

Financial Statements

Banco BBM S.A.

December 31, 2015 and 2014
with Independent Auditors' Report

Macroeconomic Scenario

After years of growth with imbalances, Brazil is now going through important economic adjustments, both internal and external, necessary to improve the performance of the economy in the future.

Internally, the economy continues to face a combination of low growth and high inflation. Our forecasts point to a decline in GDP of -3.9% in 2015 and -3.3% in 2016, but growth should return to a positive level in 2017. Regarding the inflation, it reached +10.7% in 2015, but is expected to drop gradually to +7.7% in 2016 and +6.2% in 2017. It is noteworthy that part of this economic result is a consequence of adjustments made by the government (stricter monetary policy, tax adjustment, restatement of administered prices and lower intervention in the foreign exchange market). As indicated by our projections, the economy should stabilize and inflation is expected to drop as these adjustments strengthen.

The adjustment of the labor market should also help to reduce inflationary pressures. The unemployment rate rose from +5.2% in December 2014 to +7.9% in 2015 and actual wages began to decrease significantly, indicating a lower pressure from wages. We believe that the recent deterioration of the labor market, which will probably continue in the coming months, will contribute positively to the dynamics of inflation in the medium term. This process will also be reinforced by lower pressure from administered prices.

Although the domestic adjustment is proving to be deeper and longer than expected, the opposite is taking place with the foreign sector, which is responding more quickly than expected to the exchange rate depreciation. The balance of trade reached US\$19.7 billion surplus in 2015, the highest since 2012. We expect that the balance of trade will continue improving, to reach a surplus of US\$35 billion this year and US\$40 billion in 2017, leading to a decrease in the current account deficit from US\$58.9 billion (3.3% of GDP) in 2015 to US\$ 20 billion (1.5% of GDP) in 2016 and US\$15 billion (1.0% of GDP) in 2017.

Analyzing the financial account, direct foreign investment continued at high levels. It reached US\$61.6 billion (3.4% of GDP) in 2015, thus fully covering the current account deficit and indicating that the exchange rate depreciation is helping to rebalance the economy and make it less dependent on short-term capital flows. The cost of labor in industry adjusted to productivity (unit labor cost) also fell significantly in US dollars, indicating that Brazil is becoming more competitive.

Regarding the tax scenario, this is still a source of uncertainty. The public sector posted a primary deficit of -1.9% of GDP in 2015, including the payment of overdue liabilities. The Congress has not yet approved any major tax measures to improve the situation, nevertheless the government has kept the promise to achieve a primary surplus of +0.5% of GDP in 2016, also Brazil still has a comfortable net public debt level of +36.0% of GDP (42.4% GDP excluding international reserves). The President Dilma Rousseff also announced that her government will pursue a pension reform in 2016. This reform, if approved, will significantly improve the public accounts at medium term.

In relation to the political situation, the year 2015 was marked by increased tension in Congress. The President of the House of Representatives decided to accept in December the request to initiate impeachment proceedings against President Dilma Rousseff, mainly based on an alleged violation of the Fiscal Responsibility Law. It is important to note that the chances of impeachment are low: the government needs support of only 1/3rd of Congress to block the process and the Federal Court of Appeals ruled that the House of Representatives had to reinstate the process. When this process is resolved, Congress will again focus on the necessary measures to improve the economic scenario.

In addition to the economic adjustment process, it is also necessary to raise the productivity of the Brazilian economy to resume a stronger and more sustainable growth trend. In our view, this trend will only be achieved with an increase in investment, especially in infrastructure, and the implementation of institutional reforms. This will create new opportunities, particularly now that Brazil has a more competitive currency.

Our business

Banco BBM is a wholesale financial institution, focused on providing credit facilities to corporate clients 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

The BBM Financial Group posted equity of R\$ 579 million and net income of R\$44 million at December 31, 2015, which corresponds to annual profitability of 7.61% calculated on average equity for the period.

Total assets at the end of the year amounted to R\$ 3.8 billion. The volume of funds raised in the domestic and foreign markets totaled R\$ 2.5 billion at period end, a 6.0% increase from 2014. The Bank's Basel ratio was 19.77% at the end of the year.

Credit for Companies.

The Bank's portfolio of loan transactions totaled R\$ 1.5 billion at the end of the year (including advances on foreign exchange contracts and guarantees provided through sureties and collateral), 5.0% increase from 2014.

Capitalizing on 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 basis, seeking to make its products suit its clients' 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.

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

Banco BBM's opinion is that ratings from agencies are an important source of transparency and independent assessment of the quality of our credit. The current rating granted by Moody's Investors Service is "Baa3/P-3" and "Aa1.br/BR-1" in the global and national levels respectively.

Banco BBM and Bank of Communications

On May 19, 2015, Banco BBM controlling group and Bank of Communications Co., Ltd. ("BoCom") entered into an Agreement for Purchase and Sale of Shares and Other Covenants. The Agreement establishes that BoCom shall acquire shares that account for 80% of total outstanding common shares of Banco BBM, and 80% of total outstanding preferred shares of Banco BBM, which, as a result, accounts for 80% of total outstanding shares of Banco BBM. The Contract foresees a shareholders' agreement to take effect when the transaction is fully concluded between BoCom and the current controlling block and future holders of 20% of total outstanding shares. Effectiveness of the Operation is subject to conditions precedent set forth in the Purchase and Sale Agreement, which include (i) obtaining the applicable Presidential Decree, as under article 5 of BACEN Circular No. 3317/2006, and then obtaining approval by BACEN in order to transfer the shareholding control from Banco BBM to BoCom, in compliance with Brazilian National Monetary Board (CMN) Resolution No. 4122/2012 and with BACEN Circular No. 3649/2013; and (ii) the regulatory approvals applicable in People's Republic of China.

