



**Financial Statements at  
December 31, 2014 and 2013  
with Independent Auditor's Report**

## Macroeconomic Scenario

The world economy has improved in the second half of 2014. However, this improvement was uneven, with certain countries presenting a satisfactory recovery, while others still need adjustments to achieve sustainable growth.

Even the developed economies are recovering at different paces. The United States presented good numbers in the second half of 2014, growing around 2.4% in the year. This growth was a consequence of the recovery in investments, which increased by 5.1% in 2014, and also of the resiliency of family consumption, which increased by 2.5%. In view of this recovery, the unemployment rate continued to fall and the US FED stopped the monthly acquisitions of assets. Accordingly, some are discussing the possibility of slowdown in the economy in 2015. However, this scenario may be reversed if other developed nations facing economic difficulties negatively impact the US economy.

Amongst the low growing regions is the Eurozone. It grew only around 0.9% in 2014, with the inflation well below the target of 2% set by the European Central Bank. Despite the monetary incentives granted by the European Central Bank, both families and the government are still facing serious debt issues, restricting the region's demand. Furthermore, the lack of the necessary structural reforms and the institutional difficulties to implement countercyclical policies will continue to hinder the Eurozone's growth in the following quarters, even with low interest rates.

The falling oil prices are a favorable aspect for the recovery of the developed economies. The commodity price fell almost 50% in the last six months of 2014. Even though in the short term it is difficult to meet the inflation target in countries facing deflation risk, the decrease in fuel prices, by reducing the family expenses with transportation, may lead to an increase in consumption, thus positively impacting the activities of most countries. It is worth highlighting that while this decrease is favorable for the world's economy, countries whose oil production is vital for their economies will face significant adjustments in the following quarters. These changes, which will impact especially the emerging economies, may entail a turmoil, also adversely affecting emerging countries which do not produce oil.

China had a slight slowdown in 2014. The Chinese economy increased by 7.4% in 2014, vis-à-vis the 7.7% increase in 2013. As the reforms announced in 2013 are implemented, with the transition from an exporting economy to an economy focused on domestic consumption, the Chinese activities may have modest growth rates. Apparently, these changes will take place over a longer period of time.

The Brazilian economy continued to present a small growth rate in the second half of 2014, especially for the manufacturing segment - the smallest since 2010. The overall economy may be stagnated in 2014, with a small growth in consumption and decrease in investments. Despite this scenario, the unemployment rate remained near its lowest record, mainly because there are fewer people looking for jobs.

In spite of the weak economy, inflation reached 6.4% in 2014, very close to the upper limit of the Brazilian Central Bank's target. We emphasize that the inflation is above the Brazilian Central Bank's central target (4.5%) since 2010, and in all these years the controlled prices grew less than the free prices; and this is not likely to happen in 2015. Within this scenario, the Brazilian Monetary Policy Committee (Copom), in a meeting held in October, started a new cycle of high interest rates, closing the year at 11.75% p.a.

The Brazilian public accounts were also preoccupying in 2014. For the first time since 2002, the Brazilian public sector, which recorded a primary positive balance equivalent to 1.9% of the GDP in 2013, presented a primary debt. This was also adversely affected by the revenue performance, which may have presented a negative actual growth in 2014. The expenses, on the other hand, as in the previous years, may have had an actual growth near 6.0%. In view of this negative scenario of the Brazilian public accounts, the Brazilian government is committed to improve the taxation, and save the equivalent of 1.2% of the GDP in 2015, and 2.0% in 2016 and 2017. The weak numbers of 2015 and the higher scrutiny on government expenses will pose difficulties to meet this target, which will only be accomplished through deep cuts in federal investments and increase in the tax burden.

## **Our business**

Banco BBM is a wholesale financial institution, focused on providing credit facilities and financial advisory services for wealth management of individuals.

We keep corporate governance standards and procedures in place to meet and conciliate the interests of our depositors, in a safe and time convenient environment.

To accomplish this, we recruit, assess and motivate people through excellent knowledge, talent, ambition and ethical behavior.

## **Performance of the BBM Financial Group**

Banco BBM Financial Group ended year 2014 with equity of R\$ 576 million and net income of R\$ 44 million, which represents annual profitability of 7.61%, calculated on average equity for the period.

Total assets at the end of the year totaled R\$ 3.1 billion. Amounts raised in the domestic and foreign markets totaled R\$ 2.4 billion for the year. The Bank's Basel index was 20.65% at the end of the year.

## **Credit for Companies.**

The credit portfolio ended the year totaling R\$ 1.5 billion (including advances for foreign exchange agreements and guarantees granted through sureties, bank guarantees, and letters of credit).

With the expertise developed over the years, both by the commercial team and the Products and Treasury areas, the Bank operates on a dynamic and selective manner, in order to tailor its products to the each customer's needs, adjusting flows and guarantees.

## **Private Banking**

Banco BBM's private banking area constantly uses up-to-date tools to provide wealth management advisory services for individuals, covering long-term commitments using diversified financial products in an open platform.

## **Treasury**

Treasury activities include cash management and equity hedging, in order to provide technical support and intelligence services for the Bank's business areas, as well as to identify opportunities in local markets, with capital preservation as a key principle, for a prudent market risk management.

## **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 the growth and loyalty of its client base.

## **Structure**

Banco BBM's structuring area was assembled in the second half of 2014 in order to operate together with Corporate Credit area for identification of third-party capital allocation opportunities, taking advantage of the existing scale in business prospection for proprietary portfolio.

## **People**

Banco BBM is a talent identification and training core, which prizes the systematic search for state-of-the art knowledge, and privileges people who want to achieve their professional goals, adding value to the company. We are in close contact with the academic environment, investing in identification and qualification of talents, making partnerships with the most renowned universities of Brazil, and offering scholarships and rewarding master degree dissertations and doctoral theses. We provide the ideal conditions for practical learning through direct contact with the financial market dynamics, and with broad exchange of knowledge in a highly qualified and integrated professional environment.

**Credit rating**

At these financial statements date, Banco BBM's long-term commitments were rated by Moody's Investors Services as "Ba1" and "Aa2.br", in the global and national scale, respectively.

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\$)

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## **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

The  
Shareholders, Board of Directors and Officers of  
**Banco BBM S.A.**  
Rio de Janeiro - RJ

We have audited the accompanying individual financial statements of Banco BBM S.A. ("Bank") and the consolidated financial statements of Banco BBM Financial Group ("Operational consolidated"), which comprise the individual and consolidated balance sheet as at December 31, 2014 and related individual and consolidated income statement, statement of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these individual and consolidated 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 financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 Operational Consolidated 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 Operational Consolidated 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.

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## Opinion

In our opinion, the aforementioned individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Banco BBM S.A. and of Banco BBM Financial Group as at December 31, 2014, individual and consolidated performance of its operations and the respective cash flows for the year then ended in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil.

Rio de Janeiro, February 10, 2015.

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



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

Assets	Note	in R\$ thousand			
		Bank		Operational consolidated	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Current assets</b>		<b>2,363,638</b>	<b>2,596,665</b>	<b>2,402,410</b>	<b>2,621,895</b>
<b>Cash and cash equivalents</b>	<b>4</b>	<b>11,747</b>	<b>114,988</b>	<b>17,906</b>	<b>215,260</b>
Free reserves		844	2,257	847	2,259
Funds in foreign currency		10,903	112,731	17,059	213,001
<b>Short-term interbank investments</b>	<b>5</b>	<b>659,981</b>	<b>748,121</b>	<b>681,412</b>	<b>664,720</b>
Open market investments		589,996	525,786	589,996	525,786
Interbank deposits		5,374	10,124	5,374	10,124
Investments in foreign currencies		64,611	212,211	86,042	128,810
<b>Marketable securities and derivative financial instruments</b>	<b>6</b>	<b>576,988</b>	<b>345,121</b>	<b>579,652</b>	<b>346,790</b>
Bank portfolio		458,178	150,426	458,184	150,430
Subject to repurchase agreements		15,929	7,712	15,929	7,712
Derivative financial instruments		11,567	4,063	14,225	5,623
Linked to guarantees given		91,314	182,920	91,314	183,025
<b>Interbank accounts</b>		<b>964</b>	<b>2,614</b>	<b>964</b>	<b>2,614</b>
Deposits – Central Bank of Brazil		952	792	952	792
Correspondent banks		12	1,822	12	1,822
<b>Loan transactions</b>	<b>7</b>	<b>791,415</b>	<b>644,929</b>	<b>794,248</b>	<b>650,571</b>
Discounted securities and loans		295,471	478,752	295,471	478,752
Financing		520,252	206,192	523,085	211,834
Allowance for loans		(24,308)	(40,015)	(24,308)	(40,015)
<b>Other receivables</b>		<b>319,004</b>	<b>740,113</b>	<b>324,689</b>	<b>741,161</b>
Foreign exchange portfolio	<b>8</b>	284,840	710,114	284,840	710,114
Unearned income		1,219	1,506	493	506
Securities trading		2,253	6,592	2,317	6,656
Sundry	<b>14</b>	24,681	16,105	31,028	17,922
Tax credits	<b>23</b>	8,719	10,368	8,719	10,535
Allowance for other receivables	<b>7</b>	(2,708)	(4,572)	(2,708)	(4,572)
<b>Other assets</b>		<b>3,539</b>	<b>779</b>	<b>3,539</b>	<b>779</b>

See accompanying notes.

Balance sheets

Assets	Note	in R\$ thousand			
		Bank		Operational consolidated	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Noncurrent assets</b>					
<b>Long-term assets</b>		<b>648,221</b>	<b>553,517</b>	<b>665,007</b>	<b>566,099</b>
<b>Short-term interbank investments</b>	<b>5</b>	<b>4,643</b>		<b>4,643</b>	
Interbank deposits		4,643		4,643	
<b>Marketable securities and derivative financial instruments</b>	<b>6</b>	<b>209,059</b>	<b>190,598</b>	<b>209,059</b>	<b>190,598</b>
Bank portfolio		152,341	100,755	152,341	100,755
Derivative financial instruments		1		1	
Linked to guarantees given		56,717	89,843	56,717	89,843
<b>Loan transactions</b>	<b>7</b>	<b>340,515</b>	<b>266,675</b>	<b>355,863</b>	<b>277,959</b>
Discounted securities and loans		216,518	162,329	216,518	162,329
Financing		139,539	118,398	154,887	129,682
Allowance for loans		(15,542)	(14,052)	(15,542)	(14,052)
<b>Other receivables</b>		<b>91,009</b>	<b>96,244</b>	<b>92,447</b>	<b>97,542</b>
Sundry	<b>14</b>	43,909	41,551	43,957	41,597
Tax credits	<b>23</b>	47,570	55,042	48,960	56,294
Allowance for other receivables	<b>7</b>	(470)	(349)	(470)	(349)
<b>Other assets</b>		<b>2,995</b>		<b>2,995</b>	
<b>Permanent assets</b>		<b>281,120</b>	<b>254,659</b>	<b>45,144</b>	<b>44,792</b>
<b>Investments</b>		<b>273,798</b>	<b>245,280</b>	<b>37,263</b>	<b>35,075</b>
In Brazil		15,183	14,481		
Abroad		258,565	230,749	37,213	35,025
Other investments		1,810	1,810	2,628	2,628
Provision for losses		(1,760)	(1,760)	(2,578)	(2,578)
<b>Property and equipment in use</b>		<b>4,720</b>	<b>5,533</b>	<b>4,881</b>	<b>5,765</b>
<b>Intangible assets</b>		<b>834</b>	<b>1,151</b>	<b>1,232</b>	<b>1,257</b>
<b>Deferred</b>		<b>1,768</b>	<b>2,695</b>	<b>1,768</b>	<b>2,695</b>
<b>Total assets</b>		<b>3,292,979</b>	<b>3,404,841</b>	<b>3,112,561</b>	<b>3,232,786</b>

See accompanying notes.



