	(31,760)	(35,700)
Other administrative expenses	18	(14,008)	(25,906)	(26,806)	(19,004)	(34,292)	(31,922)
Tax expenses		(19,809)	(24,533)	(6,733)	(20,471)	(25,627)	(8,068)
Equity pickup in subsidiaries	9	4,030	824	30,210	5,260	206	19,559
Other operating income		33,311	34,013	3,186	36,128	36,950	3,786
Other operating expenses		(4,669)	(8,084)	(7,809)	(6,558)	(10,069)	(8,040)
Operating income		26,923	58,933	79,931	30,702	64,131	84,141
Non-operating expenses		(18)	207	(113)	(19)	207	(111)
Income before income taxes and profit sharing		26,905	59,140	79,818	30,683	64,338	84,030
Income and social contribution taxes	23	9,882	3,147	(11,984)	7,314	529	(13,435)
Provision for income tax		6,963	(2,204)	(1,956)	4,894	(4,387)	(2,943)
Provision for social contribution tax		4,080	(1,119)	(761)	3,334	(1,941)	(1,300)
Deferred tax assets		(1,161)	6,470	(9,267)	(914)	6,857	(9,192)
Profit sharing – Board of Directors and officers		(1,971)	(4,145)	(13,083)	(1,979)	(4,194)	(13,916)
Profit sharing - employees		(5,325)	(9,543)	(11,356)	(6,527)	(12,074)	(13,284)
Net income for the year		29,491	48,599	43,395	29,491	48,599	43,395
Earnings per share		0.11	0.19	0.17	0.11	0.19	0.17

See accompanying notes.

Statements of changes in equity
Banco BBM S.A.

In thousands of R\$											
Capital	Capital increase	Capital reserves			Income reserves		Market value adjustment - marketable securities and derivatives		Treasury shares	Retained earnings	Total
		Restatement of membership certificates	Tax incentives	Other capital reserves	Legal	Statutory	Bank	Subsidiary			
413,131					75,074	223,114	1,698 (1,292)		(176,788) (4,569)		536,229 (1,292) (4,569) 43,395 (30,706) (12,689)
					2,170	10,519					
413,131					77,244	233,633	406		(181,357)		543,056
					2,170	10,519	(1,292)		(4,569)		6,828
413,131					77,244	233,633	406 (1,666)		(181,357) (322)		543,056 (1,666) (322) 48,599 (27,141) (21,458)
					2,430	19,028					
413,131					79,674	252,660	(1,260)		(181,679)		562,526
					2,430	19,028	(1,666)		(322)		19,470
413,131					78,199	238,553	(2,262) 1,002		(181,679)		545,942 1,002 29,491 (13,909) (15,582)
					1,475	14,107					
413,131					79,674	252,660	(1,260)		(181,679)		562,526
					1,475	14,107	1,002				16,584

See accompanying notes.

	In thousands of R\$					
	Bank			Consolidated Operating		
	2nd half of 2013	12/31/2013	12/31/2012	2nd half of 2013	12/31/2013	12/31/2012
Cash flow from operating activities:						
Net income	29,491	48,599	43,395	29,491	48,599	43,395
Adjustments to net income:	7,488	39,573	(20,045)	5,853	39,895	(9,271)
Set up (reversal) of allowance for loan losses	20,760	39,800	(3,700)	20,760	39,800	(3,700)
Depreciation and amortization	1,244	2,673	3,046	1,295	2,779	3,179
Expenses with civil, tax and labor provisions	(10,373)	(212)	7,512	(10,583)	(212)	7,560
Equity pickup in subsidiaries	(3,440)	517	(29,495)	(4,670)	1,135	(18,844)
Deferred income and social contribution taxes	(4,394)	(6,470)	9,267	(4,641)	(6,857)	9,192
Unrealized gains/losses on marketable securities and derivatives	3,279	6,272	(4,668)	3,279	6,257	(4,652)
Restatement of membership certificates	1,002	(1,666)	(1,292)	1,002	(1,666)	(1,292)
Equity adjustments	(590)	(1,341)	(715)	(590)	(1,341)	(715)
Adjusted net income	36,979	88,172	23,351	35,344	88,494	34,124
(Increase)/ decrease in short-term interbank investments	67,643	(117,528)	429,485	69,374	(57,554)	423,986
(Increase)/decrease in marketable securities and derivative financial instruments	231,143	198,280	(389,449)	232,986	207,726	(396,822)
(Increase)/decrease in interbank and interbranch accounts	(756)	(504)	662	(756)	(504)	662
(Increase)/decrease in loan and lease transactions	(62,283)	75,890	(383,873)	(63,199)	73,728	(381,667)
Increase/(decrease) in deposits	158,608	(137,234)	(83,695)	223,442	(53,414)	(85,565)
Increase/(decrease) in open market funding	5,905	6,760	925	5,905	6,760	925
Increase/(decrease) in interbank accounts	17,742	(22,985)	35,815	17,738	(22,989)	35,815
Increase/(decrease) in securities issue funds	103,820	92,286	681,844	161,040	268,583	643,162
Increase/(decrease) in borrowings and onlending	(42,615)	(18,409)	34,669	(42,615)	(18,409)	34,669
Increase/(decrease) in deferred income	(84)	(171)	(238)	(84)	(171)	(238)
(Increase)/decrease in other receivables and other assets	(230,303)	(427,508)	259,545	(229,568)	(423,851)	259,474
Increase/(decrease) in other liabilities	42,115	344,588	(271,500)	25,133	329,117	(269,711)
Net cash generated by (used in) operating activities	290,935	(6,535)	314,190	399,395	309,023	264,689
Cash flow from investing activities:						
Increase/(decrease) in investments	828	221,894	1,161	(12,615)	3,792	30,242
Disposal of property and equipment for use and for lease	(1,203)	(1,569)	9,060	(1,201)	(1,664)	9,075
Disposal of deferred charges	1,077	1,077	833	1,077	1,077	800
Dividends and interest on equity received	763	1,211	760	763	1,211	760
Net cash provided by (used in) investing activities	1,465	222,613	11,814	(11,976)	4,416	40,876
Cash flow from financing activities:						
Dividends and interest on equity paid	(13,909)	(27,141)	(31,001)	(13,909)	(27,141)	(31,001)
Purchase of treasury shares		(322)	(4,569)		(322)	(4,569)
Net cash provided by (used in) financing activities	(13,909)	(27,463)	(35,570)	(13,909)	(27,463)	(35,570)
Net increase/decrease in cash and banks	315,469	276,785	313,784	408,854	374,469	304,118
At beginning of period	325,305	363,989	50,205	332,192	366,577	62,459
At end of period	640,774	640,774	363,989	741,046	741,046	366,577
Net increase/decrease in cash and banks	315,469	276,785	313,784	408,854	374,469	304,118

See accompanying notes.

1. Operations

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

- Commercial
- Investment
- Loan, Financing and Investment;
- Exchange
- Leases

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 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, converted into Law No. 11941/09, 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. 11638/07 has not generated any significant adjustments to the Bank's and the Financial Conglomerate'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 Executive Board on February 11, 2014.

3. Summary of significant accounting practices

(a) P&L from operations

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 - Securities available for sale;
- III - Securities held to maturity.

3. Summary of significant accounting practices (Continued)

Securities classified in categories I and II are adjusted to market value. For trading securities, this adjustment is directly recorded in P&L and for available for sale securities it is recorded in a specific account in 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.

Investment fund shares are monthly restated based on the share value disclosed by the Fund Administrators where funds are invested. The appreciation and depreciation of investment fund shares are presented in "Income (loss) from marketable securities transactions".

(c) Current and noncurrent assets

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

(d) Permanent assets

These are 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 economic and useful lives of assets, as follows: property in use - 4%; furniture and fixtures, machinery and equipment - 10%; and EDP equipment – 20%.
- Amortization of deferred charges, mainly represented by leasehold improvements, over the lease term.
- Amortization of intangible assets is calculated according to the asset economic useful life.

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 operating efficiency. This Resolution also allows institutions to keep those balances existing as of September 30, 2008 until their effective write-off.

(e) Current and noncurrent liabilities

These are stated at known or estimated values, including, when applicable, accrued charges, monetary and 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. Summary of 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 taxable profit 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 CMN Resolution No. 3059 issued on December 20, 2002, and CMN Resolution No. 3355, issued on March 31, 2006, and take into account the history of profitability and the expected generation of future taxable profit 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 market 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

Earnings per share are calculated based on the number of outstanding shares 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 amount.

(j) Contingent assets and liabilities and legal obligations

The recognition, measurement and disclosure of contingent assets and liabilities and legal, tax and social security obligations are carried out according to the following criteria:

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.

3. Summary of significant accounting practices (Continued)

(k) Short-term interbank investments

Short-term interbank investments are stated at acquisition, investment or release cost, plus exchange and monetary variations and interest as agreed by contract. Allowances are recognized for adjustment to realizable value when market value is lower.

(l) Loans

Loans are stated at acquisition, investment or release cost, plus exchange and monetary variations and interest as agreed by contract. Allowances are recognized for adjustment to realizable value when market value is lower. The allowance for loan losses is set up at an amount considered sufficient to cover potential losses and its set up was based on past experience, assessment of delinquent accounts and collateral risks, as well as specific terms and conditions of the transactions, in conformity with BACEN Resolution No. 2682. These are recorded at present value on a daily pro rata basis, based on the index variation and on the agreed-upon interest rate, restated up to the 59th day in arrears at the financial companies, observing the estimated receipt date. Following the 60th day, they are recognized in P&L when their installments are effectively received. Renegotiated transactions are held at least at the same level they were previously classified and if they are written off against provision, they are then classified at H level; gains are recognized in revenue when effectively received.