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

Independent auditors' report on financial statements

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

We have audited the accompanying individual and consolidated financial statements of Banco BBM S.A. ("Bank"), identified as Bank and Operational consolidated, respectively, which comprises the balance sheets as at December 31, 2015 and related income statements, statements of changes in equity and of cash flow statements for year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Bank and 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.



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

Opinion

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of the Bank at December 31, 2015, their individual and consolidated operating performance and their individual and consolidated 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.

São Paulo, February 22, 2016

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

Grégory Gebetti
Contador CRC 1PR 039.144/O-8

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\$)

Assets	Note	In R\$ thousand			
		Bank		Operational consolidated	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
Current assets		3,148,336	2,363,638	3,207,681	2,402,410
Cash and cash equivalents	4	18,182	11,747	24,048	17,906
Free reserves		2,689	844	2,711	847
Funds in foreign currency		15,493	10,903	21,337	17,059
Short-term interbank investments	5	325,098	659,981	365,024	681,412
Open market investments		60,001	589,996	60,001	589,996
Interbank deposits		5,376	5,374	5,376	5,374
Investments in foreign currencies		259,721	64,611	299,647	86,042
Marketable securities and derivative financial instruments	6	1,637,695	576,988	1,649,383	579,652
Bank portfolio		881,272	458,178	881,276	458,184
Subject to repurchase agreements		533,226	15,929	533,226	15,929
Derivative financial instruments		3,255	11,567	14,939	14,225
Linked to guarantees given		219,942	91,314	219,942	91,314
Interbank accounts		711	964	711	964
Deposits – Central Bank of Brazil		707	952	707	952
Correspondent banks		4	12	4	12
Loan transactions	7	857,152	791,415	858,885	794,248
Discounted securities and loans		582,099	295,471	582,099	295,471
Financing		310,483	520,252	312,216	523,085
Allowance for loans		(35,430)	(24,308)	(35,430)	(24,308)
Other receivables		306,973	319,004	307,105	324,689
Foreign exchange portfolio	8	290,079	284,840	290,079	284,840
Unearned income		1,183	1,219	883	493
Trading and brokerage		11,353	2,253	11,409	2,317
Sundry	14	8,783	24,681	9,159	31,028
Tax credits	23	604	8,719	604	8,719
Allowance for other receivables	7	(5,029)	(2,708)	(5,029)	(2,708)
Other assets		2,525	3,539	2,525	3,539

See accompanying notes.

Assets	Note	in R\$ thousand			
		Bank		Operational consolidated	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
Noncurrent assets					
Long-term assets		519,901	648,221	544,393	665,007
Short-term interbank investments	5		4,643		4,643
Interbank deposits			4,643		4,643
Marketable securities and derivative financial instruments	6	197,263	209,059	197,263	209,059
Bank portfolio		159,289	152,341	159,289	152,341
Linked to repurchase agreements		37,974		37,974	
Derivative financial instruments			1		1
Linked to guarantees given			56,717		56,717
Loan transactions	7	208,998	340,515	232,003	355,863
Discounted securities and loans		114,958	216,518	114,958	216,518
Financing		98,492	139,539	121,497	154,887
Allowance for loans		(4,452)	(15,542)	(4,452)	(15,542)
Other receivables		112,097	91,009	113,584	92,437
Sundry	14	45,015	43,909	45,062	43,947
Tax credits	23	67,772	47,570	69,212	48,960
Allowance for other receivables	7	(690)	(470)	(690)	(470)
Other assets		1,543	2,995	1,543	2,995
Permanent assets		307,770	281,120	75,364	45,144
Investments	9	302,499	273,798	70,082	37,263
In Brazil		9,905	15,183		
Abroad		292,544	258,565	70,032	37,213
Other investments		1,810	1,810	2,628	2,628
Provision for losses		(1,760)	(1,760)	(2,578)	(2,578)
Property and equipment in use		2,789	4,720	2,800	4,881
Intangible assets		954	834	954	1,232
Deferred		1,528	1,768	1,528	1,768
Total assets		3,976,007	3,292,979	3,827,438	3,112,561

See accompanying notes.

Liabilities

	Note	in R\$ thousand			
		Bank		Operational consolidated	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
Current liabilities		2,209,274	1,571,359	2,370,235	1,609,753
Deposits	10	262,338	273,169	383,076	300,085
Demand deposits		54,980	50,542	57,392	54,886
Interbank deposits		24,966	16,003	13,672	865
Time deposits		182,392	206,624	312,012	244,334
Repurchase agreements	11	570,057	15,911	570,657	15,911
Bank portfolio		570,057	15,911	570,657	15,911
Funds from acceptance and issue of securities	12	1,041,943	697,739	1,030,076	698,062
Liabilities – marketable securities abroad		12,010		143	323
Liabilities from issue of agribusiness credit bills		270,485	294,122	270,485	294,122
Liabilities from issue of credit bills		712,329	339,139	712,329	339,139
Liabilities from issue of real estate credit bills		46,688	58,246	46,688	58,246
Funds raised by certificate of structured operations		431	6,232	431	6,232
Interbank accounts		14		14	
Receipts and payments to be settled		14		14	
Interbranch accounts		45,746	38,411	45,746	38,411
Third-party funds in transit		45,746	38,411	45,746	38,411
Borrowings	13	238,619	211,372	238,619	211,372
Loans abroad		238,619	211,372	238,619	211,372
Derivative financial instruments	6	4,754	9,758	13,215	9,758
Derivative financial instruments		4,754	9,758	13,215	9,758
Other liabilities		45,203	324,999	88,832	336,154
Collection of similar taxes		68	30	68	30
Social and statutory		25,066	47,986	64,146	49,581
Tax and social security		5,350	7,692	5,808	8,597
Securities trading		403	1,690	383	1,690
Loans granted with coobligation	7	6,197	248,399	6,197	248,399
Sundry		8,119	19,202	12,230	27,857

See accompanying notes.