Liabilities	Note	in R\$ thousand			
		Bank		Operational consolidated	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Current liabilities</b>		<b>1,571,359</b>	<b>2,237,070</b>	<b>1,609,753</b>	<b>2,200,174</b>
<b>Deposits</b>	<b>10</b>	<b>273,169</b>	<b>526,469</b>	<b>300,085</b>	<b>602,176</b>
Demand deposits		50,542	36,498	54,886	38,363
Interbank deposits		16,003	7,381	865	1,085
Time deposits		206,624	482,590	244,334	562,728
<b>Repurchase agreements</b>	<b>11</b>	<b>15,911</b>	<b>7,685</b>	<b>15,911</b>	<b>7,685</b>
Bank portfolio		15,911	7,685	15,911	7,685
<b>Funds from acceptance and issue of securities</b>	<b>12</b>	<b>697,739</b>	<b>864,929</b>	<b>698,062</b>	<b>747,826</b>
Liabilities – marketable securities abroad			117,393	323	290
Liabilities from issue of agribusiness credit bills		294,122	265,254	294,122	265,254
Liabilities from issue of credit bills		339,139	452,035	339,139	452,035
Liabilities from issue of real estate credit bills		58,246	30,247	58,246	30,247
Funds raised by certificate of structured operations		6,232		6,232	
<b>Interbranch accounts</b>		<b>38,411</b>	<b>23,469</b>	<b>38,411</b>	<b>23,469</b>
Third-party funds in transit		38,411	23,469	38,411	23,469
<b>Borrowings</b>	<b>13</b>	<b>211,372</b>	<b>352,058</b>	<b>211,372</b>	<b>352,058</b>
Loans abroad		211,372	352,058	211,372	352,058
<b>Derivative financial instruments</b>	<b>6</b>	<b>9,758</b>	<b>6,081</b>	<b>9,758</b>	<b>6,392</b>
Derivative financial instruments		9,758	6,081	9,758	6,392
<b>Other liabilities</b>		<b>324,999</b>	<b>456,379</b>	<b>336,154</b>	<b>460,568</b>
Collection of similar taxes		30	89	30	89
Foreign exchange portfolio	<b>8</b>		401,650		401,650
Social and statutory		47,986	41,600	49,581	42,844
Tax and social security		7,692	5,282	8,597	5,661
Securities trading		1,690	4	1,690	4
Loans granted with coobligation	<b>7</b>	248,399		248,399	
Sundry		19,202	7,754	27,857	10,320

See accompanying notes.

Liabilities	Note	in R\$ thousand			
		Bank		Operational consolidated	
		12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Noncurrent liabilities</b>					
<b>Long-term payables</b>		<b>1,145,614</b>	<b>604,866</b>	<b>926,802</b>	<b>469,707</b>
<b>Deposits</b>	<b>10</b>	<b>21,546</b>	<b>61,611</b>	<b>21,546</b>	<b>53,440</b>
Interbank deposits		3,283	9,612	3,283	1,441
Time deposits		18,263	51,999	18,263	51,999
<b>Funds from acceptance and issue of securities</b>	<b>12</b>	<b>1,060,907</b>	<b>514,134</b>	<b>839,200</b>	<b>384,457</b>
Liabilities – marketable securities abroad		221,707	129,677		
Liabilities from issue of agribusiness credit bills		133,265	74,556	133,265	74,556
Liabilities from issue of credit bills		682,215	305,344	682,215	305,344
Liabilities from issue of real estate credit bills		23,720	4,557	23,720	4,557
<b>Borrowings</b>	<b>13</b>	<b>26,558</b>		<b>26,558</b>	
Loans abroad		26,558		26,558	
<b>Other liabilities</b>		<b>36,603</b>	<b>29,121</b>	<b>39,498</b>	<b>31,810</b>
Tax and social security		7,648	7,413	7,648	7,413
Social and statutory		11,503	9,929	11,553	10,056
Loans granted with co-obligation	<b>7</b>	9,884		9,884	
Sundry		7,568	11,779	10,413	14,341
<b>Deferred income</b>		<b>366</b>	<b>379</b>	<b>366</b>	<b>379</b>
<b>Equity</b>	<b>15</b>	<b>575,640</b>	<b>562,526</b>	<b>575,640</b>	<b>562,526</b>
<b>Capital</b>		<b>413,131</b>	<b>413,131</b>	<b>413,131</b>	<b>413,131</b>
Domiciled in Brazil		413,131	413,131	413,131	413,131
<b>Market value adjustment - marketable securities and financial instruments</b>		<b>(3,080)</b>	<b>(1,260)</b>	<b>(3,080)</b>	<b>(1,260)</b>
Available-for-sale securities		(3,080)	(1,260)	(3,080)	(1,260)
<b>Income reserves</b>		<b>347,798</b>	<b>332,334</b>	<b>347,798</b>	<b>332,334</b>
<b>Treasury stock</b>		<b>(182,209)</b>	<b>(181,679)</b>	<b>(182,209)</b>	<b>(181,679)</b>
<b>Total liabilities and equity</b>		<b>3,292,979</b>	<b>3,404,841</b>	<b>3,112,561</b>	<b>3,232,786</b>

See accompanying notes.

Income statements

		in R\$ thousand				
		Bank		Operational consolidated		
Notes	Second half of 2014	12/31/2014	12/31/2013	Second half of 2014	12/31/2014	12/31/2013
<b>Financial income</b>		<b>258,026</b>	<b>378,290</b>	<b>361,047</b>	<b>261,570</b>	<b>367,201</b>
Loan transactions		94,794	171,765	158,287	95,000	158,636
Income from marketable securities transactions	6	73,317	131,829	113,841	72,747	112,910
Foreign exchange transactions	16	58,405	50,488	56,302	58,405	56,302
Loss (gain) on derivative financial instruments	20	31,510	24,208	32,617	35,418	39,353
<b>Financial expenses</b>		<b>(220,904)</b>	<b>(286,404)</b>	<b>(263,040)</b>	<b>(220,003)</b>	<b>(260,950)</b>
Open market funding	16	(171,393)	(253,387)	(117,288)	(170,534)	(115,198)
Set up (reversal) of allowance doubtful accounts	7	(9,443)	(5,347)	(39,800)	(9,443)	(39,800)
Loans, assignments and onlending operations	16	(40,068)	(27,670)	(105,952)	(40,026)	(105,952)
<b>Gross financial income</b>		<b>37,122</b>	<b>91,886</b>	<b>98,007</b>	<b>41,567</b>	<b>106,251</b>
<b>Other operating income (expenses)</b>		<b>(8,754)</b>	<b>(25,830)</b>	<b>(39,074)</b>	<b>(11,223)</b>	<b>(42,120)</b>
Service revenues	17	4,174	9,550	11,665	10,048	22,472
Personnel expenses		(16,776)	(30,805)	(27,053)	(19,232)	(31,760)
Other administrative expenses	18	(14,373)	(28,463)	(25,906)	(16,571)	(34,292)
Tax expenses		(3,366)	(6,346)	(24,533)	(3,849)	(25,627)
Income from interest in subsidiaries	9	21,621	31,061	824	18,555	206
Other operating income		968	2,024	34,013	1,024	36,950
Other operating expenses		(1,002)	(2,851)	(8,084)	(1,199)	(10,069)
<b>Operating income (loss)</b>		<b>28,368</b>	<b>66,056</b>	<b>58,933</b>	<b>30,344</b>	<b>64,131</b>
<b>Non-operating income (expenses)</b>		<b>(310)</b>	<b>(370)</b>	<b>207</b>	<b>(310)</b>	<b>207</b>
<b>Income before income taxes and profit sharing</b>		<b>28,058</b>	<b>65,686</b>	<b>59,140</b>	<b>30,034</b>	<b>64,338</b>
<b>Income and social contributions taxes</b>	23	<b>3,783</b>	<b>(8,854)</b>	<b>3,147</b>	<b>3,366</b>	<b>529</b>
Provision for income tax		4,965	437	(2,204)	4,720	(4,387)
Provision for social contribution tax		2,928	293	(1,119)	2,774	(1,941)
Deferred tax asset		(4,110)	(9,584)	6,470	(4,128)	6,857
<b>Profit sharing – managers and employees</b>		<b>(5,553)</b>	<b>(13,249)</b>	<b>(13,688)</b>	<b>(7,113)</b>	<b>(16,268)</b>
<b>Net income</b>		<b>26,287</b>	<b>43,583</b>	<b>48,599</b>	<b>26,287</b>	<b>48,599</b>
<b>Earnings per share</b>		<b>0.14</b>	<b>0.23</b>	<b>0.26</b>	<b>0.14</b>	<b>0.26</b>

See accompanying notes.

Capital	in R\$ thousand					Total
	Income reserves		Market value adjustment - marketable securities and derivatives	Treasury shares	Retained earnings	
	Legal	Statutory	Bank			
<b>Year ended December 31, 2013</b>						
<b>Balances at January 1, 2013</b>	<b>413,131</b>	<b>77,244</b>	<b>233,633</b>	<b>406</b>	<b>(181,357)</b>	<b>543,056</b>
Market value adjustments - marketable securities				(1,666)		(1,666)
Purchase of treasury shares					(322)	(322)
Net income for the year						48,599
Allocations:						
- Interest on equity (R\$ 0.11 per share)						(27,141)
- Reserves		2,430	19,028			(21,458)
<b>Balances at December 31, 2013</b>	<b>413,131</b>	<b>79,674</b>	<b>252,660</b>	<b>(1,260)</b>	<b>(181,679)</b>	<b>562,526</b>
<b>Changes in the period</b>		2,430	19,028	(1,666)	(322)	19,470
<b>Year ended December 31, 2014</b>						
<b>Balances at January 1, 2014</b>	<b>413,131</b>	<b>79,674</b>	<b>252,660</b>	<b>(1,260)</b>	<b>(181,679)</b>	<b>562,526</b>
Market value adjustments - marketable securities				(1,820)		(1,820)
Treasury stock					(530)	(530)
Net income for the year						43,583
Allocations:						
- Interest on equity (R\$ 0.11 per share)						(28,120)
- Capital		2,179	13,284			(15,463)
<b>Balances at December 31, 2014</b>	<b>413,131</b>	<b>81,853</b>	<b>265,945</b>	<b>(3,080)</b>	<b>(182,209)</b>	<b>575,640</b>
<b>Changes in the period</b>		2,179	13,284	(1,820)	(530)	13,113
<b>Six-month period ended December 31, 2014</b>						
<b>Balances at June 1, 2014</b>	<b>413,131</b>	<b>80,539</b>	<b>269,092</b>	<b>(23)</b>	<b>(181,679)</b>	<b>581,060</b>
Market value adjustments - marketable securities				(3,057)		(3,057)
Purchase of treasury shares					(530)	(530)
Net income for the six-month period						26,287
Allocations:						
- Interest on equity (R\$ 0.11 per share)						(28,120)
- Capital		1,314	(3,147)			1,833
<b>Balances at December 31, 2014</b>	<b>413,131</b>	<b>81,853</b>	<b>265,945</b>	<b>(3,080)</b>	<b>(182,209)</b>	<b>575,640</b>
<b>Changes in the period</b>		1,314	(3,147)	(3,057)	(530)	(5,419)

See accompanying notes.

	in R\$ thousand					
	Bank			Operational consolidated		
	Second half of 2014	12/31/2014	12/31/2013	Second half of 2014	12/31/2014	12/31/2013
<b>Net income</b>	<b>26,287</b>	<b>43,583</b>	<b>48,599</b>	<b>26,287</b>	<b>43,583</b>	<b>48,599</b>
<b>Adjustments to net income:</b>	<b>(12,013)</b>	<b>(19,903)</b>	<b>39,573</b>	<b>(8,334)</b>	<b>(15,275)</b>	<b>39,895</b>
Set up (reversal) of allowance doubtful accounts	9,443	5,347	39,800	9,443	5,347	39,800
Depreciation and amortization	1,223	2,471	2,673	1,279	2,595	2,779
Expenses from civil, labor and tax allowances	(189)	(129)	(212)	(189)	(129)	(212)
Income from interest in subsidiaries	(19,095)	(29,242)	517	(16,029)	(25,307)	1,135
Deferred income and social contribution taxes	4,110	9,584	(6,470)	4,128	9,614	(6,857)
Unrealized gains/losses on marketable securities and derivatives	(1,923)	(4,295)	6,272	(1,384)	(3,756)	6,257
Restatement of membership certificates	(3,057)	(1,820)	(1,666)	(3,057)	(1,820)	(1,666)
Equity adjustments	(2,526)	(1,819)	(1,341)	(2,526)	(1,819)	(1,341)
<b>Adjusted net income</b>	<b>14,272</b>	<b>23,679</b>	<b>88,172</b>	<b>17,951</b>	<b>28,307</b>	<b>88,494</b>
(Increase)/decrease in short-term interbank investments	57,194	147,707	(117,528)	(15,113)	42,875	(57,554)
(Increase)/decrease in marketable securities and derivative financial instruments	(55,466)	(242,356)	198,280	(57,841)	(244,201)	207,726
(Increase)/decrease in interbank and interbranch accounts	4,447	1,650	(504)	4,447	1,650	(504)
(Increase)/decrease in loan and lease transactions	(96,819)	(225,673)	75,890	(99,053)	(226,928)	73,728
Increase/(decrease) in deposits	(269,200)	(293,365)	(137,234)	(328,856)	(333,985)	(53,414)
Increase/(decrease) in open market funding	(3,510)	8,226	6,760	(3,510)	8,226	6,760
Increase/(decrease) in interdepartmental accounts	13,689	14,942	(22,985)	13,689	14,942	(22,989)
Increase/(decrease) in securities issue fund	105,006	379,583	92,286	115,761	404,979	268,583
Increase/(decrease) in borrowings and lending	(30,465)	(114,128)	(18,409)	55,412	(114,128)	(18,409)
Increase/(decrease) in deferred income	(34)	(13)	(171)	(34)	(13)	(171)
(Increase)/decrease in other assets	(47,896)	411,005	(427,508)	(48,725)	406,198	(423,851)
Increase/(decrease) in other liabilities	259,850	(135,332)	344,588	268,500	(128,159)	329,117
<b>Net cash flow from (used in) operating activities</b>	<b>(63,205)</b>	<b>(47,754)</b>	<b>(6,535)</b>	<b>(95,323)</b>	<b>(168,545)</b>	<b>309,023</b>
<b>Cash flow from investing activities:</b>						
Increase/(decrease) in investments	3,251	1,543	221,894	37,454	23,938	3,792
Disposal of property and equipment for use and leased	(651)	(1,341)	(1,569)	(990)	(1,686)	(1,664)
Disposal of deferred charges	458	927	1,077	458	927	1,077
Dividends and interest on equity received		1,000	1,211		1,000	1,211
<b>Net cash provided by (used in) investing activities</b>	<b>3,058</b>	<b>2,129</b>	<b>222,613</b>	<b>36,922</b>	<b>24,179</b>	<b>4,416</b>
<b>Cash flow from financing activities:</b>						
Dividends and interest on equity paid		(16,556)	(27,141)		(16,556)	(27,141)
Purchases of treasury shares	(530)	(530)	(322)	(530)	(530)	(322)
<b>Net cash provided from (used in) financing activities</b>	<b>(530)</b>	<b>(17,086)</b>	<b>(27,463)</b>	<b>(530)</b>	<b>(17,086)</b>	<b>(27,463)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(46,405)</b>	<b>(39,031)</b>	<b>276,785</b>	<b>(40,979)</b>	<b>(133,144)</b>	<b>374,469</b>
At beginning of period	648,148	640,774	363,989	648,882	741,046	366,577
At end of period	601,743	601,743	640,774	607,902	607,902	741,046
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(46,405)</b>	<b>(39,031)</b>	<b>276,785</b>	<b>(40,979)</b>	<b>(133,144)</b>	<b>374,469</b>