(m) Cash and banks

Cash and banks are represented by cash, unrestricted balances held with the Central Bank of Brazil and highly liquid financial assets with original maturities not exceeding three months, subject to insignificant risk of changes in fair value, used by the Group to manage short-term commitments. The balance is broken down as follows:

	In thousands of R\$			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Cash and banks	112,731	11,741	213,001	14,323
Free reserves in cash held with BACEN	2,257	1,150	2,259	1,156
Short-term interbank investments (a)	525,786	351,098	525,786	351,098
Total	640,774	363,989	741,046	366,577

(a) Repurchase agreements maturing within 90 days.

4. Consolidated financial statements (Consolidated Operating)

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

The consolidation process involving balance sheet and P&L accounts corresponds to the horizontal addition of balances of assets, liabilities, revenues and expenses accounts, according to their nature, with the following eliminations:

4. Consolidated financial statements (Continued)

- Shareholding interest, reserves and retained earnings between entities, there being no reciprocal holdings;
- Current account balances and other asset and/or liability accounts between institutions, whose balance sheets were consolidated; and
- Effects of significant transactions conducted among such institutions.

The Consolidated Operating statements comprise the financial statements at December 31, 2013 and 2012 of the following institutions:

Banco BBM S.A. and Nassau Branch;

BBM Bank Ltd. (a)

BACOR Corretora de Câmbio e Valores Mobiliários S.A. (c)

BBM Administração de Recursos DTVM S.A. (c)

- (a) The indirect interest of 100% of Banco BBM S.A. in BBM Bank Ltd capital was eliminated from the Consolidated Operating statements at "Interest in Subsidiaries - The Southern Atlantic Investments Ltd." This elimination produced the following effects on Consolidated Operating accounts: reduction of permanent investment by R\$197,428 thousand, and reduction of equity pickup by R\$1,254 thousand.
- (b) Banco BBM S.A. holds directly 100% of the capital of these entities.

5. Short-term interbank investments

Short-term interbank investments are as follows:

	In thousands of R\$			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Open market investments	525,786	351,098	525,786	351,098
Funded position	525,786	351,098	525,786	351,098
National Treasury Bills	194,000	20,999	194,000	20,999
National treasury notes – B series	331,786	330,099	331,786	330,099
Investments in interbank deposits	10,124	28,038	10,124	28,038
Investments in foreign currencies	212,211	76,771	128,810	53,341
	748,121	455,907	664,720	432,477
Current assets	748,121	447,684	664,720	424,254
Noncurrent assets		8,223		8,223
	748,121	455,907	664,720	432,477

Notes to financial statements
December 31, 2013 and 2012

6. Marketable securities and derivative financial instruments

	In thousands of R\$							
	Bank				Consolidated Operating			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
I-Marketable securities	539,734	531,657	745,767	734,126	539,842	531,766	745,897	734,244
Trading securities	97,194	91,215	605,866	593,547	97,194	91,215	605,995	593,662
Own portfolio	97,194	91,215	400,989	387,733	97,194	91,215	400,989	387,733
Fixed income securities			303,795	304,779			303,795	304,779
National treasury bills			167,277	167,549			167,277	167,549
National treasury notes – B series			136,518	137,230			136,518	137,230
Investment fund shares	97,194	91,215	97,194	82,954	97,194	91,215	97,194	82,954
Private equity fund shares	46,444	24,983	46,444	23,926	46,444	24,983	46,444	23,926
Real estate fund shares (**)	50,750	66,232	50,750	59,028	50,750	66,232	50,750	59,028
Bound to guarantees			204,877	205,814			205,006	205,929
Financial treasury bills							129	114
National treasury bills			204,877	205,814			204,877	205,815
Securities available for sale	442,540	440,442	139,901	140,579	442,647	440,551	139,902	140,582
Own portfolio	160,609	159,967	139,018	139,650	160,610	159,971	139,019	139,653
Fixed income securities (*)	160,536	159,776	138,945	139,431	160,536	159,776	138,945	139,431
Financial treasury bills	3,008	3,009	10,783	10,781	3,008	3,009	10,783	10,781
National treasury bills	144,802	144,224	93,302	93,269	144,802	144,224	93,302	93,269
National treasury notes – B series	11,333	11,144	13,419	13,902	11,333	11,144	13,419	13,902
National treasury notes – F series	1,393	1,399	21,441	21,479	1,393	1,399	21,441	21,479
Variable income securities	73	191	73	219	74	195	74	222
Shares of publicly-held companies	73	191	73	219	74	195	74	222
Bound to repurchase agreements	7,721	7,712	883	929	7,721	7,712	883	929
National treasury bills	7,721	7,712			7,721	7,712		
National treasury notes - F series			883	929			883	929
Bound to guarantees	274,210	272,763			274,316	272,868		
National treasury bills	274,210	272,763			274,316	272,868		
II-Derivative financial instruments	4,283	4,062	4,775	7,288	5,843	5,622	15,472	17,986
Swap transactions	3,828	3,827	4,244	6,906	3,828	3,827	14,398	17,061
Forward	199	234			1,759	1,794		
Option premium	256	1	531	382	256	1	1,074	925
Total marketable securities and derivative financial instruments	544,017	535,719	750,542	741,414	545,685	537,389	761,369	752,230
Breakdown of portfolio by maturity:								
Without maturity	73	191	73	219	74	195	74	222
Up to 3 months	2,961	2,706	155,190	155,025	4,521	4,265	165,887	165,722
From 3 to 12 months	343,782	342,224	389,989	393,907	343,888	342,330	390,118	394,023
Over 12 months	197,201	190,598	205,290	192,263	197,202	190,598	205,290	192,263
Total	544,017	535,719	750,542	741,414	545,685	537,388	761,369	752,230
Current assets		345,121		549,151		346,790		559,967
Noncurrent assets		190,598		192,263		190,598		192,263
Total		535,719		741,414		537,388		752,230

Gains (losses) on marketable securities for the Bank and Consolidated Operating are as follows:

	Bank			Consolidated Operating		
	2nd half of 2013	12/31/2013	12/31/2012	2nd half of 2013	12/31/2013	12/31/2012
Investment fund shares	(124)	8,987	8,438	(124)	8,987	8,438
Government securities	53,997	104,854	150,946	53,459	103,923	148,680
Income from marketable securities	53,873	113,841	159,384	53,335	112,910	157,118

6. Marketable securities and derivative financial instruments (Continued)

	In thousands of R\$							
	Bank				Consolidated Operating			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	12/31/2013		12/31/2012		12/31/2013		12/31/2012	
III-Derivative financial instruments								
Short position	1,370	6,081	5,159	7,224	1,681	6,392	5,186	7,251
Swap transactions	1,595	4,811	4,599	6,664	1,595	4,811	3,843	5,908
Forward	(330)	1,270	560	560	(19)	1,581	1,307	1,307
Option premium	105				105		36	36
Breakdown by maturity								
Up to 3 months	1,155	2,435	3,125	3,126	1,466	2,746	3,147	3,148
From 3 to 12 months	215	3,646	1,267	3,202	215	3,646	1,272	3,207
Over 12 months			767	896			767	896
Total	1,370	6,081	5,159	7,224	1,681	6,392	5,186	7,251
Current liabilities		6,081		6,328		6,392		6,355
Noncurrent liabilities				896				896
Total		6,081		7,224		6,392		7,251

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

(*) Securities classified as "available for sale" with maturity over 12 months that at December 31, 2013 total R\$99,384 thousand (R\$108,609 thousand at December 31, 2012) - Bank and Consolidated Operating are stated in noncurrent assets as determined by BACEN Circular No. 3068/01, irrespective of their liquidity level. The effect of this classification in working capital is stated in Note 21 – Liquidity risk.