Liabilities	Note	in R\$ thousand			
		Bank		Operational consolidated	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
Noncurrent liabilities					
Long-term payables		1,186,643	1,145,614	877,113	926,802
Deposits	10	109,085	21,546	109,085	21,546
Interbank deposits		3,144	3,283	3,144	3,283
Time deposits		105,941	18,263	105,941	18,263
Funds from acceptance and issue of securities	12	660,069	1,060,907	347,487	839,200
Liabilities – marketable securities abroad		312,582	221,707		
Liabilities from issue of agribusiness credit bills		172,888	133,265	172,888	133,265
Liabilities from issue of credit bills		164,642	682,215	164,642	682,215
Liabilities from issue of real estate credit bills		9,957	23,720	9,957	23,720
Borrowings	13	392,227	26,558	392,227	26,558
Loans abroad		392,227	26,558	392,227	26,558
Derivative financial instruments	6			71	
Derivative financial instruments				71	
Other liabilities		25,262	36,603	28,243	39,498
Social and statutory		4,302	11,503	4,302	11,553
Tax and social security		9,068	7,648	9,068	7,648
Loans assigned joint obligations	7		9,884		9,884
Sundry		11,892	7,568	14,873	10,413
Deferred income		900	366	900	366
Equity	15	579,190	575,640	579,190	575,640
Capital		413,131	413,131	413,131	413,131
Domiciled in Brazil		413,131	413,131	413,131	413,131
Market value adjustment - marketable securities and financial instruments		(4,139)	(3,080)	(4,139)	(3,080)
Available-for-sale securities		(4,139)	(3,080)	(4,139)	(3,080)
Income reserves		356,007	347,798	356,007	347,798
Treasury stock		(185,809)	(182,209)	(185,809)	(182,209)
Total liabilities and equity		3,976,007	3,292,979	3,827,438	3,112,561

See accompanying notes.

		in R\$ thousand					
		Bank			Operational Consolidated		
Notes	2 nd half of 2015	12/31/2015	12/31/2014	2 nd half of 2015	12/31/2015	12/31/2014	
Financial income		357.373	597.147	378.290	360.409	603.922	383.593
Loan transactions		131.710	219.078	171.765	131.978	219.568	172.136
Income from marketable securities transactions	5 and 6	99.238	174.498	131.829	99.152	174.367	130.030
Foreign exchange transactions	16	61.605	124.149	50.488	61.605	124.149	50.488
Loss (gain) on derivative financial instruments	20	64.820	79.422	24.208	67.674	85.838	30.939
Financial expenses		(308.484)	(511.469)	(286.404)	(307.127)	(508.908)	(285.074)
Market funding operations	16	(196.546)	(352.789)	(253.387)	(195.189)	(350.228)	(252.124)
Set up (reversal) of allowance doubtful accounts	7	(5.233)	(14.770)	(5.347)	(5.233)	(14.770)	(5.347)
Loans, assignments and onlending operations	16	(106.705)	(143.910)	(27.670)	(106.705)	(143.910)	(27.603)
Gross financial income		48.889	85.678	91.886	53.282	95.014	98.519
Other operating income (expenses)		(11.113)	(23.266)	(25.830)	(14.838)	(30.203)	(29.202)
Service revenues	17	5.421	9.342	9.550	8.599	17.933	20.614
Personnel expenses		(21.693)	(40.471)	(30.805)	(23.185)	(44.365)	(35.622)
Other administrative expenses	18	(15.881)	(29.317)	(28.463)	(17.608)	(33.110)	(32.925)
Tax expenses		(3.992)	(7.350)	(6.346)	(4.279)	(8.114)	(7.340)
Income from interest in subsidiaries	9	24.281	43.794	31.061	20.776	36.840	27.126
Other operating income		1.209	2.282	2.024	1.623	2.703	2.148
Other operating expenses		(458)	(1.546)	(2.851)	(764)	(2.090)	(3.203)
Operating income		37.776	62.412	66.056	38.444	64.811	69.317
Non-operating income		(914)	(3.970)	(370)	(914)	(3.950)	(370)
Income before income taxes and profit sharing		36.862	58.442	65.686	37.530	60.861	68.947
Income and social contributions taxes	23	6.197	7.629	(8.854)	5.567	6.533	(9.600)
Provision for income tax		(645)	(709)	437	(1.064)	(1.387)	-
Provision for social contribution tax		(1.008)	(1.066)	293	(1.315)	(1.536)	14
Deferred tax asset		7.850	9.404	(9.584)	7.946	9.456	(9.614)
Profit sharing – managers and employees		(15.946)	(22.136)	(13.249)	(15.984)	(23.459)	(15.764)
Net income		27.113	43.935	43.583	27.113	43.935	43.583
Earnings per share (in R\$)		0,14	0,23	0,23	0,14	0,23	0,23

See accompanying notes.

in R\$ thousand						
Capital	Income reserves		Market value adjustment - marketable securities and derivatives	Treasury shares	Retained earnings	Total
	Legal	Statutory	Bank			
Year Ended December 31, 2014						
Balances at January 1, 2014	413,131	79,674	252,660	(1,260)	(181,679)	562,526
Market value adjustments - marketable securities				(1,820)		(1,820)
Purchase of treasury shares				(530)		(530)
Net income for the year					43,583	43,583
Allocations:						
- Interest on equity of R\$ 0.15 per share					(28,120)	(28,120)
- Reserves		2,179	13,284		(15,463)	
Balances at December 31, 2014	413,131	81,853	265,945	(3,080)	(182,209)	575,640
Changes in the period		2,179	13,284	(1,820)	(530)	13,113
Year Ended at December 31, 2015						
Balances at January 1, 2015	413,131	81,853	265,945	(3,080)	(182,209)	575,640
Market value adjustments - marketable securities				(1,059)		(1,059)
Treasury shares				(3,600)		(3,600)
Net income for the year					43,935	43,935
Allocations:						
- Interest on equity of R\$ 0.14 per share					(35,726)	(35,726)
- Reserves		773	7,436		(8,209)	-
Balances at December 31, 2015	413,131	82,626	273,381	(4,139)	(185,809)	579,190
Changes in the period		773	7,436	(1,059)	(3,600)	3,550
Six-month period ended December 31, 2015						
Balances at July 1, 2015	413,131	82,626	265,173	(2,613)	(182,472)	575,845
Market value adjustments - marketable securities				(1,526)		(1,526)
Purchase of treasury shares				(3,337)		(3,337)
Net income for the six-month period					27,113	27,113
Allocations:						
- Interest on equity of R\$ 0.07 per share					(18,905)	(18,905)
- Reserves			8,208		(8,208)	
Balances at December 31, 2015	413,131	82,626	273,381	(4,139)	(185,809)	579,190
Changes in the period			8,208	(1,526)	(3,337)	3,345