See accompanying notes.

## 1. Operations

Banco BBM S.A. is the leading entity of Banco BBM Financial Group (Note 2) and is authorized to operate as a multiple bank in the following portfolios:

- Commercial;
- Investment;
- Loan, Financing and Investment;
- Foreign exchange;
- Lease transactions.

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 the financial statements and consolidation criteria

The financial statements of Banco BBM S.A., including its foreign branch, and of the Banco BBM Financial Group were prepared in accordance with accounting practices derived from the Brazilian Corporation Law, in accordance with Law No. 6404/76, amended by Law No. 11638/07 and 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 Operational Consolidated statements comprise the financial statements at December 31, 2014 and 2013 of the following institutions:

- Banco BBM S.A. and Nassau Branch;
- BBM Bank Ltd. (a)
- BACOR Corretora de Câmbio e Valores Mobiliários S.A. (b)
- BBM Administração de Recursos DTVM S.A. (b)

**a)** The indirect interest of 100% of Banco BBM S.A. in BBM Bank Ltd capital was eliminated from the operational consolidated statements at "Interest in Subsidiaries - The Southern Atlantic Investments Ltd.", according to Note 9.

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

In the consolidation of the financial statements, the equity interest, balances of asset and liability accounts, revenues, expenses, and unrealized profit between companies were eliminated.

The authorization for completion of these financial statements was given by the Bank's Executive Board on February 11, 2015.

## 3. Summary of significant accounting practices

### (a) P&L from operations

Profit and loss are recorded on an accrual basis.

**3. Summary of significant accounting practices** (Continued)

**(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.

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 "P&L from operations" under "Marketable securities".

**(c) Current and noncurrent assets**

These are presented at realization amounts, including, where applicable, monetary and foreign exchange proceedings and variations, less corresponding proceedings from future realization and/or provision for losses. Balances maturing within 12 months (or 360 days) are classified in 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 in the individual financial statements;
- 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 in accordance with Resolution No. 3617/08 of CMN.
- Amortization of intangible assets is computed in accordance with the assets' economic useful life.

**(e) Current and noncurrent liabilities**

These are stated according to known or calculable values, and, whenever applicable, the charges and monetary (on a daily pro rata basis) and exchange variations, less the corresponding expenses to be allocated. Balances maturing within 12 months (or 360 days) are classified in current liabilities.

**3. Summary of significant accounting practices** (Continued)

**(f) Income and social contributions taxes**

The provision for income tax is set up based on taxable profit, at 15% rate, plus 10% surcharge on annual taxable profit exceeding R\$240 thousand. The provision for social contribution tax is set up 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 income supported by technical feasibility studies. The deferred taxes were recognized based on the expected income and social contribution tax rates of 25% and 15% respectively.

**(g) Swaps, futures, forward and options**

The nominal amounts of contracts are recorded in offsetting accounts. Daily adjustments of transactions conducted in the future market are recorded as effective income or expense, as incurred. Premiums paid or received upon realization of operations in the options market are recorded in the respective equity accounts at cost value, adjusted at market value matching against P&L. The market value of swap and term operations are individually recorded in asset and liability equity accounts, matching against the respective income and expense accounts.

**(h) Earnings per share**

These 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 3566/08, and based on management analysis, if the book value of the Bank's and its subsidiaries' assets exceeding their recoverable value, an impairment loss is recognized in P&L.

**(j) Contingent assets and liabilities and legal obligations**

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

Contingent assets - not recognized in the financial statements, except upon evidence ensuring high reliability level of realization, represented by claims for which a final and unappealable judgment has been awarded.

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 classified by legal advisors as possible losses are only disclosed in notes, whereas those classified as remote losses do not require provision or disclosure.

Legal, tax, and social security liabilities – These refer to litigation that aims at challenging the legality and constitutionality of certain taxes and contributions. The amount challenged is quantified and recorded in books.



**3. Summary of significant accounting practices (Continued)**

**(k) Short-term interbank investments**

Interbank investments are stated at acquisition, investment or release cost, plus foreign exchange, monetary and interest variations, as contractually defined. When the market value is lower, a provision for adjustment of asset to realization value is set up.

**(l) Loan transactions**

Loan transactions are stated at acquisition, investment or release cost, plus foreign exchange, monetary and interest variations, as contractually defined. When the market value is lower, a provision for adjustment of asset to realization value is set up. Allowance for doubtful accounts is set up in amount considered sufficient to cover any losses, and it considers, in addition to past experiences, the assessment of debtors and their guarantors, as well as specific characteristics of transactions made, in accordance with the requirements of the Brazilian Central Bank 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 cash equivalents**

There are represented by cash and cash equivalents, unlinked balances maintained with the Brazilian Central Bank and financial assets of high liquidity with maturity within three months, subject to immaterial risk of changes in their fair value, used by the Group to manage short-term commitments. See note 4.

**(n) Hedge accounting**

The Bank allocated derivative financial assets (cash flow hedge) to hedge principal amounts raised and the corresponding interest due.

The effective portion of the hedge of financial assets and liabilities, as well as their related financial instruments, are marked to market with realized and unrealized gains and losses, net of tax effects when applicable, recorded in a specific reserve account in equity. The non-effective portion of the hedge is recorded directly in the income.

If the hedging instrument expires or is sold, cancelled or exercised, or when the hedging position does not fall under hedge accounting conditions, the hedging relationship ends.

Derivative instruments are used for hedging purposes, as well as the marked-to-market value, disclosed in Note 20.

#### 4. Cash and cash equivalents

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Cash and checking accounts in Banks	10,903	112,731	17,059	213,001
Free reserves in cash with the Central Bank	844	2,257	847	2,259
Interbank investments (a)	589,996	525,786	589,996	525,786
<b>Total</b>	<b>601,743</b>	<b>640,774</b>	<b>607,902</b>	<b>741,046</b>

(a) Committed transactions maturing within 90 days.

#### 5. Short-term interbank investments

Short-term interbank investments are as follows:

	in R\$ thousand			
	Bank		Operational consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Open market investments</b>	<b>589,996</b>	<b>525,786</b>	<b>589,996</b>	<b>525,786</b>
<b>Self-funded position</b>	<b>589,996</b>	<b>525,786</b>	<b>589,996</b>	<b>525,786</b>
National Treasury Bills (LTN)	329,499	194,000	329,499	194,000
Financial Treasury Bills	250,502		250,502	
National Treasury Notes – B series	9,995	331,786	9,995	331,786
<b>Interbank deposits</b>	<b>10,017</b>	<b>10,124</b>	<b>10,017</b>	<b>10,124</b>
<b>Investments in foreign currencies</b>	<b>64,611</b>	<b>212,211</b>	<b>86,042</b>	<b>128,810</b>
	<b>664,624</b>	<b>748,121</b>	<b>686,055</b>	<b>664,720</b>
Current assets	659,981	748,121	681,412	664,720
Long-term receivables	4,643		4,643	
	<b>664,624</b>	<b>748,121</b>	<b>686,055</b>	<b>664,720</b>

## 6. Marketable securities and derivative financial instruments

	in R\$ thousand							
	Bank				Operational consolidated			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
12/31/2014	12/31/2014	12/31/2013	12/31/2013	12/31/2014	12/31/2014	12/31/2013	12/31/2013	
<b>I - Marketable securities</b>	<b>759,721</b>	<b>774,479</b>	<b>539,734</b>	<b>531,657</b>	<b>759,721</b>	<b>774,485</b>	<b>539,841</b>	<b>531,766</b>
<b>Securities for trading</b>	<b>50,750</b>	<b>68,772</b>	<b>97,194</b>	<b>91,215</b>	<b>50,750</b>	<b>68,772</b>	<b>97,194</b>	<b>91,215</b>
<b>Bank portfolio</b>	<b>50,750</b>	<b>68,772</b>	<b>97,194</b>	<b>91,215</b>	<b>50,750</b>	<b>68,772</b>	<b>97,194</b>	<b>91,215</b>
<b>Fixed income securities</b>								
<b>Investment fund shares</b>	<b>50,750</b>	<b>68,772</b>	<b>97,194</b>	<b>91,215</b>	<b>50,750</b>	<b>68,772</b>	<b>97,194</b>	<b>91,215</b>
Fund shares			46,444	24,983			46,444	24,983
Real estate fund shares (*)	50,750	68,772	50,750	66,232	50,750	68,772	50,750	66,232
<b>Available-for-sale securities</b>	<b>708,971</b>	<b>705,707</b>	<b>442,540</b>	<b>440,442</b>	<b>708,971</b>	<b>705,713</b>	<b>442,647</b>	<b>440,551</b>
<b>Bank portfolio</b>	<b>543,994</b>	<b>541,747</b>	<b>160,609</b>	<b>159,967</b>	<b>543,994</b>	<b>541,753</b>	<b>160,610</b>	<b>159,971</b>
<b>Fixed income securities</b>	<b>543,921</b>	<b>541,501</b>	<b>160,536</b>	<b>159,776</b>	<b>543,921</b>	<b>541,501</b>	<b>160,536</b>	<b>159,776</b>
Financial Treasury Bills	20,024	20,024	3,008	3,009	20,024	20,024	3,008	3,009
National Treasury Bills (LTN)	504,020	501,607	144,802	144,224	504,020	501,607	144,802	144,224
National Treasury Notes – B series	19,829	19,818	11,333	11,144	19,829	19,818	11,333	11,144
National Treasury Notes – F series	48	52	1,393	1,399	48	52	1,393	1,399
<b>Variable income securities</b>	<b>73</b>	<b>246</b>	<b>73</b>	<b>191</b>	<b>73</b>	<b>252</b>	<b>74</b>	<b>195</b>
Shares of listed companies	73	246	73	191	73	252	74	195
<b>Subject to repurchase agreements</b>	<b>16,020</b>	<b>15,929</b>	<b>7,721</b>	<b>7,712</b>	<b>16,020</b>	<b>15,929</b>	<b>7,721</b>	<b>7,712</b>
National Treasury Bills (LTN)	16,020	15,929	7,721	7,712	16,020	15,929	7,721	7,712
<b>Linked to guarantees given</b>	<b>148,957</b>	<b>148,031</b>	<b>274,210</b>	<b>272,763</b>	<b>148,957</b>	<b>148,031</b>	<b>274,316</b>	<b>272,868</b>
National Treasury Bills (LTN)	148,957	148,031	274,210	272,763	148,957	148,031	274,316	272,868
<b>II - Derivative financial instruments</b>	<b>10,552</b>	<b>11,569</b>	<b>4,283</b>	<b>4,062</b>	<b>14,037</b>	<b>14,227</b>	<b>5,843</b>	<b>5,622</b>
Swap transactions	8,936	8,769	3,828	3,827	8,936	11,215	3,828	3,827
Forward	443	576	199	234	3,927	788	1,759	1,794
Options premium	1,173	2,224	256	1	1,173	2,224	256	1
<b>Total marketable securities and Derivative financial instruments</b>	<b>770,273</b>	<b>786,048</b>	<b>544,017</b>	<b>535,719</b>	<b>773,755</b>	<b>788,712</b>	<b>545,685</b>	<b>537,388</b>
<b>Segregation of portfolio by maturity:</b>								
<b>No maturity</b>	73	246	73	191	73	252	74	195
<b>Within 3 months</b>	204,485	205,041	2,961	2,706	207,968	207,699	4,521	4,265
<b>From 3 to 12 months</b>	372,705	371,701	343,782	342,224	372,706	371,701	343,888	342,330
<b>Above 12 months</b>	193,010	209,059	197,201	190,598	193,010	209,059	197,202	190,598
<b>Total</b>	<b>770,273</b>	<b>786,048</b>	<b>544,018</b>	<b>535,719</b>	<b>773,755</b>	<b>788,712</b>	<b>545,685</b>	<b>537,388</b>