(**) The breakdown of assets and liabilities referring to the fund Estrutura II Fundo de Investimento Imobiliário (FII), a Banco BBM exclusive fund, in the Bank and Consolidated Operating, at December 31, 2013, is as follows:

Assets	In thousands of R\$		Liabilities	12/31/2013
	12/31/2013			
Cash and banks	14	Sundry		38
Investment fund shares	16			
Fixed income investments	479			
Investment properties	65,736	Equity		66,207
Total assets	66,245	Total liabilities		66,245

7. Loans, lease, sureties and guarantees

At December 31, 2013 and 2012, loans, lease and guarantees provided through sureties or guarantee agreements by the Bank and the Consolidated Operating statements, classified according to the clients' economic activities, are as follows:

Business activity	In thousands of R\$							
	Bank				Consolidated Operating			
	12/31/2013		12/31/2012		12/31/2013		12/31/2012	
Agriculture	298,089	22.27%	389,223	29.03%	298,089	22.27%	389,223	29.03%
Construction and engineering	294,756	22.02%	267,969	19.99%	294,756	22.02%	267,969	19.99%
Sugar and ethanol	175,904	13.14%	116,813	8.71%	175,904	13.14%	116,813	8.71%
Chemical and petrochemical	70,635	5.28%	186,450	13.91%	70,635	5.28%	186,450	13.91%
Food	61,916	4.63%	78,657	5.87%	61,916	4.63%	78,657	5.87%
Financial	61,739	4.61%	22,922	1.71%	61,739	4.61%	22,922	1.71%
Transport and logistics	61,589	4.60%			61,589	4.60%		
Electricity	54,463	4.07%	69,937	5.22%	54,463	4.07%	69,937	5.22%
Paper, plastic and package	46,293	3.46%	42,068	3.14%	46,293	3.46%	42,068	3.14%
International trade	45,403	3.39%	21,853	1.63%	45,403	3.39%	21,853	1.63%
Textile, leather and clothing	31,578	2.36%	26,088	1.95%	31,578	2.36%	26,088	1.95%
Vehicles and spare parts	26,220	1.96%			26,220	1.96%		
Specialized services	25,737	1.92%	8,105	0.60%	25,737	1.92%	8,105	0.60%
Retail sales	21,616	1.61%	25,667	1.91%	21,616	1.61%	25,667	1.91%
Individuals	18,324	1.37%	13,601	1.01%	18,324	1.37%	13,601	1.01%
Pharmaceutical	15,239	1.14%			15,239	1.14%		
Construction and decoration materials	14,104	1.05%	12,651	0.94%	14,104	1.05%	12,651	0.94%
Metallurgy	10,022	0.75%	40,190	3.00%	10,022	0.75%	40,190	3.00%
Beverage and tobacco	5,035	0.38%	5,300	0.40%	5,035	0.38%	5,300	0.40%
Electronics			8,044	0.60%			8,044	0.60%
Mining			5,113	0.38%			5,113	0.38%
Total	1,338,662	100%	1,340,651	100%	1,338,662	100%	1,340,651	100%

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

Loans are stated in the Bank's and Consolidated Operating balance sheets as follows:

	In thousands of R\$			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Current assets				
Loans	684,945	786,731	690,587	786,731
Private sector	684,945	777,190	690,587	777,190
Public sector		9,541		9,541
Other receivables	10,535	13,463	10,535	13,463
Foreign exchange portfolio - income receivable (a)	9,008	10,889	9,008	10,889
Securities and loans receivable (b)	1,527	2,574	1,527	2,574
Noncurrent assets				
Loans	280,727	251,403	292,011	266,167
Private sector	280,727	250,976	292,011	265,740
Public sector		427		427
Other receivables	543	1,266	543	1,266
Securities and loans receivable (b)	543	1,266	543	1,266
Current liabilities				
Other liabilities	280,043	267,842	280,043	267,842
Foreign exchange portfolio - advances on exchange contracts (a)	280,043	267,842	280,043	267,842
Sub-total	1,256,793	1,320,705	1,273,719	1,335,469
Joint liabilities and risk of guarantees provided (c)	81,869	19,946	64,943	5,182
Total	1,338,662	1,340,651	1,338,662	1,340,651

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

- (a) The advances on exchange contracts and the related income receivable are classified as reduction accounts of Other Liabilities – Exchange Portfolio and Other Receivables – Exchange Portfolio, respectively, as shown in Note 8.
- (b) These also refer to purchase of real estate portfolios.
- (c) These 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 P&L for the period according to their maturity terms. The Bank's balances also include guarantees provided for loans from BBM Bank Limited, which are eliminated from the Consolidated Operating financial statements.

At December 31, 2013 and 2012, loans, lease and guarantees provided through sureties and guarantee agreements, Bank and the Consolidated Operating, were segregated by the following payment terms, grouped according to the due date of installments:

	In thousands of R\$			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Maturities				
Falling due within 90 days	303,572	297,431	303,572	297,431
Falling due from 91 to 180 days	302,301	310,713	302,301	310,713
Falling due from 181 to 360 days	404,551	447,598	404,551	447,598
Falling due over 360 days	297,398	267,758	297,398	267,758
Overdue within 14 days	7,752	4,870	7,752	4,870
Overdue from 15 to 60 days	5,809	10,549	5,809	10,549
Overdue from 61 to 90 days	4,607	1	4,607	1
Overdue from 91 to 180 days	1,985	417	1,985	417
Overdue from 181 to 360 days	10,687	1,314	10,687	1,314
Total	1,338,662	1,340,651	1,338,662	1,340,651

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

The allowance for loan and lease losses was calculated according to the criteria established by Resolutions No. 2682 and No. 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 Consolidated Operating financial statements can be shown as follows:

Risk ranges	In thousands of R\$				
	Balances		% de Provisão	Provision	
	12/31/2013	12/31/2012		12/31/2013	12/31/2012
AA	185,904	227,861			
A	535,839	460,256	0.50%	2,679	2,301
B	334,435	423,401	1%	3,345	4,234
C	229,776	219,488	3%	6,893	6,585
D	4,545	133	10%	454	13
E	263	2,436	30%	79	731
F	3,920	51	50%	1,960	25
G	1,341	48	70%	939	33
H	42,639	6,977	100%	42,639	6,977
Total	1,338,662	1,340,651		58,988	20,899

The quality of loans in the Consolidated Operating financial statements can be demonstrated by the following main indexes:

	12/31/2013	12/31/2012
Percentage of allowance for loan losses / total loan portfolio	4.41%	1.56%
Percentage of allowance for loan losses / equity	10.50%	3.85%
Percentage of loans from D to H / total loan portfolio	3.94%	0.72%
Percentage of loans from D to H / equity	9.38%	1.78%
Percentage of (Loans from D to H - allowance for loan losses) / total loan portfolio	-0.47%	-0.84%
Percentage of (Loans from D to H - allowance for loan losses) / equity	-1.12%	-2.07%
Leverage (Total loan portfolio / equity)	2.38	2.47

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

The allowance above is presented in the Consolidated Operating balance sheets as follows:

	In thousands of R\$	
	12/31/2013	12/31/2012
Allowance for loan losses	54,067	10,840
Current assets	40,015	8,407
Noncurrent assets	14,052	2,433
Allowance for losses on other receivables		
Allowance for advances on exchange contracts	4,358	9,614
Current assets	4,352	9,614
Noncurrent assets	6	
Allowance for joint liabilities and risk of guarantees provided	563	445
Current assets	220	
Noncurrent assets	343	445
Total	58,988	20,899

Changes in allowance are as follows:

	In thousands of R\$	
	12/31/2013	12/31/2012
Balance at January 1	20,899	35,710
Set-up / (Reversal)	39,800	(3,700)
Write-off to loss	(1,711)	(11,111)
Total	58,988	20,899

At December 31, 2013, renegotiated loans in the Bank and Consolidated Operating statements amounted to R\$36,839 thousand (R\$27,364 thousand at December 31, 2012).

At December 31, 2013, recovered loans in the Bank and Consolidated Operating statements amounted to R\$210 thousand (R\$10,417 thousand at December 31, 2012).

At December 31, 2013, the Bank disposed of contracts significantly transferring risks and rewards in accordance with BACEN Resolution No. 3533/2008, as follows:

	In thousands of R\$	
	Related party	
	12/31/2013	12/31/2012
Number of contracts	19	15
Assigned amount	37,868	9,676
Book value net of provision	25,401	7,580
Income from assignments	12,467	2,096

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

The credit risk concentration in the Consolidated Operating statements is as follows:

	In thousands of R\$			
	12/31/2013	%	12/31/2012	%
Major debtor	51,447	3.8%	85,963	6.4%
10 major debtors	271,009	20.2%	297,667	22.2%
20 major debtors	452,204	33.8%	487,723	36.4%
50 major debtors	884,364	66.1%	929,159	69.3%
100 major debtors	1,256,670	93.9%	1,310,928	97.8%

Breakdown of Consolidated Operating portfolio by type is as follows:

	In thousands of R\$	
	12/31/2013	12/31/2012
Working capital	638,714	727,037
Export credit note	324,230	281,542
Trade finance	305,977	293,495
Joint liabilities	64,943	5,182
Other	2,431	22,979
Payroll deduction loans	2,367	9,978
Onlending from BNDES		438
Total	1,338,662	1,340,651

8. Exchange Portfolio (Bank and Consolidated Operating)

	In thousands of R\$	
	12/31/2013	12/31/2012
Other receivables - exchange portfolio		
Foreign exchange receivable	296,207	275,919
Rights on exchange receivable	404,900	
Income receivable from advances on exchange contracts (a)	9,007	10,889
Total	710,114	286,808
Other liabilities - exchange portfolio		
Foreign exchange payable	401,650	
Liabilities for exchange payable	280,043	267,842
Advances on exchange contracts (a)	(280,043)	(267,842)
Total	401,650	

(a) See Note 7.

At December 31, 2013, federal securities were deposited as guarantee for exchange transactions at the Foreign Exchange Clearinghouse of the Brazilian Securities, Commodities and Futures Exchange (BM&FBovespa) in the amount of R\$87,450 thousand (R\$78,356 thousand in 2012).