See accompanying notes.

	in R\$ thousand					
	Bank			Operational consolidated		
	2 nd Half of 2015	12/31/2015	12/31/2014	2 nd Half of 2015	12/31/2015	12/31/2014
Cash flow statements						
Net income	27,113	43,935	43,583	27,113	43,935	43,583
Adjustments to net income:	(34,462)	(42,660)	(19,903)	(30,993)	(35,628)	(15,275)
Set up (reversal) of allowance doubtful accounts	5,233	14,770	5,347	5,233	14,770	5,347
Depreciation and amortization	905	1,659	2,471	965	1,789	2,595
Expenses from civil, labor and tax allowances	(630)	2,436	(129)	(630)	2,436	(129)
Income from interest in subsidiaries	(19,275)	(36,131)	(29,242)	(15,770)	(29,177)	(25,307)
Deferred income and social contribution taxes	(7,850)	(9,404)	9,584	(7,946)	(9,456)	9,614
Unrealized gains/losses on marketable securities and derivatives	(6,313)	(7,268)	(4,295)	(6,313)	(7,268)	(3,756)
Restatement of membership certificates	(1,526)	(1,059)	(1,820)	(1,526)	(1,059)	(1,820)
Equity adjustments	(5,006)	(7,663)	(1,819)	(5,006)	(7,663)	(1,819)
Adjusted net income	(7,349)	1,275	23,679	(3,880)	8,307	28,307
(Increase)/Decrease in short-term interbank investments	(17,171)	(11,338)	147,707	976	4,641	42,875
(Increase) in marketable securities and derivative financial instruments	(950,651)	(1,046,646)	(242,356)	(954,170)	(1,047,139)	(244,201)
Decrease in interbank and interbranch accounts	1,716	7,602	16,592	1,716	7,602	16,592
(Increase)/Decrease in loan and lease transactions	(187,725)	51,010	(225,673)	(191,878)	44,453	(226,928)
(Decrease)/Increase in deposits	193,791	76,708	(293,365)	268,616	170,530	(333,985)
Increase in open market funding	29,204	554,746	8,226	29,204	554,746	8,226
Increase /(Decrease) in interdepartmental accounts	(12,373)	(56,634)	379,583	(78,286)	(159,699)	404,979
Increase/(Decrease) in securities issue resources	443,869	392,915	(114,128)	443,869	392,915	(114,128)
Increase/(Decrease) in borrowings and onlending	566	534	(13)	566	534	(13)
Increase/(Decrease) in future period results	(47,708)	2,812	411,005	(41,632)	8,369	406,198
Decrease/(Increase) in other assets	(69,225)	(263,329)	(135,332)	(26,738)	(230,769)	(128,159)
(Decrease) in other liabilities						
Net cash flow from (used in) operating activities	(615,706)	(291,620)	(47,754)	(547,757)	(253,817)	(168,545)
Cash flow from investing activities:						
Decrease in investments	4,389	7,322	1,543	8,911	(3,750)	23,938
Disposal of investments	6,046	6,046		6,046	6,046	
Disposal of property and equipment for use and leased	463	152	(1,341)	1,044	570	(1,686)
Disposal of deferred charges	240	240	927	240	240	927
Dividends and interest on equity received	1,000	1,725	1,000	1,000	1,725	1,000
Net cash provided by (used in) investing activities	12,138	15,485	2,129	17,241	4,831	24,179
Cash flow from financing activities:						
Dividends and interest on equity paid	(18,962)	(65,969)	(16,556)	(18,962)	(65,969)	(16,556)
Purchases of treasury shares	(3,337)	(3,600)	(530)	(3,337)	(3,600)	(530)
Net cash provided from (used in) financing activities	(22,299)	(69,569)	(17,086)	(22,299)	(69,569)	(17,086)
Net increase (decrease) in cash and cash equivalents	(633,216)	(344,429)	(39,031)	(556,695)	(310,248)	(133,144)
At beginning of period	952,973	664,186	703,217	940,391	693,944	827,088
At end of period	319,757	319,757	664,186	383,696	383,696	693,944
Net increase (decrease) in cash and cash equivalents	(633,216)	(344,429)	(39,031)	(556,695)	(310,248)	(133,144)
Non-cash transactions						
Interest on equity	16,069	27,555	23,901	16,069	27,555	23,901
Dividends				300	1,300	725

See accompanying notes.

1. Operations

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

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

The Bank's and the Financial Group's operations are carried out in the context of a group of institutions which operate together in the financial market and certain operations have co-participation or intermediation of associated institutions which are part of 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.