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

	Bank			Operational consolidated		
	Second half of	12/31/2014	12/31/2013	Second half of 2014	12/31/2014	12/31/2013
<b>Investment fund shares</b>	(5)	2,619	8,987	(5)	2,619	8,987
<b>Government securities</b>	73,322	129,210	104,854	72,752	127,411	103,923
<b>Income from marketable securities</b>	<b>73,317</b>	<b>131,829</b>	<b>113,841</b>	<b>72,747</b>	<b>130,030</b>	<b>112,910</b>

6. **Marketable securities and derivative financial instruments** (Continued)

	in R\$ thousand							
	Bank				Operational consolidated			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	12/31/2014		12/31/2013		12/31/2014		12/31/2013	
<b>III - Derivative financial instruments</b>								
<b>Short position</b>	<b>8,997</b>	<b>9,758</b>	<b>1,370</b>	<b>6,081</b>	<b>8,997</b>	<b>9,758</b>	<b>1,681</b>	<b>6,392</b>
Swap transactions	2,126	2,408	1,595	4,811	2,126	2,408	1,595	4,811
Forward	5,710	5,128	(330)	1,270	5,710	5,128	(19)	1,581
Options premium	1,161	2,222	105		1,161	2,222	105	
<b>Segregation by maturity:</b>								
<b>Within 3 months</b>	5,816	5,345	1,155	2,435	5,816	5,345	1,466	2,746
<b>From 3 to 12 months</b>	3,181	4,413	215	3,646	3,181	4,413	215	3,646
<b>Above 12 months</b>								
<b>Total</b>	<b>8,997</b>	<b>9,758</b>	<b>1,370</b>	<b>6,081</b>	<b>8,997</b>	<b>9,758</b>	<b>1,681</b>	<b>6,392</b>

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

(\*) The breakdown of assets and liabilities referring to the Structure II fund, the Brazilian Real Estate Investment Fund (FII), a Banco BBM exclusive fund, in the Bank and Operational Consolidated, at December 31, 2014, is as follows:

	in R\$ thousand				
	Assets		Liabilities		
	12/31/2014	12/31/2013		12/31/2014	12/31/2013
Cash and cash equivalents	1	14	Sundry	73	38
Investment fund shares	1	16			
Fixed income investments	99	479			
Investment properties	68,744	65,736	Equity	68,772	66,207
<b>Total assets</b>	<b>68,845</b>	<b>66,245</b>	<b>Total liabilities</b>	<b>68,845</b>	<b>66,245</b>

## 7. Loan transactions, sureties and guarantees.

At December 31, 2014 and 2013, loans and guarantees provided through sureties or guarantee agreements by the Bank and the Operational Consolidated statements, classified according to the clients' economic activities, are as follows:

Economic activity	in R\$ thousand							
	Bank				Operational consolidated			
	12/31/2014		12/31/2013		12/31/2014		12/31/2013	
Agriculture	335.224	22,77%	298.089	22,27%	335.224	22,77%	298.089	22,27%
Construction and engineering	289.738	19,68%	294.756	22,02%	289.738	19,68%	294.756	22,02%
Sugar and Ethanol	240.901	16,36%	175.904	13,14%	240.901	16,36%	175.904	13,14%
Chemical and Petrochemical	133.612	9,07%	70.635	5,28%	133.612	9,07%	70.635	5,28%
Food	66.298	4,50%	61.916	4,63%	66.298	4,50%	61.916	4,63%
Financial market	63.421	4,31%	61.739	4,61%	63.421	4,31%	61.739	4,61%
Paper, Plastic and Packaging	51.671	3,51%	46.293	3,46%	51.671	3,51%	46.293	3,46%
Vehicles and Parts	48.058	3,26%	26.220	1,96%	48.058	3,26%	26.220	1,96%
Specialized Services	46.506	3,16%	25.737	1,92%	46.506	3,16%	25.737	1,92%
Electric power	38.655	2,63%	54.463	4,07%	38.655	2,63%	54.463	4,07%
Textile, Leathers and Clothing	36.857	2,50%	31.578	2,36%	36.857	2,50%	31.578	2,36%
Retail market	31.213	2,12%	21.616	1,61%	31.213	2,12%	21.616	1,61%
Foreign trade	30.698	2,08%	45.403	3,39%	30.698	2,08%	45.403	3,39%
Individuals	18.201	1,25%	18.324	1,37%	18.201	1,25%	18.324	1,37%
Pharmaceutics	15.536	1,06%	15.239	1,14%	15.536	1,06%	15.239	1,14%
Transportation and Logistics	5.178	0,35%	61.589	4,60%	5.178	0,35%	61.589	4,60%
Metallurgy	18.856	1,28%	10.022	0,75%	18.856	1,28%	10.022	0,75%
Construction and Decoration Mate	1.234	0,08%	14.104	1,05%	1.234	0,08%	14.104	1,05%
Beverages and Tobacco	503	0,03%	5.035	0,38%	503	0,03%	5.035	0,38%
<b>Total</b>	<b>1.472.360</b>	<b>100%</b>	<b>1.338.662</b>	<b>100%</b>	<b>1.472.360</b>	<b>100%</b>	<b>1.338.662</b>	<b>100%</b>

**7. Loan transactions, sureties and guarantees (Continued)**

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

	in R\$ thousand			
	Bank		Operational consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Current assets</b>				
<b>Loan transactions</b>	<b>815.723</b>	<b>684.945</b>	<b>818.556</b>	<b>690.587</b>
Private sector	815.723	684.945	818.556	690.587
<b>Other receivables</b>	<b>13.418</b>	<b>10.535</b>	<b>13.418</b>	<b>10.535</b>
Foreign exchange portfolio – receivables <b>(a)</b>	8.837	9.008	8.837	9.008
Securities and credits receivable <b>(b)</b>	4.581	1.527	4.581	1.527
<b>Noncurrent assets</b>				
<b>Loan transactions</b>	<b>356.057</b>	<b>280.727</b>	<b>371.405</b>	<b>292.011</b>
Private sector	356.057	280.727	371.405	292.011
<b>Other receivables</b>	<b>358</b>	<b>543</b>	<b>358</b>	<b>543</b>
Securities and credits receivable <b>(b)</b>	358	543	358	543
<b>Current liabilities</b>				
<b>Other liabilities</b>	<b>242.629</b>	<b>280.043</b>	<b>242.629</b>	<b>280.043</b>
Foreign Exchange Portfolio - Advances on Exchange Contracts <b>(a)</b>	242.629	280.043	242.629	280.043
<b>Subtotal</b>	<b>1.428.185</b>	<b>1.256.793</b>	<b>1.446.366</b>	<b>1.273.719</b>
Co-obligations and risks in guarantees provided <b>(c)</b>	44.175	81.869	25.994	64.943
<b>Total</b>	<b>1.472.360</b>	<b>1.338.662</b>	<b>1.472.360</b>	<b>1.338.662</b>

**7. Loan transactions, 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 granted through sureties, guarantees, and import letters of credit. Guarantees granted are recorded in offsetting accounts, and their respective proceedings are classified in P&L for future years, allocated to P&L for the period in accordance with the guarantees contractual terms. These also include, in the Bank, guarantees provided for loan transactions of BBM Bank Limited, which are eliminated in the Operating Consolidated.

The allowance for loan 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 Operational Consolidated financial statements can be shown as follows:

Risk level	in R\$ thousand												
	12/31/2014										12/31/2013		
	Overdue – days					Falling due – days					Total	PDD	Total
Within 14	15 to 60	61 to 90	91 to 180	180 to 360	Within 90	From 91 to 180	From 181 to 360	Over 360 days					
AA						53.272	89.530	34.346	64.403	241.551		185.904	
A	5.577					163.365	99.689	214.877	225.948	709.456	3.547	535.839	2.679
B	510	432				72.126	95.148	118.436	26.725	313.377	3.134	334.435	3.345
C	17.783	5.963				14.167	39.203	30.152	38.212	145.480	4.365	229.776	6.893
D												4.545	454
E		7.247	2	118		4	14.879	11	6.695	28.956	8.687	263	79
F	2.035	877	439	875		1.615	1.515	2.716	4.554	14.626	7.313	3.920	1.960
G		199		1		1.113	1.146	2.086	5.226	9.771	6.839	1.341	939
H	774	775	775	2.148	27	2.322	2.322			9.143	9.143	42.639	42.639
<b>Total</b>	<b>26.679</b>	<b>15.493</b>	<b>1.216</b>	<b>3.142</b>	<b>27</b>	<b>307.984</b>	<b>343.432</b>	<b>402.624</b>	<b>371.763</b>	<b>1.472.360</b>	<b>43.028</b>	<b>1.338.662</b>	<b>58.988</b>

**7. Loan transactions, sureties and guarantees** (Continued)

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

	in R\$ thousand	
	12/31/2014	12/31/2013
<b>Allowance for loan losses</b>	<b>39,850</b>	<b>54,067</b>
Current assets	24,308	40,015
Noncurrent assets	15,542	14,052
<b>Provision for other credits</b>		
<b>Provision for advances on exchange contracts</b>	<b>2,621</b>	<b>4,358</b>
Current assets	2,612	4,352
Noncurrent assets	9	6
<b>Provision for co-obligations and risks in guarantees provided</b>	<b>557</b>	<b>563</b>
Current assets	96	220
Noncurrent assets	461	343
<b>Total</b>	<b>43,028</b>	<b>58,988</b>

Changes in allowance are as follows:

	in R\$ thousand	
	12/31/2014	12/31/2013
<b>Balance at January 1</b>	<b>58,988</b>	<b>20,899</b>
Set up / (reversal)	5,337	39,800
Write-offs to loss	(21,297)	(1,711)
<b>Total</b>	<b>43,028</b>	<b>58,988</b>

At December 31, 2014, renegotiated loans in the Bank and Operational Consolidated statements amounted to R\$ 3,748 thousand (R\$ 36,839 thousand at December 31, 2013).

At December 31, 2014, recovered loans in the Bank and Operational Consolidated statements amounted to R\$ 3,955 thousand (R\$ 210 thousand at December 31, 2013).



**7. Loan transactions, sureties and guarantees** (Continued)

At the year ended December 31, 2014, the Bank conducted sales or transfer transactions of financial assets, and the credit risks of the transferred financial assets were retained and accounted for as in the table below. These transactions were conducted in accordance with BACEN Circular Letters No. 3569/11 and 3712/14, with define the rules for mandatory collection on term funds and the collection balance to be remunerated, respectively. Accordingly, these granted credit operations were used to decrease the mandatory collection balance of the assigning financing institution.

Credit assignments - substantial risk retention			
in R\$ thousand			
Assets	12/31/2014	Liabilities	12/31/2014
<b>Loan transactions</b>		<b>Other liabilities</b>	
Working capital	231,423	Other liabilities	258,283
Export credit notes	22,059		
<b>Total</b>	<b>253,482</b>	<b>Total</b>	<b>258,283</b>

Asset sale or transfer transactions with no material retention of risks and rewards for year ended December 31, 2014 are as follows:

	in R\$ thousand	
	12/31/2014	12/31/2013
Number of contracts	15	19
Assignment amount	129,127	37,868
Provision net book value	104,080	25,401
<b>Revenue from assignments</b>	<b>25,047</b>	<b>12,467</b>

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

	in R\$ thousand			
	12/31/2014	%	12/31/2013	%
Top debtor	55,552	3.8%	51,447	3.8%
Top 10 debtors	298,151	20.2%	271,009	20.2%
Top 20 debtors	489,107	33.2%	452,204	33.8%
Top 50 debtors	925,639	62.9%	884,364	66.1%
Top 100 debtors	1,334,836	90.7%	1,256,670	93.9%

**7. Loan transactions, sureties and guarantees (Continued)**

Breakdown of Operational Consolidated portfolio by type is as follows:

	in R\$ thousand	
	12/31/2014	12/31/2013
Working capital	733,120	638,714
Export credit notes	406,868	324,230
Trade Finance	269,646	305,977
Others	36,688	2,431
Co-obligations	25,994	64,943
Payroll loan	44	2,367
<b>Total</b>	<b>1,472,360</b>	<b>1,338,662</b>

**8. Foreign exchange portfolio (Bank and Operating Consolidated)**

	in R\$ thousand	
	12/31/2014	12/31/2013
<b>Other receivables – Foreign exchange portfolio</b>		
Foreign exchange purchases pending settlement	276,003	296,207
Rights on foreign exchange sales		404,900
Income receivable from advances granted (a)	8,837	9,007
<b>Total</b>	<b>284,840</b>	<b>710,114</b>
<b>Other payables – Foreign exchange portfolio</b>		
Foreign exchange sales pending settlement		401,650
Exchange purchase obligations	242,630	280,043
Advances on foreign exchange contracts granted (a)	(242,630)	(280,043)
<b>Total</b>	<b>0</b>	<b>401,650</b>

(a) See Note 7.