9. Investments in subsidiaries

	BBM Adm. Recursos DTVM S.A. (a)	BACOR CCVM S.A. (a)	The Southern Atlantic Investments Ltd. (a)	Other (b)	Total
At December 31, 2013:					
Number of shares issued	5,849,278	127,374	229,201,370		
Common registered shares	2,924,639	63,687	229,201,370		
Preferred registered shares	2,924,639	63,687			
Direct interest	100%	100%	100%		
Capital - R\$ thousand	2,950	8,755	229,201		240,906
Equity - R\$ thousand	5,519	8,962	230,749		245,230
Net income (loss) for the year - R\$ thousand	619	(2,684)	1,548		(517)
Dividends, interest on equity approved or capital reduction - R	1,763		220,000		221,763
Book value of investments - R\$ thousand					
December 31, 2013	5,519	8,962	230,749		245,230
Equity pickup in subsidiaries - R\$ thousand					
2nd half of 2013	573	(2,966)	5,833	590	4,030
2013	619	(2,684)	1,548	1,341	824
At December 31, 2012					
Number of shares issued	5,849,278	127,374	389,266,838		
Common registered shares	2,924,639	63,687	389,266,838		
Preferred registered shares	2,924,639	63,687			
Direct interest	100%	100%	100%		
Capital - R\$ thousand	2,950	8,755	389,267		400,971
Equity - R\$ thousand	6,663	11,647	449,201		467,511
Net income (loss) for the year - R\$ thousand	1,466	339	27,691		29,495
Dividends, interest on equity approved or capital reduction - R	367	81			448
Book value of investments - R\$ thousand					
December 31, 2012	6,663	11,647	449,201		467,511
Equity pickup in subsidiaries - R\$ thousand					
2nd half of 2012	224	246	9,051	94	9,615
2012	1,466	339	27,691	715	30,210

(a) Financial statements audited by our independent auditors.

(b) Refers partially to the exchange variation on the Nassau branch equity not eliminated in the consolidation process.

Consolidated Operating

	In thousands of R\$					
	Book value of investment		Equity pickup in subsidiaries			Dividends and interest on equity
	12/31/2013	12/31/2012	2nd half of 2013	12/31/2013	12/31/2012	12/31/2013 12/31/2012
The Southern Atlantic Investments Ltd. (a) (b)	33,322	38,330	4,579	(1,347)	18,750	59,935
BBM Investment Management Services (c)	1,703	1,492	91	212	93	
Other (d)			590	1,341	716	
Total	35,025	39,822	5,260	207	19,559	59,935

(a) Financial statements audited by our independent auditors.

(b) The indirect interest of 100% of Banco BBM S.A. in BBM Bank Ltd capital was eliminated from the Consolidated Operating statements at "Interest in Subsidiaries - The Southern Atlantic Investments Ltd." For the year ended December 31, 2013, this elimination produced the following effects on the Consolidated Operating financial statements: decrease in permanent investment by R\$197,428 thousand (R\$410,871 thousand at December 31, 2012), and decrease in equity pickup by R\$1,254 thousand (R\$886 thousand at December 31, 2012).

(c) BBM Investment Management Services, headquartered in the Cayman Islands, was incorporated in March 2006 through payment of US\$50 thousand, and its purpose was to manage the investments fund portfolio on an international market level.

(d) "Other" in Consolidated Operating income mainly states changes in equity of subsidiaries that were not eliminated, such as exchange variation of interest abroad, restatement of membership certificates and prior year adjustments, when applicable.

Notes to financial statements
December 31, 2013 and 2012

10. Deposits

Maturity	In thousands of R\$							
	Time deposits		Interbank deposits		Total 12/31/2013		Total 12/31/2012	
	Bank	Consolidated Operating	Bank	Consolidated Operating	Bank	Consolidated Operating	Bank	Consolidated Operating
Within 1 month	151,583	184,839			151,583	184,839	42,555	42,555
From 1 to 3 months	45,329	45,329	1,874	724	47,203	46,053	175,180	175,180
From 3 to 6 months	76,911	76,911	180	181	77,091	77,092	138,228	138,228
From 6 to 12 months	208,767	255,649	5,327	180	214,094	255,829	184,661	175,568
Over 12 months	51,999	51,999	9,612	1,441	61,611	53,440	168,487	158,519
Subtotal	534,589	614,727	16,993	2,526	551,582	617,253	709,111	690,050
Demand deposits and other deposits					36,498	38,363	16,203	18,980
Total					588,080	655,616	725,314	709,030

Average interbank and time deposits issue term for transactions outstanding at December 31, 2013 (Consolidated Operating) is 685 days and 169 days (109 and 203 days at December 31, 2012), respectively.

Maturity upon issue	In thousands of R\$							
	Time deposits		Interbank deposits		Total 12/31/2013		Total 12/31/2012	
	Bank	Consolidated operating	Bank	Consolidated operating	Bank	Consolidated operating	Bank	Consolidated operating
Within 1 month	878	34,369			878	34,369		
From 1 to 3 months	48,250	48,250			48,250	48,250	53,446	53,446
From 3 to 6 months	11,066	11,066			11,066	11,066	42,160	42,160
From 6 to 12 months	204,528	251,410	905	905	205,433	252,315	116,224	116,224
Over 12 months	269,867	269,632	16,088	1,621	285,955	271,253	497,281	478,220
Subtotal	534,589	614,727	16,993	2,526	551,582	617,253	709,111	690,050
Demand deposits and other deposits					36,498	38,363	16,203	18,980
Total					588,080	655,616	725,314	709,030

Breakdown of Consolidated Operating financial statements by segment is as follows:

	In thousands of R\$									
	Demand deposits		Time deposits		Interbank deposits		Total			
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Legal entities	34,859	9,985	134,479	187,148			169,338	25.8%	197,133	27.8%
Financial institutions	11	8	60,479		724	40,702	61,214	9.4%	40,710	5.7%
Institutional clients	310	151	296,558	322,428	1,802		298,670	45.6%	322,579	45.5%
Individuals	112	62	19,837	105,336			19,949	3.0%	105,398	14.9%
Group	3,071	8,774	103,374	34,436			106,445	16.2%	43,210	6.1%
Total	38,363	18,980	614,727	649,348	2,526	40,702	655,616	100.0%	709,030	100.0%

10. Deposits (Continued)

The concentration of main clients in the Consolidated Operating financial statements is as follows:

	In thousands of R\$			
	12/31/2013		12/31/2012	
Major depositor	60,479	3.38%	56,490	8.00%
10 major depositors	290,559	16.25%	289,774	41.03%
20 major depositors	416,937	23.32%	418,930	59.32%
50 major depositors	575,691	32.20%	596,199	84.42%
100 major depositors	645,765	36.12%	683,598	96.79%

11. Repurchase agreements

The Bank and Consolidated Operating liabilities from repurchase agreements are as follows:

	In thousands of R\$			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Own portfolio	7,685	925	7,685	925
National Treasury Bills	7,685		7,685	
National treasury notes - F series		925		925
	<u>7,685</u>	<u>925</u>	<u>7,685</u>	<u>925</u>

12. Funds from acceptance and issue of securities and real estate credit bills

Banco BBM S.A. has an issue of Eurobonds in the amount of R\$247,070 thousand in December 2013, acquired by The Southern Atlantic Investments Ltd, a company not included in the Consolidated Operating financial statements. On February 27, 2012, U\$22,000 thousand were issued maturing on December 30, 2014; on September 18, 2012, U\$30,000 thousand were issued maturing on December 28, 2015; on December 21, 2012, U\$50,000 thousand were issued maturing on January 31, 2014; and on September 20, 2013, U\$3,000 thousand were issued maturing on November 30, 2016.

At December 31, 2013, fund raising through Agribusiness Credit Bills (LCA), Real Estate Credit Bills (LCI) and Financial Bills (LF) was segregated by maturity range as follows:

In thousands of R\$						
Bank and Consolidated Operating						
Maturity	LCA (a)		LCI (b)		LF (c)	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Within 1 month	55,167	102,872	2,807	2,810	1,530	
From 1 to 3 months	68,180	25,028	7,730	12,993	38,462	
From 3 to 6 months	59,156	56,282	9,574	7,648	141,814	8,744
From 6 to 12 months	82,751	73,756	10,136	8,131	270,229	40,625
Over 12 months	74,556	50,329	4,557	9,501	305,344	464,915
Total	339,810	308,267	34,804	41,083	757,379	514,284
Current liabilities	265,254	257,938	30,247	31,582	452,035	49,369
Noncurrent liabilities	74,556	50,329	4,557	9,501	305,344	464,915
	339,810	308,267	34,804	41,083	757,379	514,284

- (a)** Agribusiness Credit Bill (LCA) remunerated by a CDI percentage is a nominative credit bill, backed by agribusiness credit rights and issued exclusively by public or private financial institutions. LCA is issued by the Bank registered with the Brazil's OTC Clearing House - CETIP, under Law No. 11076/2004 and Law No. 11311/2006 and subsequent amendments.
- (b)** The Real Estate Credit Bill (LCI) is a nominative credit bill created by Provisional Executive Order No. 2223 of 09/04/2011, which resulted in Law No. 10931 of 08/02/2004, backed by real estate credits secured by mortgage or statutory lien on real property, attributing to borrowers a credit right for the nominal amount, interest and monetary restatement established therein, as applicable.
- (c)** Financial Bill (LF) remunerated by a CDI percentage is a nominative credit bill, issued exclusively by public or private financial institutions. LF is issued by the Bank registered with CETIP, under Law No. 12249/10 (Section II, articles 37 to 43) and regulated by the National Monetary Council - CMN (Law No. 3836).