On May 19, 2015, Banco BBM controlling group and Bank of Communications Co., Ltd. ("BoCom") entered into an Agreement for Purchase and Sale of Shares and Other Covenants. The Agreement establishes that BoCom shall acquire shares that account for 80% of total outstanding common shares of Banco BBM, and 80% of total outstanding preferred shares of Banco BBM, which, as a result, accounts for 80% of total outstanding shares of Banco BBM. The Contract foresees a shareholders' agreement to take effect when the transaction is fully concluded between BoCom and the current controlling block and future holders of 20% of total outstanding shares. Effectiveness of the Operation is subject to conditions precedent set forth in the Purchase and Sale Agreement, which include (i) obtaining the applicable Presidential Decree, as under article 5 of BACEN Circular No. 3317/2006, and then obtaining approval by BACEN in order to transfer the shareholding control from Banco BBM to BoCom, in compliance with Brazilian National Monetary Board (CMN) Resolution No. 4122/2012 and with BACEN Circular No. 3649/2013; and (ii) the regulatory approvals applicable in People's Republic of China.

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, 2015 and 2014 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. (c)

- 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.

**2. Presentation of the financial statements and consolidation criteria
(Continued)**

- b) Banco BBM S.A. holds directly 100% of the capital of these entities.
- c) This entity is not part of the operational consolidated at the year ended on December 31, 2015. The income statement is consolidated up until October 31, 2015.

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 15, 2016.

3. Summary of significant accounting practices**(a) P&L from operations**

Profit and loss are recorded on an accrual basis.

(b) Marketable securities and derivative financial instruments

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

- I- Trading securities;
- II - Securities available for sale;
- III - Securities held to maturity.

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.

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

(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.

(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 20%.

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 20% respectively.

In May 2015 it was published the Provisional Measure No. 675, which amended the rate of Social Contribution on Net Income - CSLL of financial institutions from 15% to 20%. This rate increase went into effect, according to the Provisional Measure, as of September 2015.

(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.

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

(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.

3. Summary of significant accounting practices (Continued)

(l) Loan transactions (Continued)

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 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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Cash and checking accounts in Banks	15,493	10,903	21,337	17,059
Free reserves in cash with the Central Bank	2,689	844	2,711	847
Interbank investments (a)	60,001	589,996	60,001	589,996
Investments in foreign currencies	241,574	62,443	299,647	86,042
Total	319,757	664,186	383,696	693,944

(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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Open market investments	60,001	589,996	60,001	589,996
Self-funded position	60,001	589,996	60,001	589,996
National Treasury Bills (LTN)		329,499		329,499
Financial Treasury Bills	10,000	250,502	10,000	250,502
National Treasury Notes – B series	50,001	9,995	50,001	9,995
Interbank deposits	5,376	10,017	5,376	10,017
Investments in foreign currencies (*)	259,721	64,611	299,647	86,042
	325,098	664,624	365,024	686,055
Current assets	325,098	659,981	365,024	681,412
Long-term receivables		4,643		4,643
	325,098	664,624	365,024	686,055

(*) The investments in foreign currencies are comprised of Overnights and Time Deposits.

At December 31, 2015 and 2014, collateral received in repurchase agreements amounted to R\$ 61,085 thousand - Bank and R\$ 592,107 thousand - Operational consolidated. Collateral provided amounted to R\$ 536,656 thousand and R\$ 15,929 thousand in the same periods.

The results of short-term interbank investments for the Bank and Operational consolidated are as follows:

	in R\$ thousand					
	Bank			Operational consolidated		
	2 nd Half of 2015	12/31/2015	12/31/2014	2 nd Half of 2015	12/31/2015	12/31/2014
Open market investments	50,408	90,559	60,679	50,408	90,559	60,679
Interbank deposits	463	1,020	1,819	463	1,020	1,819
Investments in foreign currencies	39	56	60	149	221	60
Marketable securities and financial instruments	50,910	91,635	62,558	51,020	91,800	62,558

6. Marketable securities and derivative financial instruments

	in R\$ thousand							
	Bank				Operational consolidated			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	12/31/2015		12/31/2014		12/31/2015		12/31/2014	
I - Marketable securities	1,811,356	1,831,703	759,721	774,479	1,811,357	1,831,706	759,721	774,485
Securities for trading	1,045,985	1,066,413	50,750	68,772	1,045,985	1,066,413	50,750	68,772
Own Portfolio	650,979	671,400	50,750	68,772	650,979	671,400	50,750	68,772
Fixed income securities	549,656	549,580			549,656	549,580		
National Treasury Notes – B series	549,656	549,580			549,656	549,580		
Investment fund shares	101,323	121,820	50,750	68,772	101,323	121,820	50,750	68,772
Fund Shares of real estate funds (**)	50,750	71,247	50,750	68,772	50,750	71,247	50,750	68,772
Fund shares in credit rights	50,573	50,573			50,573	50,573		
Subject to repurchase agreements	395,006	395,013			395,006	395,013		
National Treasury Notes – B series	395,006	395,013			395,006	395,013		
Available-for-sale securities	765,371	765,290	708,971	705,707	765,372	765,293	708,971	705,713
Own Portfolio	368,787	369,161	543,994	541,747	368,788	369,164	543,994	541,753
Fixed income securities (*)	368,714	368,978	543,921	541,501	368,714	368,978	543,921	541,501
Financial Treasury Bills	54,331	54,336	20,024	20,024	54,331	54,336	20,024	20,024
National Treasury Bills (LTN)	149,955	149,921	504,020	501,607	149,955	149,921	504,020	501,607
National Treasury Notes – B series	10,802	10,602	19,829	19,818	10,802	10,602	19,829	19,818
National Treasury Notes – F series	51	52	48	52	51	52	48	52
Promissory Note	87,397	87,914			87,397	87,914		
Debentures	66,178	66,153			66,178	66,153		
Variable income securities	73	183	73	246	74	186	73	252
Shares of listed companies	73	183	73	246	74	186	73	252
Subject to repurchase agreements	176,169	176,187	16,020	15,929	176,169	176,187	16,020	15,929
Financial Treasury Bills	103,656	103,669			103,656	103,669		
National Treasury Bills (LTN)			16,020	15,929			16,020	15,929
National Treasury Notes – B series	37,948	37,974			37,948	37,974		
Debentures	34,565	34,544			34,565	34,544		
Linked to guarantees given	220,415	219,942	148,957	148,031	220,415	219,942	148,957	148,031
Financial Treasury Bills	165,739	165,762			165,739	165,762		
National Treasury Bills (LTN)			148,957	148,031			148,957	148,031
National Treasury Notes – B series	54,676	54,180			54,676	54,180		
II - Derivative financial instruments	4,120	3,255	10,552	11,569	15,804	14,940	14,037	14,227
Swap transactions	1,374	1,253	8,936	8,769	1,444	1,324	8,936	11,215
Forward			443	576	11,225	11,225	3,927	788
Options	2,746	2,002	1,173	2,224	3,135	2,391	1,173	2,224
Total marketable securities and Derivative financial instruments	1,815,476	1,834,958	770,273	786,048	1,827,161	1,846,646	773,755	788,712
Segregation of portfolio by maturity:								
No maturity	73	183	73	246	74	186	73	252
Within 3 months	1,174,874	1,174,454	204,485	205,041	1,186,558	1,186,139	207,968	207,699
From 3 to 12 months	463,764	463,058	372,705	371,701	463,764	463,058	372,706	371,701
Above 12 months	176,765	197,263	193,010	209,059	176,765	197,263	193,010	209,059
Total	1,815,476	1,834,958	770,273	786,048	1,827,161	1,846,646	773,755	788,712