At December 31, 2014, there were federal securities deposit as guarantee of foreign exchange transactions in foreign exchange Clearing of BM&F Bovespa S.A. amounting to R\$ 59,868 thousand (R\$ 87,450 thousand in 2013).

## 9. Investments – Interest in subsidiaries

	BBM Adm. Recursos DTVM S.A. (a)	BACOR CCVM S.A. (a)	The Southern Atlantic Investments Ltd. (a)	Others (b)	Total
<b>At December 31, 2014:</b>					
Number of issued shares	5,849,278	127,374	229,201,370		
Ordinárias Nominativas	2,924,639	63,687	229,201,370		
Preferred nominative shares	2,924,639	63,687			
Indirect interest	100%	100%	100%		
Capital – R\$ thousand	2,950	8,755	229,201		240,906
Equity – R\$ thousand	5,900	9,283	258,565		273,747
Net income (loss) for the year – R\$ thousand	1,006	421	27,815		29,242
Dividends, interest on equity approved or capital decrease	625	100			725
<b>Book value of investments – R\$ thousand</b>					
December 31, 2014	5,900	9,283	258,565		273,748
<b>Income from interest in subsidiaries – R\$ thousand</b>					
Second half of 2014	762	248	18,085	2,526	21,621
Year 2014	1,006	421	27,815	1,819	31,060
<b>At December 31, 2013:</b>					
Number of issued shares	5,849,278	127,374	229,201,370		
Common nominative shares	2,924,639	63,687	229,201,370		
Preferred nominative 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 paid or capital decrease – R\$	1,763		220,000		221,763
<b>Book value of investments – R\$ thousand</b>					
December 31, 2013	5,519	8,962	230,749		245,230
<b>Income from interest in subsidiaries – R\$ thousand</b>					
Second half of 2013	573	(2,966)	5,833	590	4,030
Year 2013	619	(2,684)	1,548	1,341	824

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

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

9. Investments - Interest in subsidiaries (Continued)

Operational consolidated financial statements

Investment book value		in R\$ thousand					
		Income from interest in subsidiaries			Dividends and IOE		
12/31/2014	12/31/2013	half of 2014	12/31/2014	12/31/2013	12/31/2014	12/31/2013	
<b>The Southern Atlantic Investments Ltd. (a) (b)</b>		37.212	33.322	15.700	25.085	(1.347)	59.935
<b>BBM Investment Management Services (c)</b>		1.924	1.703	329	222	212	
<b>Others (d)</b>				2.526	1.819	1.341	
<b>Total</b>		<b>39.136</b>	<b>35.025</b>	<b>18.555</b>	<b>27.126</b>	<b>207</b>	<b>59.935</b>

(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 operational Consolidated statements at "Interest in Subsidiaries - The Southern Atlantic Investments Ltd." In the year ended December 31, 2014, this elimination led to the following effects to the operational consolidation: decrease in permanent investments by R\$ 223,276 thousand (December 31, 2013 – R\$ 197,428 thousand), and decrease in equity pickup account by R\$ 2,385 thousand (December 31, 2013 – R\$ 1,254 thousand).

(c) BBM Investment Management Services, headquartered in Cayman Islands, was set up in March 2016 by payment of capital, amounting to US\$ 50 thousand, in order to manage investment funds portfolio in the international market.

(d) Under account "Others", in the operational consolidated, are mainly the equity variations of subsidiaries, which are not eliminated, such as foreign exchange variation of equity interest abroad, restatement of securities and adjustments in prior years, where applicable.

## 10. Deposits

Maturity	in R\$ thousand							
	Time deposits		Interbank deposits		Total 12/31/2014		Total 12/31/2013	
	Bank	Operational consolidated	Bank	Operational consolidated	Bank	Operational consolidated	Bank	Operational consolidated
Within 1 month	20.230	20.230			20.230	20.230	151.583	184.839
From 1 to 3 months	47.038	84.748	1.185	97	48.223	84.845	47.203	46.053
From 3 to 6 months	65.046	65.046	284	284	65.330	65.330	77.091	77.092
From 6 to 12 months	74.310	74.310	14.534	484	88.844	74.794	214.094	255.829
More than 12 months	18.263	18.263	3.283	3.283	21.546	21.546	61.611	53.440
<b>Subtotal</b>	<b>224.887</b>	<b>262.597</b>	<b>19.286</b>	<b>4.148</b>	<b>244.173</b>	<b>266.745</b>	<b>551.582</b>	<b>617.253</b>
<b>Cash deposits and other deposits</b>					50.542	54.886	36.498	38.363
<b>Total</b>					<b>294.715</b>	<b>321.631</b>	<b>588.080</b>	<b>655.616</b>

The average term to issue interbank deposits for outstanding transactions at December 31, 2014, in the operational consolidated, is 1,017 days and 484 days (December 31, 2013 – 685 and 169 days), respectively. At the end of year 2014, Banco BBM did not have funds from term deposits with special guarantee from DPGE 1 and DPGE 2 Credit Guarantee Fund.

Maturities upon issue	R\$ thousand							
	Time deposits		Interbank		Total		Total	
	Bank	Operational consolidated	Bank	Operational consolidated	Bank	Operational consolidated	Bank	Operational consolidated
Within 1 month	776	776			776	776	878	34.369
From 1 to 3 months	12.247	49.957			12.247	49.957	48.250	48.250
From 3 to 6 months	12.275	12.275			12.275	12.275	11.066	11.066
From 6 to 12 months	68.975	68.975			68.975	68.975	205.433	252.315
More than 12 months	130.614	130.614	19.286	4.148	149.900	134.762	285.955	271.253
<b>Subtotal</b>	<b>224.887</b>	<b>262.597</b>	<b>19.286</b>	<b>4.148</b>	<b>244.173</b>	<b>266.745</b>	<b>551.582</b>	<b>617.253</b>
<b>Cash deposits and other deposits</b>					50.542	54.886	36.498	38.363
<b>Total</b>					<b>294.715</b>	<b>321.631</b>	<b>588.080</b>	<b>655.616</b>

Breakdown per segment of Operational Consolidated:

	R\$ thousand									
	Demand deposits		Time deposits		Interbank deposits		Total			
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Legal entities	39,901	34,859	101,528	134,479			141,429	43.97%	169,338	25.83%
Institutional customers	608	310	94,886	296,558		1,802	95,494	29.69%	298,670	45.56%
Group	13,607	3,071	47,269	103,374			60,876	18.93%	106,445	16.24%
Financial institutions	9	11	15,740	60,479	4,148	724	19,897	6.19%	61,214	9.44%
Individuals	761	112	3,174	19,837			3,935	1.22%	19,949	3.04%
<b>Total</b>	<b>54,886</b>	<b>38,363</b>	<b>262,597</b>	<b>614,727</b>	<b>4,148</b>	<b>2,526</b>	<b>321,631</b>	<b>100%</b>	<b>655,616</b>	<b>100%</b>

**10. Deposits (Continued)**

The customer portfolio of the operational consolidated is as follows:

	R\$ thousand			
	12/31/2014		12/31/2013	
Top depositor	21,338	6.63%	60,479	9.22%
Top 10 depositors	135,625	42.17%	290,559	44.32%
Top 20 depositors	203,176	63.17%	416,937	63.59%
Top 50 depositors	285,538	88.78%	575,691	87.81%
Top 100 depositors	313,237	97.39%	645,765	98.50%

**11. Repurchase agreements**

At December 31, 2014, liabilities per committed transactions for the Bank and the operational consolidated are linked mainly by National Treasury Bills (LTN) amounting to R\$ 15,911 thousand (December 31 – R\$ 7,685 thousand).

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

Banco BBM has an issue of Eurobonds in amounting to R\$ 221,707 thousand in December 2014 (December 2013 – R\$ 247,070 thousand), acquired by The Southern Atlantic Investments Ltd, a company not included in the Operational Consolidated financial statements. On September 18, 2012 US\$ 30,000 thousand were issued, maturing on December 28, 2015; on September 20, 2013, US\$ 3,000 thousand were issued, maturing on November 30, 2016; and on January 31, 2014, US\$ 50,000 thousand were issued, maturing on January 31, 2018.

At December 31, 2014, fund raising through Agribusiness Credit Bills (LCA), Housing Credit Bills (LCI), Financial Bills (LF), and Structured Operation Certificates (COE) was segregated by maturity range as follows:

Maturity	R\$ thousand							
	Bank and Operational consolidated							
	LCA (a)		LCI (b)		LF (c)		COE (d)	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Within 1 month	52,370	55,167	6,415	2,807			1,530	
From 1 to 3 months	59,012	68,180	12,451	7,730	79,076	38,462	585	
From 3 to 6 months	82,858	59,156	17,791	9,574	76,574	141,814	1,437	
From 6 to 12 months	99,882	82,751	21,590	10,136	183,489	270,229	4,210	
More than 12 months	133,265	74,556	23,720	4,557	682,215	305,344		
<b>Total</b>	<b>427,387</b>	<b>339,810</b>	<b>81,966</b>	<b>34,804</b>	<b>1,021,354</b>	<b>757,379</b>	<b>6,232</b>	

- (a)** 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 their later amendments.
- (b)** LCI is a nominative security created by MP 2223 of September 4, 2011, which resulted in Law No. 10931 of August 2, 2004.
- (c)** 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).
- (d)** The Structured Operation Certificate (COE) is exclusively issued by banks and saving banks, as set forth by Law No. 12429/10, unsecured upon registration in authorized system.

### 13. Borrowings and onlending

#### a) Borrowings abroad

Bank and Consolidated Operating borrowings abroad are comprised as follows:

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Obligations with borrowings abroad	26,558	112,647	26,558	112,647
Export credit facility	211,372	239,411	211,372	239,411
	<b>237,930</b>	<b>352,058</b>	<b>237,930</b>	<b>352,058</b>
Current liabilities	211,372	352,058	211,372	352,058
Long-term payables (a)	26,558		26,558	
	<b>237,930</b>	<b>352,058</b>	<b>237,930</b>	<b>352,058</b>

- (a) The amount of R\$ 26,558 thousand in Bank and Operational Consolidated in December 2014 (December 31, 2012 – R\$ 0), classified in Long-term payable, refers to fundraising in US dollars with the International Finance Corporation (IFC), a World Bank body, maturing in December 2019. The amount of R\$19,919 thousand, at half-yearly post-fixed interest rate LIBOR six months plus 2.70% p.a. and R\$ 6,639 thousand six months LIBOR plus 2.40% p.a.



## 14. Other receivables / Sundry

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Escrow deposits	43,775	41,006	43,827	41,058
Taxes and contributions to offset	10,689	11,734	11,466	12,423
Securities and credits receivable	4,939	2,075	4,939	2,075
Receivables from related parties	56	57	33	33
Sundry debtors – foreign	7,356	400	11,624	459
Sundry debtors – domestic	1,410	2,065	2,674	3,089
Advances – Salaries and fixed assets	365	319	422	383
<b>Total</b>	<b>68,590</b>	<b>57,656</b>	<b>74,985</b>	<b>59,520</b>
Current	24,681	16,105	31,028	17,923
Long-term liability	43,909	41,550	43,957	41,598
	<b>68,590</b>	<b>57,656</b>	<b>74,985</b>	<b>59,520</b>

**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 stock**

At December 31, 2014, Banco BBM has 69,601,567 shares held in treasury, amounting to R\$182,209 thousand.

At December 31, 2014, the amount of R\$ 530 thousand was set up referring to supplement of stock price bought back to treasury with earn-out clause.

**(e) Interest on equity**

In accordance with the article 9 of Law No. 9249/95 and later regulation, Banco BBM S.A. in 2014 stated as interest on equity the amount of R\$ 28,119 thousand (2013 – R\$ 27,141 thousand), with withholding income tax of R\$ 4,218 thousand (2013 - R\$ 4,071 thousand), at 15% rate. This amount was determined in accordance with the legal limits in force and classified in the official records under "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 the 2014 reduced the tax burden by R\$11,248 thousand (year 2013 - R\$10,856 thousand).