13. Borrowings and onlending**a) Borrowings abroad**

Bank and Consolidated Operating borrowings abroad are comprised as follows:

	In thousands of R\$			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Foreign borrowings	112,647	224,468	112,647	224,468
Export credit facilities	239,411	145,562	239,411	145,562
	352,058	370,030	352,058	370,030
Current liabilities	352,058	262,390	352,058	262,390
Noncurrent liabilities		107,640		107,640
	352,058	370,030	352,058	370,030

The amount of R\$107,640 thousand, Bank and Consolidated Operating statements in December 2012, classified as noncurrent liabilities, comprise two funding operations in Reais taken out from the International Finance Corporation (IFC), a World Bank agency, maturing in January 2014, indexed to the CDI.

b) Local onlending

Liabilities for local onlending (R\$437 thousand at December 31, 2012) refer to credit lines obtained from FINAME and FINEM, maturing up to May 2013.

14. Securities trading

	In thousands of R\$			
	Other receivables			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Debtors - outstanding settlement	2,253	2,253	2,317	2,319
Transactions with financial assets and goods to be settle	4,339		4,339	
Total	6,592	2,253	6,656	2,319

	In thousands of R\$			
	Other payables			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Transactions with financial assets and goods to be settled		587		587
Commissions and brokerage fees payable	4		4	
Total	4	587	4	587

15. Equity**(a) Capital - Banco BBM S.A.**

Capital comprises 257,560,034 registered shares with par value of R\$1.60 each, divided into 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.

(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 shares

At December 31, 2013, Banco BBM has 69,601,567 shares held in treasury, amounting to R\$181,679 thousand.

At June 30, 2013, the amount of R\$322 thousand was set up referring to the supplemental price of shares repurchased under the earn-out clause for treasury.

On March 5, 2012, Banco BBM purchased 863,250 registered common shares at the par value of R\$2.83, and kept these shares in treasury.

(e) Interest on equity

In accordance with article 9 of Law No. 9249/95 and subsequent regulations, Banco BBM S.A., in 2013, declared the amount of R\$27,141 thousand for purposes of interest on equity (R\$30,706 thousand in 2012), with withholding income tax of R\$4,071 thousand (R\$4,606 thousand in 2013), 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 income statement, as established by BACEN Circular No. 2739, 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 equity as an allocation of income.

Interest on equity proposed in 2013 reduced the tax burden by R\$10,856 thousand (R\$12,282 thousand in 2013).

15. Equity (Continued)**(f) Dividends**

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

	In thousands of R\$	
	12/31/2013	12/31/2012
Net income for the year - Banco BBM S.A.	48,599	43,395
(-) Legal reserve	(2,430)	(2,170)
Calculation base	<u>46,169</u>	<u>41,225</u>
Mandatory minimum dividends (a)	25%	25%
	<u>11,542</u>	<u>10,306</u>
Dividends approved and paid		
Interest on equity approved	27,141	30,706
Total	<u>27,141</u>	<u>30,706</u>

(a) Mandatory minimum dividends were approved as interest on equity.

16. Financial intermediation expenses and exchange gains (losses)

	In thousands of R\$					
	Bank			Consolidated Operating		
	2nd half of 2013	12/31/2013	12/31/2012	2nd half of 2013	12/31/2013	12/31/2012
Funding operations						
Deposits remunerated abroad	(2)	(16)	(30)	(1)	(12)	(21)
Interbank deposits	(1,325)	(2,840)	(10,488)	(540)	(1,439)	(9,004)
Time deposits	(18,253)	(40,350)	(62,434)	(18,296)	(40,394)	(62,435)
Repurchase agreements	(14,087)	(27,022)	(58,319)	(14,087)	(27,022)	(58,319)
Expenses from agribusiness credit bills	(12,654)	(22,777)	(20,162)	(12,654)	(22,777)	(20,162)
Expenses from real estate credit bills	(1,757)	(3,078)	(1,578)	(1,757)	(3,078)	(1,578)
Expenses from financial bills	(32,297)	(54,688)	(20,938)	(32,297)	(54,688)	(20,938)
Expenses from marketable securities abroad	(453)	(921)	(810)	(106)	(193)	(203)
Deposit insurance fund (FGC)	(1,368)	(2,536)	(2,774)	(1,368)	(2,536)	(2,774)
Exchange variation (a)	18,623	36,940	33,291	18,624	36,940	33,293
	(63,573)	(117,288)	(144,242)	(62,481)	(115,198)	(142,141)
Loan, assignment and onlending transactions						
BNDES onlending expenses		(3)	(161)		(3)	(161)
Expenses from loans abroad	(7,767)	(18,369)	(23,986)	(7,767)	(18,369)	(23,986)
Exchange variation (a)	(43,029)	(87,580)	(74,358)	(43,029)	(87,580)	(74,357)
	(50,795)	(105,952)	(98,504)	(50,795)	(105,952)	(98,504)
Exchange gains (losses)						
Income from advance on exchange contracts	10,400	21,024	27,349	10,400	21,024	27,349
Rate variation and differences	14,485	35,498	40,756	14,485	35,498	40,756
Other expenses	(146)	(220)	(168)	(146)	(220)	(168)
	24,739	56,302	67,937	24,739	56,302	67,937

(a) These refer substantially to the exchange effects on borrowings obtained by the Bank from its Branch abroad, through onlending of funds raised in foreign currency, which, at December 31, 2013 and 2012, were reclassified for purposes of preparation of the financial statements, from "Other operating income" to "Market funding expenses".

17. Service revenue

	In thousands of R\$					
	Bank			Consolidated Operating		
	2nd half of 2013	12/31/2013	12/31/2012	2nd half of 2013	12/31/2013	12/31/2012
Management and performance fees of investment funds	3,845	6,945	7,539	9,980	18,646	21,164
Other services	1,531	4,721	2,727	1,085	3,826	1,754
	5,376	11,665	10,266	11,065	22,472	22,918

18. Other administrative expenses

	In thousands of R\$					
	Bank			Consolidated Operating		
	2nd half of 2013	12/31/2013	12/31/2012	2nd half of 2013	12/31/2013	12/31/2012
Specialized technical services	(2,942)	(5,239)	(5,615)	(3,173)	(5,633)	(6,467)
Other administrative expenses	(1,617)	(3,148)	(2,712)	(1,861)	(3,687)	(3,195)
Rental	(1,577)	(3,002)	(3,078)	(2,231)	(4,237)	(3,565)
Amortization and depreciation	(1,243)	(2,673)	(3,046)	(1,296)	(2,780)	(3,180)
Financial system services (a)	(1,315)	(2,646)	(3,612)	(1,460)	(3,030)	(4,104)
Data processing	(1,193)	(2,059)	(1,573)	(1,370)	(2,580)	(1,888)
Communications	(927)	(1,805)	(1,879)	(966)	(2,015)	(2,118)
Travel	(836)	(1,495)	(1,179)	(954)	(1,668)	(1,344)
Tax expenses	(755)	(885)	(292)	(2,844)	(2,974)	(289)
Promotions/advertising/publications	(463)	(862)	(749)	(596)	(1,102)	(1,060)
Asset maintenance and upkeep	(409)	(798)	(1,055)	(520)	(1,017)	(1,310)
Water, energy and gas	(292)	(608)	(928)	(292)	(608)	(972)
Third-party services	(281)	(343)	(666)	(1,244)	(2,540)	(1,876)
Transportation	(111)	(224)	(171)	(133)	(271)	(268)
Materials	(37)	(82)	(86)	(50)	(109)	(121)
Security and surveillance services	(10)	(37)	(165)	(14)	(41)	(165)
	(14,008)	(25,906)	(26,806)	(19,004)	(34,292)	(31,922)

(a) This includes brokerage expenses, fees and commissions regarding stock and derivative financial instrument trading amounting to R\$1,258 thousand (Bank) and R\$1,319 thousand (Consolidated Operating) in 2013 (R\$2,431 thousand in the Bank and R\$2,522 thousand in Consolidated Operating in 2012).