6. Marketable securities and derivative financial instruments (Continued)

	in R\$ thousand							
	Bank				Operational consolidated			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
III - Derivative financial instruments								
Short position	4,566	4,754	8,997	9,758	13,096	13,286	8,997	9,758
Swap transactions	3,172	3,793	2,126	2,408	3,242	3,864	2,126	2,408
Forward			5,710	5,128	8,072	8,072	5,710	5,128
Options	1,394	961	1,161	2,222	1,782	1,350	1,161	2,222
Segregation by maturity:								
Within 3 months	1,125	684	5,816	5,345	9,585	9,145	5,816	5,345
From 3 to 12 months	3,441	4,070	3,181	4,413	3,440	4,070	3,181	4,413
Above 12 months					71	71		
Total	4,566	4,754	8,997	9,758	13,096	13,286	8,997	9,758

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

	in R\$ thousand					
	Bank			Operational consolidated		
	2 nd Half of 2015	12/31/2015	12/31/2014	2 nd Half of 2015	12/31/2015	12/31/2014
Investment fund shares	3,253	6,588	2,619	3,253	6,588	2,619
Government securities	37,021	68,091	66,652	37,021	68,091	64,853
Private securities	8,054	8,184		7,858	7,888	
Marketable securities and financial instruments	48,328	82,863	69,271	48,132	82,567	67,472

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.

(*) Securities classified as "Securities for trading" maturing within more than 12 months, which at December 31, 2015 amount to R\$ 145,016 thousand - Bank and Operational consolidated (nil at December 31, 2014), are stated in current assets, according to BACEN Circular No. 3068/01. Securities classified as "Securities Available for Sale" maturing within more than 12 months, amounting to R\$ 37,469 thousand - Bank and Operational consolidated at December 31, 2015 (R\$ 140,286 thousand at December 31, 2014), are stated in noncurrent assets, according to BACEN Circular No. 3068/01, irrespective of their liquidity level. The effect of this classification on net working capital is stated in Note 21 - Liquidity Risk.

(**) 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, 2015, is as follows:

	in R\$ thousand					
	Assets		Liabilities			
	12/31/2015	12/31/2014	12/31/2015	12/31/2014		
Cash and cash equivalents	1	1	Sundry	125	73	
Investment fund shares	253	1				
Fixed income investments		99				
Investment properties (*)	71,118	68,744	Equity	71,247	68,772	
Total assets	71,372	68,845	Total liabilities	71,372	68,845	

* The fair value of investment properties is obtained from valuation reports prepared by renowned professional entities, using valuation techniques.

7. Loan transactions, sureties and guarantees

At December 31, 2015 and 2014, 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			
	12/31/2015		12/31/2014	
Agriculture	284,423	18.44%	335,224	22.77%
Chemical and Petrochemical	226,131	14.66%	133,612	9.07%
Sugar and Ethanol	185,366	12.02%	240,901	16.36%
Construction and engineering	173,834	11.27%	289,738	19.68%
Textile, Leathers and Clothing	120,049	7.78%	36,857	2.50%
Food	105,968	6.87%	66,298	4.50%
Electric power	91,945	5.96%	38,655	2.63%
Specialized Services	50,957	3.30%	46,506	3.16%
Retail market	61,854	4.01%	31,213	2.12%
Transportation and Logistics	49,238	3.19%	5,178	0.35%
Financial market	43,878	2.85%	63,421	4.31%
Pharmaceutics	34,599	2.24%	15,536	1.06%
Paper, Plastic and Packaging	33,147	2.15%	51,671	3.51%
Foreign trade	32,614	2.11%	30,698	2.08%
Vehicles and Parts	28,806	1.87%	48,058	3.26%
Construction and Decoration Materials	9,962	0.65%	1,234	0.08%
Individuals	3,900	0.25%	18,201	1.24%
Metallurgy	2,894	0.19%	18,856	1.28%
Beverages and Tobacco	2,510	0.16%	503	0.03%
Total	1,542,075	100%	1,472,360	100%

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	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Current assets				
Loan transactions	892,582	815,723	894,315	818,556
Private sector	892,582	815,723	894,315	818,556
Other receivables	11,357	13,418	11,357	13,418
Foreign exchange portfolio – receivables (a)	8,665	8,837	8,665	8,837
Securities and credits receivable (b)	2,692	4,581	2,692	4,581
Noncurrent assets				
Loan transactions	213,450	356,057	236,455	371,405
Private sector	213,450	356,057	236,455	371,405
Other receivables	241	358	241	358
Securities and credits receivable (b)	241	358	241	358
Current liabilities				
Other liabilities	260,144	242,629	260,144	242,629
Foreign exchange portfolio - Advances on exchange contracts (a)	260,144	242,629	260,144	242,629
Subtotal	1,377,774	1,428,185	1,402,512	1,446,366
Co-obligations and risks in guarantees provided (c)	164,301	44,175	139,563	25,994
Total	1,542,075	1,472,360	1,542,075	1,472,360

(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 the portfolio of lowered exchange contract advances.