**15. Equity** (Continued)

**(f) Dividends**

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

	R\$ thousand	
	12/31/2014	12/31/2013
Net income for the year – Banco BBMS.A.	43,583	48,599
(-) Legal reserve	(2,179)	(2,430)
Calculation base	<b>41,404</b>	<b>46,169</b>
Mandatory minimum dividends (a)	25%	25%
	<b>10,351</b>	<b>11,542</b>
Dividends – approved and paid		
Interest on Equity – approved	28,119	27,141
Total	<b>28,119</b>	<b>27,141</b>

(a) Minimum mandatory dividends were approved as interest on equity.

## 16. Financial intermediation expenses and foreign exchange gains (losses)

	R\$ thousand					
	Bank			Operational consolidated		
	half of 2014	12/31/2014	12/31/2013	half of 2014	12/31/2014	12/31/2013
<b>Open market funding</b>						
Deposits remunerated abroad			(16)			(12)
Interbank deposits	(1,548)	(2,732)	(2,840)	(750)	(1,211)	(1,439)
Time deposits	(22,185)	(44,726)	(40,350)	(22,530)	(45,732)	(40,394)
Repurchase agreements	(1,722)	(2,851)	(27,022)	(1,722)	(2,851)	(27,022)
Agriculture credit bills – expenses	(23,343)	(41,498)	(22,777)	(23,343)	(41,498)	(22,777)
Real estate credit bills – expenses	(4,328)	(7,197)	(3,078)	(4,328)	(7,197)	(3,078)
Financial bills – expenses	(64,247)	(113,974)	(54,688)	(64,247)	(113,975)	(54,688)
Securities abroad – expenses	(493)	(967)	(921)	(88)	(219)	(193)
Credit Guarantee Fund	(646)	(1,327)	(2,536)	(646)	(1,327)	(2,536)
Expenses with obligations related to linked loans granted	(4,631)	(4,631)		(4,631)	(4,631)	
Structured operations certificates – expenses	(207)	(207)		(207)	(207)	
Foreign exchange variation (a)	(48,043)	(33,277)	36,940	(48,042)	(33,276)	36,940
	<b>(171,393)</b>	<b>(253,387)</b>	<b>(117,288)</b>	<b>(170,534)</b>	<b>(252,124)</b>	<b>(115,198)</b>
<b>Loans, assignments and onlending operations</b>						
BNDES onlending expenses			(3)			(3)
Loan expenses abroad	(3,549)	(6,176)	(18,369)	(3,507)	(6,109)	(18,369)
Foreign exchange variation (a)	(36,519)	(21,494)	(87,580)	(36,519)	(21,494)	(87,580)
	<b>(40,068)</b>	<b>(27,670)</b>	<b>(105,952)</b>	<b>(40,026)</b>	<b>(27,603)</b>	<b>(105,952)</b>
<b>Foreign exchange transactions</b>						
Revenue from Advances on Exchange Contracts (ACC)	14,500	26,467	21,024	14,500	26,467	21,024
Foreign exchange variations and interest differences	44,000	24,234	35,498	44,000	24,234	35,498
Other expenses	(95)	(213)	(220)	(95)	(213)	(220)
	<b>58,405</b>	<b>50,488</b>	<b>56,302</b>	<b>58,405</b>	<b>50,488</b>	<b>56,302</b>

(a) This substantially represents effects of foreign exchange variation on loans raised by the Bank with its branch abroad through transfer of funds raised in foreign currency.

## 17. Service revenues

	R\$ thousand					
	Bank			Operational consolidated		
	Second half of 2014	12/31/2014	12/31/2013	Second half of 2014	12/31/2014	12/31/2013
Administration and performance fees of investment funds	2,998	5,350	6,945	9,431	17,500	18,646
Other services	1,176	4,200	4,721	617	3,114	3,826
	<b>4,174</b>	<b>9,550</b>	<b>11,665</b>	<b>10,048</b>	<b>20,614</b>	<b>22,472</b>

**18. Other administrative expenses**

	R\$ thousand					
	Bank			Operational consolidated		
	Second half of 2014	12/31/2014	12/31/2013	Second half of 2014	12/31/2014	12/31/2013
Specialized technical services	(2.727)	(4.963)	(5.239)	(2.987)	(5.462)	(5.633)
Rent	(1.970)	(3.931)	(3.002)	(2.701)	(5.335)	(4.237)
Other administrative expenses	(2.209)	(4.184)	(4.033)	(2.414)	(4.728)	(6.661)
Financial system services (a)	(1.679)	(4.106)	(2.646)	(1.800)	(4.335)	(3.030)
Amortization and depreciation	(1.223)	(2.471)	(2.673)	(1.280)	(2.595)	(2.780)
Data processing	(936)	(1.735)	(2.059)	(1.103)	(2.044)	(2.580)
Communications	(947)	(1.732)	(1.805)	(978)	(1.795)	(2.015)
Travel	(801)	(1.568)	(1.495)	(866)	(1.711)	(1.668)
Third-party services	(399)	(778)	(343)	(693)	(1.409)	(2.540)
Property maintenance and upkeep	(614)	(1.115)	(798)	(730)	(1.321)	(1.017)
Promotions / Advertising / Publications	(437)	(998)	(862)	(539)	(1.213)	(1.102)
Water, energy and gas	(300)	(631)	(608)	(300)	(631)	(608)
Transportation	(101)	(178)	(224)	(125)	(229)	(271)
Material	(20)	(49)	(82)	(35)	(79)	(109)
Security and surveillance services	(10)	(24)	(37)	(20)	(38)	(41)
	<b>(14.373)</b>	<b>(28.463)</b>	<b>(25.906)</b>	<b>(16.571)</b>	<b>(32.925)</b>	<b>(34.292)</b>

(a) This includes brokerage expenses, charges and commissions related to guarantee transactions, LF issue and derivative financial instruments in the Bank and the Operational Consolidated, amounting to R\$ 1,354 thousand in 2014 (year 2013 – R\$ 1,258 thousand in the Bank and R\$ 1,319 thousand in Operational consolidated).

## 19. Significant transactions with related parties

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Assets</b>				
<b>Short-term interbank investments</b>				
<b>Investments in foreign currencies</b>	<b>38.586</b>	<b>130.241</b>		
BBM Bank Limited	38.586	130.241		
<b>Marketable securities and financial instruments</b>	<b>68.772</b>	<b>91.214</b>	<b>68.772</b>	<b>91.214</b>
Fundo Imobiliário Estrutura II - FII	68.772	66.232	68.772	66.232
Fundo Estrutura III - FIP		24.983		24.983
<b>Other receivables</b>	<b>7.714</b>	<b>1.118</b>	<b>11.289</b>	<b>71</b>
BACOR Corretora de Cambio e Valores Mobiliários S.A.	161	61	125	
BBM Administração de Recursos DTVM S.A.	648	1.023		
Évora S/A	33	33	33	33
The Southern Atlantic Investments Ltd	6.863		11.086	
Bahia Fund	9		45	38
<b>Derivative financial instruments</b>		<b>214</b>	<b>212</b>	<b>1.774</b>
The Southern Atlantic Investments Ltd		214	211	1.728
Bahia Fund			1	46
<b>Liabilities</b>				
<b>Demand deposits</b>	<b>9.543</b>	<b>1.333</b>	<b>11.546</b>	<b>3.160</b>
Ravenala S.A.	5.674	516	5.674	516
Evora S.A.	2.943	342	2.943	342
BBM Bank Limited		77		
BACOR CCVM S.A.		359		
BBM Administração de Recursos DTVM S.A.		27		
The Southern Atlantic Investments Ltd			359	210
BBM Investment Management			1.924	1.703
Other related individuals/legal entities	464	123	646	389
<b>Interbank deposits</b>	<b>15.139</b>	<b>14.467</b>		
BACOR CCVM S.A.	10.142	9.320		
BBM Administração de Recursos DTVM S.A.	4.997	5.147		
<b>Time deposits</b>	<b>11.169</b>	<b>75.086</b>	<b>48.878</b>	<b>108.342</b>
Pronor Petroquímicas		33.692		33.692
Ravenala S.A.		6.002		6.002
Evora S.A.	5.407	24.116	5.407	24.116
Fundo Imobiliário Estrutura II - FII	99	480	99	480
BBM Bank Limited		235		
Participações Industriais do Nordeste S.A.	4.056	6.075	4.056	6.075
The Southern Atlantic Investments Ltd			20.979	17.565
Bahia Fund			16.730	15.926
Other related individuals/legal entities	1.607	4.487	1.607	4.487
<b>Financial Bills</b>	<b>119.125</b>	<b>30.971</b>	<b>119.125</b>	<b>30.971</b>
Other related individuals/legal entities	119.125	30.971	119.125	30.971
<b>Agribusiness credit bills</b>	<b>205.367</b>	<b>147.410</b>	<b>205.367</b>	<b>147.410</b>
Other related individuals/legal entities	205.367	147.410	205.367	147.410
<b>Real estate credit notes</b>	<b>50.932</b>	<b>20.215</b>	<b>50.932</b>	<b>20.215</b>
Other related individuals/legal entities	50.932	20.215	50.932	20.215
<b>Foreign securities payable</b>	<b>221.707</b>	<b>423.143</b>	<b>323</b>	<b>290</b>
The Southern Atlantic Investments Ltd	221.707	247.070	323	290
<b>Derivative financial instruments</b>	<b>819</b>		<b>819</b>	
The Southern Atlantic Investments Ltd	819		819	
<b>Dividends and bonuses payable</b>	<b>42.428</b>	<b>33.177</b>	<b>42.428</b>	<b>33.177</b>
Interest on Equity (IOE) credited to shareholders	42.428	33.177	42.428	33.177
<b>Social and statutory</b>	<b>12.094</b>	<b>13.027</b>	<b>12.193</b>	<b>13.196</b>
Bonus payable to managers	12.094	13.027	12.193	13.196
<b>Sundry</b>			<b>159</b>	<b>156</b>
The Southern Atlantic Investments Ltd			159	156

## 19. Significant transactions with related parties (Continued)

	R\$ thousand					
	Bank			Operational consolidated		
	Second half of 2014	12/31/2014	12/31/2013	Second half of 2014	12/31/2014	12/31/2013
<b>P&amp;L</b>						
<b>Revenue from investments abroad</b>	<b>90</b>	<b>90</b>	<b>(1.361)</b>	<b>90</b>	<b>4.090</b>	<b>(1.361)</b>
<b>Income (loss) from derivative financial instru</b>	<b>(13.878)</b>	<b>1.730</b>	<b>(5.801)</b>	<b>38.830</b>	<b>15.830</b>	<b>14.012</b>
The Southern Atlantic Investments Ltd	(13.997)	1.611	12.034	38.619	15.603	(2.900)
BBM Bank Limited			(17.835)			16.912
Bahia Fund	119	119		211	227	(124)
<b>Income from investment funds</b>	<b>(5)</b>	<b>2.619</b>	<b>8.987</b>	<b>(5)</b>	<b>2.619</b>	<b>8.987</b>
Fundo Imobiliário Estrutura II - FII	15	2.528	7.992	15	2.528	7.992
Fundo Estrutura III - FIP	(20)	91	995	(20)	91	995
<b>Credit assignment income (loss)</b>	<b>24.349</b>	<b>24.349</b>	<b>12.248</b>	<b>24.349</b>	<b>24.349</b>	<b>12.248</b>
Évora S.A.	24.349	24.349	12.248	24.349	24.349	12.248
<b>Open market funding</b>	<b>(72.206)</b>	<b>(80.209)</b>	<b>(125.841)</b>	<b>(71.014)</b>	<b>(77.814)</b>	<b>(123.666)</b>
<b>Securities abroad – expenses</b>	<b>(48.535)</b>	<b>(34.245)</b>	<b>(35.925)</b>	<b>(48.131)</b>	<b>(33.496)</b>	<b>(35.198)</b>
The Southern Atlantic Investments Ltd	(48.535)	(34.245)	(35.925)	(48.131)	(33.496)	(35.198)
<b>Interbank deposit expenses</b>	<b>(788)</b>	<b>(1.642)</b>	<b>(1.401)</b>			
BACOR CCVM S.A.	(530)	(957)	(981)			
BBM Administração de Recursos DTVM S.A.	(258)	(685)	(421)			
<b>Expenses with 30-day prior resignation notice deposits</b>		<b>(2)</b>	<b>(16)</b>			
BBM Bank Limited		(2)	(16)			
<b>Expenses with term deposits</b>	<b>(2.677)</b>	<b>(6.755)</b>	<b>(8.337)</b>	<b>(2.677)</b>	<b>(6.753)</b>	<b>(8.306)</b>
Ravenala S.A.	(335)	(661)	(245)	(335)	(661)	(245)
Evora S.A.	(2.067)	(4.314)	(1.514)	(2.067)	(4.314)	(1.514)
Pronor Petroquímica S.A.		(726)	(2.733)		(726)	(2.734)
Participações Industriais do Nordeste S.A.	(53)	(53)		(53)	(53)	
Fundo Imobiliário Estrutura II - FII	(10)	(29)	(1.830)	(10)	(29)	(1.830)
BBM Bank Limited		(2)	(31)			
Other related individuals/legal entities	(212)	(970)	(1.984)	(212)	(970)	(1.984)
<b>Financial bill expenses</b>	<b>(6.901)</b>	<b>(13.017)</b>	<b>(11.999)</b>	<b>(6.901)</b>	<b>(13.017)</b>	<b>(11.999)</b>
Pronor			(28)			(28)
Other related individuals/legal entities	(6.901)	(13.017)	(11.972)	(6.901)	(13.017)	(11.972)
<b>Agriculture credit bill expenses</b>	<b>(11.013)</b>	<b>(20.576)</b>	<b>(66.243)</b>	<b>(11.013)</b>	<b>(20.576)</b>	<b>(66.243)</b>
Other related individuals/legal entities	(11.013)	(20.576)	(66.243)	(11.013)	(20.576)	(66.243)
<b>Real estate credit bill expenses</b>	<b>(2.292)</b>	<b>(3.972)</b>	<b>(1.919)</b>	<b>(2.292)</b>	<b>(3.972)</b>	<b>(1.919)</b>
Other related individuals/legal entities	(2.292)	(3.972)	(1.919)	(2.292)	(3.972)	(1.919)
<b>Other administrative expenses</b>	<b>(24)</b>	<b>(46)</b>	<b>(42)</b>			
<b>Service rendering</b>	<b>(24)</b>	<b>(46)</b>	<b>(42)</b>			
BBM Bank Limited	(24)	(46)	(42)			
<b>Other operating income</b>	<b>570</b>	<b>1.113</b>	<b>1.049</b>			
BBM Bank Limited	420	813	749			
BBM Administração de Recursos DTVM S.A.	150	300	300			
<b>TVM revenue abroad</b>	<b>603</b>	<b>1.898</b>	<b>967</b>			
<b>Key management personnel compensation</b>	<b>(587)</b>	<b>(3.660)</b>	<b>(4.145)</b>	<b>(598)</b>	<b>(3.675)</b>	<b>(4.143)</b>
<b>Total</b>	<b>(85.438)</b>	<b>(76.464)</b>	<b>(126.187)</b>	<b>(32.696)</b>	<b>(58.949)</b>	<b>(106.170)</b>