Notes to financial statements
December 31, 2013 and 2012

19. Transactions with related parties

	In thousands of R\$					
	Bank			Consolidated Operating		
	2nd half of 2013	12/31/2013	12/31/2012	2nd half of 2013	12/31/2013	12/31/2012
Assets						
Short-term interbank investments						
Investments in foreign currency	130,241	130,241	32,848			
BBM Bank Limited	130,241	130,241	32,848			
Marketable securities and financial instruments	91,214	91,214	82,954	91,214	91,214	82,954
Fundo Imobiliário Estrutura II - FII	66,232	66,232	59,028	66,232	66,232	59,028
Fundo Estrutura III - FIP	24,983	24,983	23,926	24,983	24,983	23,926
Other receivables	1,117	1,118	14,997	71	71	14,454
BACOR CCVM S.A.	61	61	142			
BBM Administração de Recursos DTVM S.A.	1,023	1,023	401			
Ravenala S/A	33	33	14,305	33	33	14,305
The Southern Atlantic Investments Ltd			149			149
Bahia Fund				38	38	
Derivative financial instruments	214	214	198	1,774	1,774	435
BBM Bank Limited			198			
The Southern Atlantic Investments Ltd	214	214		1,728	1,728	435
Bahia Fund				46	46	
Liabilities						
Demand deposits	1,333	1,333	6,171	3,160	3,160	8,744
Ravenala S.A.	516	516	475	516	516	475
Évora S.A.	342	342	4,912	342	342	4,912
BBM Bank Limited	78	78	67			
BACOR CCVM S.A.	155	155	286			
BBM Administração de Recursos DTVM S.A.	119	119	79			
The Southern Atlantic Investments Ltd				210	210	1,518
BBM Investment Management				1,703	1,703	1,492
Other related individuals/legal entities	123	123	352	389	389	347
Interbank deposits	14,467	14,467	19,061			
BACOR CCVM S.A.	9,320	9,320	12,376			
BBM Administração de Recursos DTVM S.A.	5,147	5,147	6,685			
Time deposits	75,086	75,086	104,487	108,342	108,342	104,487
Pronor Petroquímicas	33,692	33,692	30,793	33,692	33,692	30,793
Ravenala S.A.	6,002	6,002	1,806	6,002	6,002	1,806
Évora S.A.	24,116	24,116	1,837	24,116	24,116	1,837
Fundo Imobiliário Estrutura II - FII	480	480	36,814	480	480	36,814
BBM Bank Limited	235	235				
Participações Industriais do Nordeste S.A.	6,075	6,075		6,075	6,075	
The Southern Atlantic Investments Ltd				17,565	17,565	
Bahia Fund				15,926	15,926	
Other related individuals/legal entities	4,487	4,487	33,237	4,487	4,487	33,237
Financial bills	30,971	30,971	22,545	30,971	30,971	22,545
Other related individuals/legal entities	30,971	30,971	22,545	30,971	30,971	22,545
Agribusiness credit bills	147,410	147,410	111,539	147,410	147,410	111,539
Other related individuals/legal entities	147,410	147,410	111,539	147,410	147,410	111,539
Real estate credit bills	20,215	20,215	19,257	20,215	20,215	20,215
Other related individuals/legal entities	20,215	20,215	19,257	20,215	20,215	20,215
Liabilities from marketable securities abroad	247,070	247,070	423,143	290	290	66
The Southern Atlantic Investments Ltd	247,070	247,070	423,143	290	290	66
Derivative financial instruments			2,909			543
BBM Bank Limited			2,366			
The Southern Atlantic Investments Ltd			543			543
Dividends and bonuses payable	33,177	33,177	8,704	33,177	33,177	8,704
Interest on equity paid to shareholders	33,177	33,177	8,704	33,177	33,177	8,704
Social and statutory	13,027	13,027	14,789	13,196	13,196	15,043
Bonus payable to management	13,027	13,027	14,789	13,196	13,196	15,043
Sundry				156	156	13,726
The Southern Atlantic Investments Ltd				156	156	13,726

19. Transactions with related parties (Continued)

	In thousands of R\$					
	Bank			Consolidated Operating		
	2H13	12/31/2013	12/31/2012	2H13	12/31/2013	12/31/2012
Income (loss)						
Investments abroad	(1.321)	(1.361)	(794)	(1.321)	(1.361)	(794)
Derivative financial instruments	(3.189)	(5.801)	(1.876)	4.683	14.012	20.452
The Southern Atlantic Investments Ltd	13.522	12.034	(42)	(2.900)	(2.900)	20.452
BBM Bank Limited	(16.711)	(17.835)	(1.834)	7.707	16.912	
Bahia Fund				(124)	(124)	
Investment funds	(124)	8.987	8.431	(124)	8.987	8.431
Fundo Imobiliário Estrutura II - FII	(114)	7.992	8.438	(114)	7.992	8.438
Fundo Estrutura III - FIP	(10)	995	(7)	(10)	995	(7)
Assignment of credit		12.248	2.407		12.248	2.407
Évora S.A.		12.248	2.383		12.248	2.383
Paramana Fundo de Investimento em Direitos Creditórios			24			24
Market funding transactions	(73.216)	(125.841)	(98.100)	(72.068)	(123.666)	(95.964)
Expenses from marketable securities abroad	(16.515)	(35.925)	(42.686)	(16.168)	(35.198)	(42.064)
The Southern Atlantic Investments Ltd	(16.515)	(35.925)	(42.686)	(16.168)	(35.198)	(42.064)
Expenses from interbank deposits	(786)	(1.401)	(1.485)			
BACOR CCVM S.A.	(554)	(981)	(1.019)			
BBM Administração de Recursos DTVM S.A.	(232)	(421)	(466)			
Expenses from deposits of resignation notices	(2)	(16)	(30)			
BBM Bank Limited	(2)	(16)	(30)			
Expenses from time deposits	(3.983)	(8.337)	(12.227)	(3.971)	(8.306)	(12.227)
Ravenala S.A.	(181)	(245)	(1.570)	(181)	(245)	(1.570)
Évora S.A.	(870)	(1.514)	(563)	(870)	(1.514)	(563)
Pronor Petroquímica S.A.	(1.563)	(2.733)	(1.560)	(1.563)	(2.734)	(1.560)
Fundo Imobiliário Estrutura II - FII	(23)	(1.830)	(354)	(23)	(1.830)	(354)
BBM Bank Limited	(13)	(31)				
Other related individuals/legal entities	(1.334)	(1.984)	(8.180)	(1.334)	(1.984)	(8.180)
Expenses from financial bills	(11.697)	(11.999)	(7.432)	(11.697)	(11.999)	(7.432)
Pronor	(14)	(28)	(32)	(14)	(28)	(32)
Other related individuals/legal entities	(11.683)	(11.972)	(7.400)	(11.683)	(11.972)	(7.400)
Expenses from agribusiness credit bills	(38.492)	(66.243)	(33.376)	(38.492)	(66.243)	(33.376)
Other related individuals/legal entities	(38.492)	(66.243)	(33.376)	(38.492)	(66.243)	(33.376)
Expenses from real estate credit bills	(1.740)	(1.919)	(865)	(1.740)	(1.919)	(865)
Other related individuals/legal entities	(1.740)	(1.919)	(865)	(1.740)	(1.919)	(865)
Other administrative expenses	(22)	(42)	(38)			(2)
Services	(22)	(42)	(38)			(2)
BBM Bank Limited	(22)	(42)	(38)			(2)
Other operating income	545	1.049	974			
BBM Bank Limited	395	749	674			
BBM Administração de Recursos DTVM S.A.	150	300	300			
Income from marketable securities abroad	550	967	2.400			
Management compensation	(1.970)	(4.145)	(13.083)	(1.979)	(4.143)	(13.916)
Total	(78.747)	(126.187)	(102.086)	(70.808)	(106.170)	(81.791)

Transactions with related parties were conducted at the average market rates effective at the transaction dates.

20. Derivative financial instruments

The Bank and the other Consolidated Operating institutions participate in operations involving derivative financial instruments to meet their own needs as 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 No. 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 asset/liability 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" transactions to hedge all or part of the net exposure of the Consolidated Operating accounts against interest rate and currency 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 transactions do not fall under the definition of "hedge accounting" as established by BACEN Circular No. 3082.

The transactions are traded, registered or held in custody at the Brazilian Securities, Commodities and Futures Exchange (BM&F Bovespa S.A.) or in Brazil's OTC Clearing House (CETIP S.A.). In the Consolidated Operating statements, transactions with international derivatives are traded at and registered in the Chicago Board of Trade (CBOT) or the Chicago Mercantile Exchange (CME).

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

- Futures: the daily adjustment of the transactions;
- Swap 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.

At December 31, 2013 the guarantees involved in transactions with derivative financial instruments are represented mainly by government securities in the total amount of R\$170,121 thousand (R\$191,396 thousand at December 31, 2012).

The commitments assumed as a result of these financial instruments, as recorded in memorandum accounts at December 31, 2013, mature up to January 2022 (at December 31, 2012 – up to June 2014), and may be summarized as follows:

a.) Recorded in memorandum and balance sheet accounts

	Bank						Consolidated Operating					
	12/31/2013					12/31/2012	12/31/2013					12/31/2012
	Within 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total	Total	Within 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total	Total
Futures market												
Long position												
Foreign exchange coupon	631,731	104,784	45,549	223,672	1,005,736	485,137	631,731	104,784	45,549	223,672	1,005,736	485,137
Interest rate				3,852	3,852	413				3,852	3,852	413
US debt bond	57,730				57,730		57,730				57,730	
Foreign currency	193,850				193,850		193,850				193,850	
Short position												
Foreign exchange coupon	588,377			231,046	819,423	682,554	588,377			231,046	819,423	682,554
Interest rate	313,096	548,117	207,815	144,685	1,213,713	544,691	313,096	548,117	207,815	144,685	1,213,713	544,691
Foreign interest rate												28,002
Foreign currency	404,842				404,842	288,673	404,842				404,842	291,371
NDF												
Asset position												
Currency	42,078	1,110	26,873		70,061	566	43,639	1,110	26,873		71,622	10,781
Liability position												
Currency	42,654	1,176	27,267		71,097	560	42,965	1,176	27,267		71,408	1,307
Swaps												
Asset position												
Currency	20,281	9,849	49,543		79,673	72,035	20,281	9,849	49,543		79,673	72,035
Interest rate	2,016	38,743	20,085		60,844	328,846	2,016	38,743	20,085		60,844	328,846
Other			40,000	24,335	64,335	215,236			40,000	24,335	64,335	215,236
Liability position												
Currency	19,299	9,217	47,326		75,842	70,372	19,299	9,217	47,326		75,842	70,372
Interest rate	2,105	40,187	21,684		63,976	332,116	2,105	40,187	21,684		63,976	332,116
Other			40,881	25,137	66,018	213,953			40,881	25,137	66,018	213,953
Options												
Asset position												
Currency						2,945						3,422
Stock				1	1					1	1	
Liability position												
Currency						2,564						1,811

b.) By cost and market value

Bank						
12/31/2013						12/31/2012
Cost	Market	Within 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Futures						
Long position	1,261,168	883,311	104,784	45,548	227,524	485,549
Short position	2,437,978	1,306,315	548,117	207,815	375,731	1,515,918
Swaps						
Asset position	201,309	204,852	22,297	48,592	109,628	24,335
Liability position	200,145	205,836	21,404	49,404	109,891	25,137
NDF						
Asset position	70,860	70,061	42,079	1,110	26,873	566
Liability position	70,331	71,097	42,654	1,176	27,267	560
Options						
Asset position	256	1			1	2,945
Liability position	105					2,564