(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.

7. Loan transactions, sureties and guarantees (Continued)

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

Risk level	in R\$ thousand													
	12/31/2015										12/31/2014			
	Overdue – days					Falling due – days					Total	Allowance	Total	Allowance
	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						36,536	38,450	135,134	88,397	298,517		241,551		
A	9,620					100,198	148,744	325,861	76,256	660,679	3,303	709,456	3,547	
B	623	1,310				87,008	84,282	129,620	22,124	324,967	3,250	313,377	3,134	
C	8,217	2,688				21,918	33,473	80,226	66,093	212,615	6,378	145,480	4,365	
D	0													
E	0					603	545	1,090	3,044	5,282	1,585	28,956	8,687	
F	1,167	2,335		3,815			13,179			20,496	11,566	14,626	7,313	
G												9,771	6,839	
H	2	2	2	1,370	7,730	2,358	3,488	2,923	1,644	19,519	19,519	9,143	9,143	
Total	19,629	6,335	2	5,185	7,730	248,621	322,161	674,854	257,558	1,542,075	45,601	1,472,360	43,028	

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

	in R\$ thousand	
	12/31/2015	12/31/2014
Allowance for loan losses	40,625	39,850
Current assets	35,483	24,308
Noncurrent assets	5,142	15,542
Provision for other credits		
Provision for advances on exchange contracts	4,677	2,621
Current assets	4,677	2,612
Noncurrent assets		9
Provision for co-obligations and risks in guarantees provided	299	557
Current assets	299	96
Noncurrent assets		461
Total	45,601	43,028

Changes in allowance are as follows:

	in R\$ thousand	
	12/31/2015	12/31/2014
Balance at January 1	43,028	58,988
Set up / (reversal)	14,770	5,337
Write-offs to loss	(12,197)	(21,297)
Total	45,601	43,028

7. Loan transactions, sureties and guarantees (Continued)

In the year ended December 31, 2015, renegotiated transactions amounted to R\$ 47,474 thousand - Bank and Operational consolidated (R\$ 3,748 thousand at December 31, 2014). Renegotiated loan transactions are mainly with 3 clients, with the following characteristics:

Client 1 - R\$ 13,024 thousand. Debt payment extended for 180 days, with recording of R\$ 5,200 thousand in assets due to judicial pledge of duly valuated property;

Client 2 - R\$ 18,445 thousand. Debt payment extension as condition for the acquisition of controlling interest in the company by a relevant investor, with net adjusted transaction balance in line with the previous allowance;

Client 3 - R\$ 16,005 thousand. Renegotiation fully covered by security interest, with payment of R\$ 3,000 thousand in December 2015, R\$ 7,000 thousand in January 2016 and the remaining balance along 2016.

In the year ended December 31, 2015, there was recovery of losses on loan transactions in the amount of R\$ 5,542 thousand - Bank and Operational consolidated (R\$ 3,955 thousand at December 31, 2014).

At the year ended on December 31, 2015, 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.

in R\$ thousand					
Assets	12/31/2015	12/31/2014	Liabilities	12/31/2015	12/31/2014
Loan transactions			Other liabilities		
Working capital	5,933	231,423	Other liabilities	6,197	258,283
Export credit notes		22,059			
Total	5,933	253,482	Total	6,197	258,283

Breakdown of sales or transfers of assets without substantial retention of risks and rewards in the years ended December 31, 2015 and 2014 is as follows:

in R\$ thousand		
	12/31/2015	12/31/2014
Number of contracts	13	15
Assignment amount	132,284	129,127
Provision net book value	112,095	104,080
Revenue from assignments	20,189	25,047

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

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

	in R\$ thousand			
	12/31/2015	%	12/31/2014	%
Top debtor	61,607	4.0%	55,552	3.8%
Top 10 debtors	363,835	23.6%	298,151	20.2%
Top 20 debtors	578,464	37.5%	489,107	33.2%
Top 50 debtors	1,056,009	68.5%	925,639	62.9%
Top 100 debtors	1,446,174	93.8%	1,334,836	90.7%

Breakdown of Operational Consolidated portfolio by type is as follows:

	in R\$ thousand	
	12/31/2015	12/31/2014
Working capital	658,934	733,120
Export credit notes	391,998	406,868
Trade Finance	293,547	269,646
Others	58,033	36,688
Co-obligations	139,563	25,994
Payroll loan		44
Total	1,542,075	1,472,360

8. Foreign exchange portfolio (Bank and Operating Consolidated)

	in R\$ thousand	
	12/31/2015	12/31/2014
Other receivables – Foreign exchange portfolio		
Foreign exchange purchases pending settlement	281,414	276,003
Income receivable from advances granted (a)	8,665	8,837
Total	290,079	284,840
Other payables – Foreign exchange portfolio		
Exchange purchase obligations	260,144	242,629
Advances on foreign exchange contracts granted (a)	(260,144)	(242,629)
Total		

(a) See Note 7.

At December 31, 2015, deposited federal government securities securing foreign exchange transactions with BM&F Bovespa S.A. - Bolsa de Valores, Mercadorias e Futuros amounted to R\$ 63,615 thousand (2014 - R\$ 59,868 thousand).