Transactions between related parties were conducted at average rates practiced by the market, in force at the transaction date.

## **20. Derivative financial instruments**

The Bank and the other Operational Consolidated 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 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.

These transactions are traded, recorded or held at BM&F Bovespa S.A. or CETIP S.A. – Mercados Organizados. In the Operational Consolidated, international derivative transactions are traded and recorded in the OTC market, at Chicago Board of Trade (CBOT) or Chicago Mercantile Exchange (CME).

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

- Futures: value of daily adjustment of the transactions;
- Swap and term transactions: Cash flow is estimated for each part discounted at present value according to the corresponding interest rate curves, obtained based on BM&F prices or on the assets prices;
- 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, 2014 the guarantees involved in the operations with derivative financial instruments are represented mainly by government securities in the total amount of R\$73,936 thousand (R\$170,121 thousand at December 31, 2013).



The commitments undertaken as a result of these financial instruments, as recorded in memorandum accounts at December 31, 2014, mature up to January 2021 (at December 31, 2013 – up to January 2022), and may be summarized as follows:

**a.) Recorded in offsetting and equity accounts**

	Bank					Operational consolidated						
	12/31/2014				12/31/2013	12/31/2014				12/31/2013		
	Within 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total	Total	Within 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total	Total
<b>Future market</b>												
Long position												
Foreign exchange rate	2,767			12,339	15,106	1,005,736	2,767			12,339	15,106	1,005,736
Interest rate				9	9	3,852				9	9	3,852
US debt securities	44				44	57,730	44				44	57,730
Foreign currency	2,591				2,591	193,850	2,591				2,591	193,850
Short position												
Foreign exchange rate	2,567	296	1,661	8,770	13,294	819,423	2,567	296	1,661	8,770	13,294	819,423
Interest rate	(1)	(9)	(9)	(92)	(111)	1,213,713	(1)	(9)	(9)	(92)	(111)	1,213,713
Foreign currency						404,842						404,842
<b>NDF</b>												
Asset position												
Currency	23,372	3,888	9,192		36,452	70,061	26,030	3,888	9,192		39,110	71,622
Short position												
Currency	26,980	4,112	9,089		40,181	71,097	26,980	4,112	9,089		40,181	71,408
<b>Swaps</b>												
Asset position												
Currency		6,217			6,217	79,673		6,217			6,217	79,673
Interest rate		31,980	53,001	4,327	89,308	60,844	31,980	53,001	4,327		89,308	60,844
Others					27,149	64,335			27,149		27,149	64,335
Short position												
Currency		6,858			6,858	75,842		6,858			6,858	75,842
Interest rate		28,777	48,961	4,686	82,424	63,976	28,777	48,961	4,686		82,424	63,976
Others		27,855			27,855	66,018		27,855			27,855	66,018
<b>Option market</b>												
Asset position												
Shares				1	1	1				1	1	1
Currency		321	2,938		3,259		321	2,938			3,259	
Liability position												
Currency		113	1,072		1,185		113	1,072			1,185	

**b.) By cost and market value**

	Bank						
	12/31/2014					12/31/2013	
	Cost	Market	Within 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total
<b>Future market</b>							
Long position		17,750	5,402			12,348	<b>1,261,168</b>
Short position		13,183	2,566	287	1,652	8,678	<b>2,437,978</b>
<b>Swaps</b>							
Asset position	120,429	122,674		38,197	80,150	4,327	<b>204,852</b>
Liability position	113,620	117,137		63,490	48,961	4,686	<b>205,836</b>
<b>NDF</b>							
Asset position	36,416	36,452	23,372	3,888	9,192		<b>70,061</b>
Liability position	40,860	40,181	26,980	4,112	9,089		<b>71,097</b>
<b>Option market</b>							
Asset position	1,174	3,261		321	2,938	1	<b>1</b>
Liability position	1,162	1,185		113	1,072		
	Operational consolidated						
	31/12/2014					12/31/2013	
	Cost	Market	Within 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total
<b>Future market</b>							
Long position		17,750	5,402			12,348	<b>1,261,168</b>
Short position		13,183	2,566	287	1,652	8,678	<b>2,437,978</b>
<b>Swaps</b>							
Asset position	120,429	122,674		38,197	80,150	4,327	<b>204,852</b>
Liability position	113,620	117,137		63,490	48,961	4,686	<b>205,836</b>
<b>NDF</b>							
Asset position	39,074	39,110	26,030	3,888	9,192		<b>71,622</b>
Liability position	40,860	40,181	26,980	4,112	9,089		<b>71,408</b>
<b>Option market</b>							
Asset position	1,174	3,261		321	2,938	1	<b>1</b>
Liability position	1,162	1,185		113	1,072		

**c.) Notional value per counterparty**

	Bank						12/31/2013	
	12/31/2014						Total	
	Financial institutions	Related parties	Legal entities	Stock Market	Institutional customers	Individuals	Total	
<b>Future market</b>								
Long position				17,750			<b>17,750</b>	<b>1,261,168</b>
Short position				13,183			<b>13,183</b>	<b>2,437,978</b>
<b>Swaps</b>								
Asset position	27,149		63,545			31,980	<b>122,674</b>	<b>204,852</b>
Liability position	27,855		60,506			28,777	<b>117,138</b>	<b>205,836</b>
<b>NDF</b>								
Asset position	824		9,192			26,436	<b>36,452</b>	<b>70,061</b>
Liability position		819	9,089			30,272	<b>40,180</b>	<b>71,097</b>
<b>Option market</b>								
Asset position				3,260			<b>3,260</b>	<b>1</b>
Liability position				1,185			<b>1,185</b>	
	Operational consolidated						12/31/2013	
	12/31/2014						Total	
	Financial institutions	Related parties	Legal entities	Stock Market	Institutional customers	Individuals	Total	
<b>Future market</b>								
Long position				17,750			<b>17,750</b>	<b>1,261,168</b>
Short position				13,183			<b>13,183</b>	<b>2,437,978</b>
<b>Swaps</b>								
<b>Asset position</b>	27,149		63,545			31,980	<b>122,674</b>	<b>204,852</b>
Liability position	27,855		60,506			28,777	<b>117,138</b>	<b>205,836</b>
<b>NDF</b>								
Asset position	3,270	212	9,192			26,436	<b>39,110</b>	<b>71,622</b>
Liability position		819	9,089			30,273	<b>40,181</b>	<b>71,408</b>
<b>Option market</b>								
Asset position				3,260			<b>3,260</b>	<b>1</b>
Liability position				1,185			<b>1,185</b>	

**20. Derivative financial instruments** (Continued)

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

- Long position in foreign exchange coupons (DDI) amounting to R\$ 2,466 thousand (at December 31, 2013, short position in foreign exchange coupons (DDI) in the amount of R\$588,377 thousand);
- Contracts sold at interest (DI1) amounting to R\$ 211,843 thousand – December 31, 2013.
- Short position in currency (DOL) in the amount of R\$2,591 thousand (at December 31, 2013, long position in currency (DOL) in the amount of R\$193,850 thousand);

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

	R\$ thousand					
	Bank			Operational consolidated		
	Second half of 2014	12/31/2014	12/31/2013	Second half of 2014	12/31/2014	12/31/2013
Futures contracts	27,844	17,284	31,801	27,844	17,284	30,511
Option contracts	(12)	(693)	(6,392)	(12)	(693)	(4,750)
S swap and forward	3,678	7,617	7,208	7,586	14,348	13,592
<b>Total</b>	<b>31,510</b>	<b>24,208</b>	<b>32,617</b>	<b>35,418</b>	<b>30,939</b>	<b>39,353</b>

**d.) Hedge accounting**

At September 30, 2014, Banco BBM made a loan transaction in order to provide long-term funding to be used in transactions with agribusiness customers, structured by three counterparties: one of which is responsible for 50% of the funds provided, and the other two by 25% each, maturing in 2019 ( for two of them, of 50% and 25%) and 2017 (the remaining 25%), amounting to US\$ 100,000 thousand payable with half-yearly post-fixed interest LIBOR six months plus 2.70% p.a. and LIBOR six months plus 2.40% p.a., respectively. Furthermore, additionally to the half-yearly payments, a 1% commission is payable on the total notional value plus a yearly US\$ 35 thousand fee.

This loan grants Banco BBM the disbursement option until March 2016, and in accordance with the transaction structure, it elected to make the first withdrawal, amounting to R\$10,000 thousand on December 30, 2014. After the disbursement strategy was set, for cash flow hedge, a swap was made with post-fixed rate and paid with prefixed rate, both applied to the transaction's principal amount in US dollar. Accordingly, there is a prefixed cash flow in US dollar. In order to apply CDI rate to this, a series of foreign exchange transactions were made at BMF, in accordance with maturities and the exposure of such contracts, all unfolding determined as hedge. Disbursements are made in US dollars and, when the cash is received, foreign exchange hedge is made. Because the hedge object transaction is matched with the hedge derivative results, the ratio of this transaction remained close to 99.53%.

## 21. Risk management

### Market risk

Banco BBM was a pioneer to quantify market risk in Brazil, and developed a proprietary system in 1997 which became a benchmark for the industry. The market risk management structure includes the following: 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, subordinated to the Risk Officer, is responsible for reporting to the Bank's Chief Internal Control, Capital and Risk Officer, for identifying, measuring, monitoring and reporting online to the Executive Board the Bank's market risk, ensuring compliance with the market risk management policy, as well as guaranteeing that operational limits are observed; d) the Price department, which among other duties is responsible for defining the price models and sources used in mark-to-market adjustments of traded products, independently from managerial departments; e) Internal Audit, which is responsible for ensuring the adequacy of procedures and the consistency between market risk management policies and the structure actually implemented.

BBM'S market risk is monitored through daily calculations of the Value at Risk (VaR), a statistical tool that measures the institution's maximum potential loss at a given confidence level over a given investment horizon. A stipulated VaR limit may be allocated by the Chief Treasury Officer among the various risk factors. The VaR calculation model is submitted to periodical backtesting. Additionally, scenarios are daily analyzed, which are monthly defined by the Risk Committee, independently of the management areas. A full description of the Bank's market risk management structure is available on Banco BBM's website ([www.bancobbm.com.br](http://www.bancobbm.com.br)).

\*VaR = Maximum potential risk, given the level of reliability and the investment scenario. For Banco BBM, the limit is established based on a 95% likelihood of loss at maximum of 2% of equity in 1 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 for this to carry out any debt rollover or additional fund raising operations. In order to reach this objective, we adopt a policy of matching liabilities assumed with assets held: fund raising operations are carried out with term and volume at least equal to the term and volume of the credit operations, thus ensuring that the volume and term of the funding portfolio, together with the portion of the Bank's equity not destined to fixed assets be higher than the volume and term of the credit portfolio.