Consolidated Operating						
12/31/2013						12/31/2012
Cost	Market	Within 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Futures						
Long position	1,261,168	883,312	104,784	45,549	227,524	485,549
Short position	2,437,978	1,306,315	548,117	207,815	375,731	1,546,618
Swaps						
Asset position	201,309	204,852	22,297	48,592	109,628	24,335
Liability position	200,145	205,836	21,404	49,404	109,891	25,137
NDF						
Asset position	72,420	71,622	43,639	1,110	26,873	10,781
Liability position	70,642	71,408	42,965	1,176	27,267	1,307
Options						
Asset position	256	1			1	3,422
Liability position	105					1,811

c.) Notional value by counterparty

Bank						
12/31/2013						12/31/2012
Financial institutions	Related parties	Legal entities	Stock exchanges	Institutional clients	Total	Total
Futures						
Long position			1,261,168		1,261,168	485,549
Short position			2,437,978		2,437,978	1,515,918
Swaps						
Asset position	86,588	118,264			204,852	616,117
Liability position	88,836	117,000			205,836	616,441
NDF						
Asset position		214	27,982	41,865	70,061	566
Liability position	204		28,443	42,450	71,097	560
Options						
Asset position			1		1	2,945
Liability position						2,564

Consolidated Operating						
12/31/2013						12/31/2012
Financial institutions	Related parties	Legal entities	Stock exchanges	Institutional clients	Total	Total
Futures						
Long position			1,261,168		1,261,168	485,549
Short position			2,437,978		2,437,978	1,546,618
Swaps						
Asset position	86,588	118,264			204,852	616,117
Liability position	88,836	117,000			205,836	616,441
NDF						
Asset position		1,728	27,982	41,912	71,622	10,781
Liability position	515		28,443	42,450	71,408	1,307
Options						
Asset position			1		1	3,422
Liability position						1,811

- (I) Includes futures contracts with maturity through March 5, 2014.
- (II) Includes futures contracts with maturity between April 1, 2014 and April 1, 2014.
- (III) Includes futures contracts with maturity between June 30, 2014 and October 1, 2014.

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

- Short position in foreign exchange coupons (DDI) in the amount of R\$588,377 thousand (at December 31, 2012, long position in foreign exchange coupons (DDI) in the amount of R\$335,160 thousand);
- Short position in interest (DI1) in the amount of R\$211,843 thousand (at December 31, 2012, short position in interest (DI1) in the amount of R\$154,917 thousand);
- Long position in currency (DOL) in the amount of R\$193,850 thousand (at December 31, 2012, short position in currency (DOL) in the amount of R\$283,025 thousand).

Net gains (losses) on derivative financial instruments are as follows:

	In thousands of R\$					
	2nd half of 2013	12/31/2013	12/31/2012	2nd half of 2013	12/31/2013	12/31/2012
Futures contracts	19,292	31,801	(5,105)	19,487	30,511	(4,721)
Option contracts	(125)	(6,392)	2,878	(622)	(4,750)	2,949
Swap and forward contracts	(468)	7,208	1,124	3,008	13,592	13,632
Total	18,699	32,617	(1,103)	21,873	39,353	11,860

21. Risk management

Market risk

Banco 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 operating 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 Internal Control, Capital and Risk Officer, is responsible for identifying, measuring, monitoring and informing daily to the Executive Board the Bank's market risk, ensuring compliance with the market risk management policy, as well as guaranteeing that operating 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 at Banco BBM's website (www.bancobbm.com.br).

BBM'S market risk is monitored through daily calculations of the Value at Risk (VaR*), a statistical tool that measures the institution's maximum potential loss at a given level of confidence 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 departments.

*VaR = Maximum potential loss given the level of confidence and the investment timeframe. In the case of BBM, the limit is based on a 95% probability that the Bank will lose a maximum 2% of its equity over one day.

Liquidity risk

Banco BBM's liquidity target is to ensure that at any given time the Bank has sufficient cash to meet its liabilities and all the other commitments, without having to carry out any debt rollover or additional fund raising transactions.

In order to reach this objective, we adopt a policy of matching liabilities assumed with assets held: fund raising transactions are carried out at terms and volumes at least equal to the terms and volumes of the loan transactions, thus ensuring that the volumes and terms of the funding portfolio, together with the portion of the Bank's equity not intended to fixed assets are higher than the volumes and terms of the loan portfolio.

Liquidity risk is managed based on cash flow forecasts, considering different scenarios of funding, loan and treasury transactions. These cash flow analyses take into consideration: (a) implicit risk of each client, (b) adventitious additional cash for compulsory deposits, (c) derivative adjustments and (d) other existing obligations. The general principle is that of ensuring that the Bank's commitments are aligned with its equity and the current fund raising, loan and treasury policies.

Banco BBM has a liquidity risk management structure with the following components, and their related duties: (a) liquidity risk area, subordinated to the Chief Internal Control, Capital and Risk Officer, is responsible for centralizing and analyzing information referring to liquidity risk management, ensuring that operating limits are complied with as well as disclosing reports facilitating decision-making specifically related to liquidity risk; (b) Internal Audit, which is responsible for ensuring adequacy of the procedures and consistency among liquidity risk management policies and the structure effectively implemented.

21. Risk management (Continued)

A full description of the Bank's liquidity risk management structure is available at Banco BBM's website (www.bancobbm.com.br).

	In thousands of R\$			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Current assets	2,596,665	2,099,956	2,621,895	2,094,467
Current liabilities	(2,237,070)	(1,241,636)	(2,200,174)	(1,255,208)
Working capital	359,595	858,320	421,721	839,259
"Available for sale" marketable securities stated in noncurrent assets	99,384	108,609	99,384	108,609
	458,979	966,929	521,105	947,868

Credit risk

Banco BBM has a credit risk management structure comprising the following elements, with their duties: a) Credit Committee, responsible for defining credit limits of the economic groups and for monitoring and evaluating the consolidated portfolio position, its concentration and risk level. It is also responsible for establishing the term for resolving cases of default on loan transaction or with a certain guarantee deterioration and deciding on whether or not to start judicial collection, as applicable; b) Board of Directors, responsible for approving the risk policies and limits, at least once a year; c) Credit risk area, subordinated to the Chief Internal Control, Capital and Risk Officer, is responsible for centralizing and evaluating information related to individual credit risk management by portfolio transaction and consolidated, ensuring that operating limits are complied with, disclosing reports to facilitate decision making related to credit limits approved by the Credit Committee. It is also responsibility of the risk area to previously evaluate new operation modalities related to credit risk; d) Credit Analysis area, responsible for assessing credit risk of economic groups with which the Bank maintains or intends to maintain credit relationships; e) Internal Audit, which carries out periodic audit at the business units and in the Group's loan processes; f) Legal Department, responsible for analyzing the contracts entered into between BBM and its clients, as well as coordinating measures to recover credits or protect BBM rights and g) Contracts Department, responsible for issuing contracts to be entered into by BBM and clients, as well as checking adherence of operations to the parameters established in the Credit Limit Proposal ("PLC"), and the adequate constitution of guarantees. It is also responsible for issuing contracts to be entered into by BBM and clients.

A full description of the credit risk management structure is available at Banco BBM's website (www.bancobbm.com.br).

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 management methodology and 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 at Banco BBM's website (www.bancobbm.com.br).

The Operational Risk Department is an independent organizational unit segregated from the internal audit department, subordinated to the Chief Internal Control, Capital and Risk Officer. This area is responsible for operating together with the other components of the operational risk structure in order to ensure compliance with the Policy.

Capital management

Banco BBM manages its capital through a structure composed of the following bodies: Board of Directors, Executive Board, Internal Control, Capital and Risk Board, Treasury Board, Fund Raising Board, BackOffice, Business Units and Audit Board. The Board of Directors is at the top of this structure, in charge of monitoring the capital adequacy. The Executive Board must review the documents to be submitted to the Board of Directors, as well as approve the methodologies to be used in the management and monitoring of the capital adequacy. The capital management and centralization is incumbent upon the Capital and Risk Board, which must continuously work to improve and oversee the institution's compliance with the capital management policy and its capital plan. The Treasury and Fund Raising Boards are incumbent upon the planning of equity instrument issues, if necessary. Capital management department periodically generates reports on the capital adequacy, which are sent to the Executive Board and to the Board of Directors. These reports comprise simulations of severe events and extreme market conditions. The Business Units must provide all information that the Internal Control, Capital and Risk Board deems necessary for the effective capital management. The Audit department is responsible for evaluating, from time to time, the effectiveness of the capital management process. A full description of the capital management structure is available at Banco BBM's website (www.bancobbm.com.br).