Liquidity risk is managed based on cash flow forecasts, considering different scenarios of funding, loan and treasury operations. 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 policies on fund raising, credit and treasury.

Banco BBM has a liquidity risk management structure with the following components, and their related duties: a) Liquidity risk area, subordinated to the Risk Director, is responsible for centralizing and measuring the information referring to liquidity risk management, ensuring that the operational limits are observed and disclose reports to support decision making on liquidity risk. A full description of the Bank's liquidity risk management structure is available on Banco BBM's website ([www.bancobbm.com.br](http://www.bancobbm.com.br)).

**21. Risk management** (Continued)

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Current assets	2,363,638	2,596,665	2,402,410	2,621,895
Current liabilities	(1,571,359)	(2,237,070)	(1,609,753)	(2,200,174)
<b>Working capital, net</b>	<b>792,279</b>	<b>359,595</b>	<b>792,657</b>	<b>421,721</b>
Securities available for sale presented in long-term receivables	140,286	99,384	140,286	99,384
	<b>932,565</b>	<b>458,979</b>	<b>932,943</b>	<b>521,105</b>

**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 credit operations 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 Control Director, is responsible for centralizing and evaluating information related to credit risk management, ensuring that operating limits are complied with, disclosing reports facilitating decision making related to credit limits approved by the Credit Committee. It is also responsibility of the risk area 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 Credit processes of the Group; f) Legal Department, responsible for analyzing the contracts entered into by BBM and its clients, as well as coordinating measures to recover credits or protect BBM rights and g) Contracts Department, responsible for checking adherence of operations to the parameters established in the Credit Limit Proposal ("PLC"), as well as adequate constitution of guarantees. It is also responsible for issuing contracts to be entered into by Banco BBM and clients. A full description of the credit risk management structure is available on Banco BBM's website ([www.bancobbm.com.br](http://www.bancobbm.com.br)).

## 21. Risk management (Continued)

### Operational risk

Banco BBM has implemented an operational risk management structure based on the best market practices and in compliance with regulatory requirements in force. The structure is documented in the internal manual "Policy on Operational Risk Management" which describes the methodology, management process, roles and responsibilities, categories, information storage and documentation procedures, and also the disclosure process in order to ensure the transparency of management activities.

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 therewith. A full description of the operational risk management structure is available on Banco BBM's website ([www.bancobbm.com.br](http://www.bancobbm.com.br)).

### 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 the higher body 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 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. The description of the capital management structure is available on Banco BBM's website ([www.bancobbm.com.br](http://www.bancobbm.com.br)).

## 22. Operating limits

In October 2014, 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: foreign exchange and interest rates, price of commodities and of shares classified as "held for trade", according to BACEN rules and instructions. Banco BBM's operational consolidated complies with this operational limit at December 31, 2014.

	R\$ thousand	
	Operational consolidated	
	12/31/2014	12/31/2013
<b>Base Capital (PR) - Tier I</b>	<b>568,764</b>	<b>559,832</b>
Equity	575,640	562,527
Decrease in intangible / deferred assets according to CMN Resolution No. 419	6,877	2,695
<b>Base Capital (PR)</b>	<b>568,764</b>	<b>559,832</b>
<b>Risk-Weighted Assets (RWA)</b>	<b>302,976</b>	<b>264,806</b>
Portion referring to:		
Credit risk (RWACPAD)	211,172	204,827
Foreign exchange risk (PCAM)	30,110	17,769
Interest rate risk (RWAMPAD)	39,214	18,503
Operating Risk (RWAOPAD)	22,480	23,706
RBAN	1,160	282
<b>Margin or Insufficiency Value (PR - RWA)</b>	<b>264,627</b>	<b>294,743</b>
<b>Risk Factor – 11% of PR</b>	<b>62,564</b>	<b>61,581</b>
<b>Basel Rate (Risk Factor / RWA)</b>	<b>20.65%</b>	<b>23.26%</b>
<b>Investment index</b>	<b>7.46%</b>	<b>7.28%</b>
Fixed asset margin	241,932	239,167



**23. Income and social contributions taxes**

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

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Asset tax credit</b>				
<b>Temporary differences (a)</b>				
- Allowance for loan losses	23,955	23,595	23,955	23,595
- Market value adjustment - marketable sec	2,026	2,881	2,026	2,881
- Provision for contingencies (Note 24a)	1,731	1,826	1,731	1,826
- PIS / COFINS (Note 24b)			1,067	977
- Others	3,628	11,630	3,772	11,787
<b>Social contribution tax losses</b>	10,243	10,383	10,310	10,490
<b>Tax loss</b>	14,706	15,096	14,818	15,274
<b>Total</b>	<b>56,289</b>	<b>65,411</b>	<b>57,679</b>	<b>66,830</b>
<b>Provision for deferred taxes:</b>				
<b>Temporary differences (a)</b>				
- Market value adjustment - marketable sec	297	496	298	496
- Others	8,242	9,894	8,241	9,894
<b>Total</b>	<b>8,539</b>	<b>10,390</b>	<b>8,539</b>	<b>10,390</b>

**23. Income and social contribution taxes** (Continued)

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

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
<b>Tax asset credit:</b>				
<b>Balance at January 1</b>	<b>65.411</b>	<b>57.605</b>	<b>66.830</b>	<b>58.635</b>
Set up (reversal)				
- With impacts on P&L	(9.584)	6.470	(9.614)	6.859
- With impacts on equity (Securities available for sale)	462	1.336	463	1.336
<b>Balance at December 31</b>	<b>56.289</b>	<b>65.411</b>	<b>57.679</b>	<b>66.830</b>
<b>Provision for deferred taxes:</b>				
<b>Balance at January 1</b>	<b>10.390</b>	<b>7.891</b>	<b>10.390</b>	<b>7.892</b>
Set up (reversal)				
- With impacts on P&L	(1.652)	2.273	(1.652)	2.272
- With impacts on equity (Securities available for sale)	(199)	226	(199)	226
<b>Balance at December 31</b>	<b>8.539</b>	<b>10.390</b>	<b>8.539</b>	<b>10.390</b>

(a) It is expected that these tax credits, both for controlling entity and operational consolidated, will occur until 2019 for social contribution tax, with present value of R\$ 16 thousand for income tax until 2019, with present value of R\$ 22 thousand.

**23. Income and social contribution taxes** (Continued)

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

	R\$ thousand			
	12/31/2014		12/31/2013	
	IRPJ	CSLL	IRPJ	CSLL
<b>Income before income and social contribution taxes</b>	<b>24,317</b>	<b>24,317</b>	<b>18,310</b>	<b>18,310</b>
Bank's net income	43,582	43,582	48,599	48,599
(-) Interest on equity	(28,119)	(28,119)	(27,141)	(27,141)
(-/+) Income and social contribution taxes	(8,854)	(8,854)	3,148	3,148
<b>Tax rate</b>	<b>25%</b>	<b>15%</b>	<b>25%</b>	<b>15%</b>
<b>Income and social contributions taxes</b>				
At statutory rate	(6,080)	(3,648)	(4,578)	(2,747)
<b>Permanent additions</b>	<b>34,053</b>	<b>30,393</b>	<b>7,524</b>	<b>3,379</b>
Non-deductible expenses	4,094	434	5,746	1,601
Addition to income abroad	29,959	29,959	1,778	1,778
<b>Permanent exclusions</b>	<b>33,245</b>	<b>33,245</b>	<b>34,851</b>	<b>34,851</b>
Tax-free income	23	23	32,455	32,455
Equity pickup - before removal of profit	33,222	33,222	2,396	2,396
<b>Temporary additions/exclusions</b>	<b>(19,927)</b>	<b>(18,352)</b>	<b>(51,366)</b>	<b>(52,536)</b>
<b>Tax base</b>	<b>5,199</b>	<b>3,114</b>	<b>(60,383)</b>	<b>(65,697)</b>
<b>Income and social contribution tax losses</b>	<b>(1,560)</b>	<b>(934)</b>		
<b>Tax base - loss</b>				
<b>Income and social contribution tax losses</b>	<b>3,639</b>	<b>2,180</b>	<b>(60,383)</b>	<b>(65,697)</b>
<b>Income and social contribution taxes (a)</b>	<b>(886)</b>	<b>(327)</b>		
<b>Use of tax incentives and taxes from subsidiaries abroad</b>	<b>290</b>			
<b>period</b>	<b>(596)</b>	<b>(327)</b>		
Deferred tax liabilities	1,033	620	(1,420)	(852)
Prior year corporate income tax return (DIPJ) adjustments			(784)	(267)
<b>- Banco BBM</b>	<b>437</b>	<b>293</b>	<b>(2,204)</b>	<b>(1,119)</b>
Income and social contribution taxes other institutions of operational consolidated	(436)	(279)	(2,183)	(822)
<b>Income and social contribution taxes in P&amp;L for the year</b>				
<b>- Operational consolidated</b>	<b>1</b>	<b>14</b>	<b>(4,387)</b>	<b>(1,941)</b>

In May 2014, Law No. 12973/2014 was published, based on Provisional Executive Order (MP) No. 627/13, thus amending the Federal Tax Legislation on IRPJ, CSLL, PIS and COFINS. Among other matters, Law No. 12973/2014 determines the following:

**23. Income and social contribution taxes** (Continued)

The revocation of the Transition Tax Regime (RTT), providing for adjustments arising from new accounting method and criteria introduced due to convergence of the Brazilian accounting standards with the international standards;

Taxation of legal entities domiciled in Brazil, as for the increase in assets due to profit sharing obtained abroad by subsidiaries and affiliates; and

Special installment payment of PIS/PASEP and COFINS.

As determined by the Law, Banco BBM shall elect either to anticipate or not the tax effects for calendar year 2014, provided that all provisions of the legislation will enter into effect as for calendar year 2015. After a preliminary analysis, it was found that there will be no material impacts on the organization, therefore, the entity elected to not early adopt the new legislation.

**24. Provisions and liabilities by legal obligation**

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

**a) Breakdown of provisions**

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

	R\$ thousand	
	Operational consolidated	
	12/31/2014	12/31/2013
Labor	4,327	4,565
<b>Total - Provisions for contingencies</b>	<b><u>4,327</u></b>	<b><u>4,565</u></b>

Provisions are registered as "Other Liabilities - Sundry" under noncurrent liabilities. In the course of the year ended December 31, 2014, R\$ 4,267 thousand were reversed from provision for contingencies accounts in the Bank and Operational Consolidated statements.

**24. Provisions and liabilities by legal obligation (Continued)**

**b) Liabilities for legal obligations (\*)**

Since April 2007, based on a preliminary court order in connection with contesting the constitutionality of the law that increased the PIS and COFINS tax bases, Banco BBM S.A and BBM 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:

	R\$ thousand	
	Operational consolidated	
	12/31/2014	12/31/2013
PIS and COFINS	2,664	2,439
<b>Total - Liabilities for legal obligations</b>	<b><u>2,664</u></b>	<b><u>2,439</u></b>

(\*) In December 2013, for the Bank, PIS and COFINS liabilities, based on discussions to expand the calculation basis mentioned above was zeroed due to adherence to the debt payment/installment program with the Brazilian IRS, National Treasury General Attorney's Office (PGFN) and Brazilian National Social Security Institute (INSS) under Law No. 11941/2009, reopened with amendments made by Law NO. 12865/2013 ("REFIS").

This discussion is ongoing for the company BACOR Corretora de Valores Mobiliários S.A., a part of the operational consolidated.

**c) BM&F and Bovespa demutualization**

In December 2013, Banco BBM and BACOR Corretora de Câmbio e Valores Mobiliários S.A. adhered to the program for payment/installment of debts with the Brazilian IRS, the National Treasury General Attorney's Office (PGFN) and the Brazilian National Social Security Institute (INSS), as defined by Law No. 11941/2009, with amendments by Law No. 12865/2014 ("REFIS"), in order to settle debts in administrative proceedings and tax notices, with benefits as decrease in fines and interest, as for notices issued by the Brazilian IRS in December 2011, referring to: (i) IRPJ and CSLL of the restatement reserve of securities at BM&F e Bovespa, due to demutualization of these entities and (ii) PIS and COFINS taxation of capital gain on sale of these securities. It is worth emphasizing that only Banco BBM adhered to the program for PIS and COFINS taxation purposes, with the outstanding net amount of tax effects of R\$ 5,968 for company BACOR Corretora de Câmbio e Valores Mobiliários S.A.

**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 Operational Consolidated financial statements, as described in Note 2, as it is not considered a financial institution. Income from third-party funds administration and management is as follows:

	R\$ thousand	
	12/31/2014	12/31/2013
Revenue from administration and performance fees of investment funds recorded in Financial conglomerate (a)	17,500	18,646
<b>Total</b>	<b><u>17,500</u></b>	<b><u>18,646</u></b>

(a) Please refer to Note 17.

\* \* \*

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