22. Operating limits

In October 2013, 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 currencies and operations subject to operating risk and changes in: exchange rates, interest rates, commodities prices and stock prices classified as trading securities, in accordance with rules established by BACEN. Consolidated Operating statements of Banco BBM must observe such operating limits at December 31, 2013.

	In thousands of R\$	
	Consolidated Operating	
	12/31/2013	12/31/2012
Capital base - Level I	559,832	537,904
Equity	562,527	543,057
Impairment of intangible assets/deferred - according to CMN Resolution No. 4192	2,695	4,748
Market value adjustment - marketable securities and derivative financial instruments		405
Capital base - Level II		405
Market value adjustment - marketable securities and derivative financial instruments		405
Capital base (PR)	559,832	538,309
Risk-weighted assets (RWA)	264,806	268,757
Portion referring to:		
Credit risk (RWACPAD)	204,827	204,415
Foreign exchange risk (PCAM)	17,769	9,577
Interest rate risk (RWAMPAD)	18,503	27,867
Operational risk (RWAOPAD)	23,706	26,898
RBAN	282	41
Margin value or insufficiency (Capital base - Required capital)	294,743	269,511
Risk factor - 11% of capital base	61,581	59,214
Basel index (Risk factor / RWA)	23.26%	22.03%
Capital expenditures index	7.28%	8.74%
Capital expenditures margin	239,167	222,120

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 thousands of R\$			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Tax credit gains:				
Balance at January 1	57,605	66,872	58,635	67,828
Set-up (reversal)				
- Affecting income	6,470	(9,267)	6,859	(9,193)
- Affecting equity	1,336		1,336	
(Securities available for sale)				
Balance at December 31	65,411	57,605	66,830	58,635
Provision for deferred taxes:				
Balance at January 1	7,891	6,723	7,892	6,724
Set-up (reversal)				
- Affecting income	2,273	2,029	2,272	2,029
- Affecting equity				
(Securities available for sale)	226	(861)	226	(861)
Balance at December 31	10,390	7,891	10,390	7,892

Breakdown of tax credits and provision for deferred taxes is as follows:

In thousands of R\$				
Bank		Consolidated Operating		
12/31/2013	12/31/2012	12/31/2013	12/31/2012	
Tax credit gains:				
Temporary differences (a)				
- Allowance for loan losses	23,595	8,391	23,595	8,391
- Market value adjustment of marketable secur	2,881	9,061	2,881	9,061
- Provision for contingencies (Note 24a)	1,826	3,337	1,826	3,337
- PIS / COFINS (Note 24b)		33,365	977	34,269
- Other	11,630	2,893	11,787	3,019
Social contribution tax loss	10,383	559	10,490	558
Income tax loss	15,096		15,274	
Total	65,411	57,605	66,830	58,635
Provision for deferred taxes:				
Temporary differences (a)				
- Market value adjustment of marketable secur	496	270	496	271
- Other	9,894	7,621	9,894	7,621
Total	10,390	7,891	10,390	7,892

(a) These tax credits, both at Bank and Consolidated Operating levels, are expected to be realized by 2018 for Social Contribution Tax, currently of R\$18 million, and by 2018 for Income Tax, currently of R\$27 million.

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

	In thousands of R\$			
	12/31/2013		12/31/2012	
	IRPJ	CSLL	IRPJ	CSLL
Income before income and social contribution taxes	18,310	18,310	24,673	24,673
Bank's net income	48,599	48,599	43,395	43,395
(-) Interest on equity	(27,141)	(27,141)	(30,706)	(30,706)
(-/+) Income and social contribution taxes	3,148	3,148	(11,984)	(11,984)
Statutory rate	25%	15%	25%	15%
Income and social contribution taxes				
At statutory rate	(4,578)	(2,747)	(6,168)	(3,701)
Permanent additions	7,524	3,379	41,646	28,563
Non-deductible expenses	5,746	1,601	13,575	492
Addition of income abroad	1,778	1,778	28,071	28,071
Permanent exclusions	34,851	34,851	30,544	30,544
Tax-free revenue	32,455	32,455	122	122
Equity pickup - before elimination of income	2,396	2,396	30,421	30,421
Temporary additions/exclusions	(51,366)	(52,536)	(31,600)	(25,000)
Tax base	(60,383)	(65,697)	4,175	(2,308)
Income and social contribution taxes (a)			(1,020)	
Use of tax incentives and taxes from subsidiaries abroad			332	
on P&L for the year			(687)	
Deferred tax liabilities	(1,420)	(852)	(1,268)	(761)
DIPJ adjustment - prior years	(784)	(267)		
on P&L for the year - Banco BBM	(2,204)	(1,119)	(1,956)	(761)
Income and social contribution taxes of other institutions in the Consolidated Operating financial statements	(2,183)	(822)	(987)	(539)
Income and social contribution taxes on P&L for the year - Consolidated Operating	(4,387)	(1,941)	(2,943)	(1,300)

In November 2013, Provisional Executive Order (MP) No. 627 was issued, providing for changes in Federal Tax Legislation on IR, CS, PIS and COFINS. MP No. 627/13 establishes the following:

Revocation of the Transition Tax Regime (RTT), governing adjustments arising from the new accounting methods and criteria that were introduced upon convergence of the Brazilian accounting standards with IFRS;

Taxation on the legal entity domiciled in Brazil, in relation to equity increase arising from sharing of profits accrued overseas by subsidiaries and affiliates; and

Special installment program for payment of PIS and COFINS

Banco BBM will await conversion of MP No. 627/13 into law for a more detailed and conclusive analysis. In a preliminary assessment, the impacts on the Bank will not be significant.

24. Provisions and liabilities for legal obligations

The Bank and 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 ongoing claims, as follows:

	In thousands of R\$			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Labor	4,565	8,343	4,565	8,343
Total provision for contingencies	4,565	8,343	4,565	8,343

Provisions are registered as "Other Liabilities - Sundry" under noncurrent liabilities. In the course of the year ended December 31, 2013, the provision for contingencies was reversed by R\$3,778 thousand in the Bank and Consolidated Operating statements.

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 S.A and BACOR Corretora de Valores Mobiliários S.A. have been paying said taxes calculated only on service revenue, recording a liability for the remaining balances until a final decision is handed down, recorded as "Other Liabilities - Sundry" under noncurrent liabilities, as follows:

	In thousands of R\$			
	Bank		Consolidated Operating	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
PIS and COFINS		83,411	2,439	85,672
Total liabilities for legal obligations		83,411	2,439	85,672

(*) In December 2013, PIS and COFINS liabilities arising from the discussion on increase of the tax bases mentioned above were zeroed at the Bank, given that it joined the tax installment payment program for debts with the Brazilian IRS (SRF), the Brazilian General Attorney's Office of the National Treasury (PGFN) and the National Social Security Institute (INSS), established by Law No. 11941/2009, readdressed with the changes set forth by Law No. 12865/2013 ("REFIS"). The discussion is still ongoing for BACOR Corretora de Valores Mobiliários S.A., an entity included in the Consolidated Operating statements.

24. Provisions and liabilities for legal obligations (Continued)

c) BM&F and Bovespa demutualization

In December 2013, Banco BBM and BACOR Corretora de Câmbio e Valores Mobiliários S.A joined the tax installment payment program for debts with the Brazilian IRS (SRF), the Brazilian General Attorney's Office of the National Treasury (PGFN) and the National Social Security Institute (INSS), established by Law No. 11941/2009, readdressed with the changes set forth by Law No. 12865/2013 ("REFIS"), in connection with notices served by the Brazilian IRS in December 2011, aiming at: (i) charging IRPJ and CSLL on the reserve for restatement of BM&F and Bovespa membership certificates due to the demutualization of these entities and (ii) charging PIS and COFINS on capital gain from sale of the referred to certificates. We stress that only Banco BBM joined the program for purposes of PIS and COFINS taxation, and amount net of tax effects of R\$5,917 remains outstanding for BACOR Corretora de Câmbio e Valores Mobiliários S.A.

Still in connection with items (b) and (c) above, in 2013 the tax installment payment program for debts with the Brazilian General Attorney's Office of the National Treasury (PGFN) and the National Social Security Institute (INSS), established by Law No. 11941/2009, was readdressed with the changes set forth by Law No. 12865/2013 ("REFIS"), determining the deadline of November and December 2013 to join the program, with the objective of settling debts discussed in administrative and tax collection proceedings, benefiting from fine and interest reduction.

25. Management of third-party funds

Revenues from management and performance fees are recorded under "Service revenues", except those earned by BBM Investments Management Services, which is a subsidiary of BBM Administração de Recursos DTVM S.A., not included in the Consolidated Operating financial statements, as described in Note 4, as it is not considered a financial institution. Income from third-party fund administration and management is as follows:

	In thousands R\$	
	12/31/2013	12/31/2012
Income from management and performance fees - Investment funds recorded in the financial conglomerate (a)	18,646	21,164
Total	18,646	21,164

(a) See Note 17.

* * *

Aline Gomes – Controller
CRC 087.989/0-9 "S" - BA.