9. Investments - Interest in subsidiaries

	BBM Adm. Recursos DTVM S.A. (a) (c)	BACOR CCVM S.A. (a)	The Southern Atlantic Investments Ltd. (a)	Others (b)	Total
At December 31, 2015:					
Number of issued shares		127,374	229,201,370		
Common shares		63,687	229,201,370		
Preferred nominative shares		63,687			
Indirect interest		100%	100%		
Capital – R\$ thousand		8,755	229,201		237,956
Equity – R\$ thousand		9,905	292,544		302,449
Net income (loss) for the period – R\$ thousand		923	33,979		34,902
Dividends, interest on equity approved or capital decrease – R\$ thousand		300			300
Book value of investments – R\$ thousand					
December 31, 2015		9,905	292,544		302,449
Income from interest in subsidiaries – R\$ thousand					
2 st half of 2015	528	632	18,115	5,006	24,281
Fiscal Year of 2015	1,229	922	33,979	7,663	43,794
At December 31, 2015:					
Number of issued shares	5,849,278	127,374	229,201,370		
Common 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	5,900	8,283	258,565		29,242
Net income (loss) for the year – R\$ thousand	1,006	421	27,815		725
Dividends, interest on equity approved or capital decrease – R\$ thousand	625	100			
Book value of investments – R\$ thousand					
December 31, 2014	5,900	9,283	258,565		273,748
Income from interest in subsidiaries – R\$ thousand					
2 st half of 2014	762	248	18,085	2,526	21,621
Fiscal Year of 2014	1,006	421	27,815	1,819	31,061

- (a) Financial statements audited and reviewed by our independent auditors.
- (b) This partially refers to exchange variation on equity of the Nassau's agency, not eliminated in the consolidation process.
- (c) In October 2015, the Bank disposed of its direct equity interest of 100% in BBM Administração de Recursos Distribuidora de Títulos e Valores Mobiliários S.A. to BBM Holding S.A. This investment disposal generated negative result of R\$ 83 thousand.

Operational consolidated financial statements

	in R\$ thousand				
	Investment book value		Income from interest in subsidiaries		
	31/12/2015	31/12/2014	2 nd half of 2015	31/12/2015	31/12/2014
The Southern Atlantic Investments Ltd, (a) (b)	70,032	37,212	15,771	28,937	25,085
BBM Investment Management Services (c)		1,924		241	222
Others (d)			5,005	7,662	1,819
Total	70,032	39,136	20,776	36,840	27,126

- (a) Financial statements audited by our independent auditors.
- (b) The indirect equity interest of 100% of Banco BBM S.A. in BBM Bank Ltd was eliminated in Operational consolidated, in line "Interest in subsidiaries - The Southern Atlantic Investments Ltd.". In the year ended December 31, 2015, this elimination generated the following effects in Operational consolidated: decrease in permanent investment by R\$ 222,512 thousand (December 31, 2014 - R\$ 223,276 thousand) and decrease in equity pickup by R\$ 2,344 thousand (December 31, 2014 - R\$ 2,385 thousand).
- (c) BBM Investment Management Services, headquartered in Cayman Islands, was set up in March 2006 by payment of capital, amounting to US\$ 50 thousand, in order to manage investment funds portfolio in the international market. The company was closed in May, 2015.
- (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 12/31/2015		Total 12/31/2014	
	Bank	Operational consolidated	Bank	Operational consolidated	Bank	Operational consolidated	Bank	Operational consolidated
Within 1 month	4,009	133,629			4,009	133,629	20,230	20,230
From 1 to 3 months	2,707	2,707	628	180	3,335	2,887	48,223	84,845
From 3 to 6 months	58,099	58,099	3,469	2,931	61,568	61,030	65,330	65,330
From 6 to 12 months	117,577	117,577	20,869	10,562	138,446	128,138	88,844	74,794
More than 12 months	105,941	105,941	3,144	3,144	109,085	109,085	21,546	21,546
Subtotal	288,333	417,953	28,110	16,816	316,443	434,769	244,173	266,745
Cash deposits and other deposits					54,980	57,392	50,542	54,886
Total					371,423	492,161	294,715	321,631

Average term of interbank and time deposits, for outstanding transactions at December 31, 2015, in Operational consolidated, is 1,079 days and 541 days (December 31, 2014 - 1,017 and 484 days), respectively.

Maturities upon issue	R\$ thousand							
	Time deposits		Interbank deposits		Total 12/31/2015		Total 12/31/2014	
	Bank	Operational consolidated	Bank	Operational consolidated	Bank	Operational consolidated	Bank	Operational consolidated
Within 1 month	197,493	197,493			197,493	197,493	776	776
From 1 to 3 months	568	130,188			568	130,188	12,247	49,957
From 3 to 6 months	10	10			10	10	12,275	12,275
From 6 to 12 months	25,710	25,710			25,710	25,710	68,975	68,975
More than 12 months	64,552	64,552	28,110	16,816	92,662	81,368	149,900	134,762
Subtotal	288,333	417,953	28,110	16,816	316,443	434,769	244,173	266,745
Cash deposits and other deposits					54,980	57,392	50,542	54,886
Total					371,423	492,161	294,715	321,631

The composition per consolidated Operational segment is presented as follows:

	R\$ thousand								
	Demand deposits		Time deposits		Interbank deposits		Total		
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	
Assets	2.090		154.203				156.293	31,8%	
Legal entities	43.488	39.901	163.285	101.528			206.773	42,01%	141.429
Institutional customers		608	190	94.886			190	0,04%	95.494
Group	3.538	13.607	92.483	47.269	5.291		101.312	20,59%	60.876
Financial institutions	4	9	2.298	15.740	11.525	4.148	13.827	2,81%	19.897
Individuals	8272	761	5.494	2.174			13.766	2,80%	3.935
Total	57.392	54.886	417.953	261.597	16.816	4.148	492.161	100%	321.631

10. Deposits (Continued)

The top customers portfolio of the operational consolidated is as follows:

	R\$ thousand			
	12/31/2015		12/31/2014	
Top depositor	98,386	19.99%	21,338	6.63%
Top 10 depositors	295,785	60.10%	135,625	42.17%
Top 20 depositors	361,336	73.42%	203,176	63.17%
Top 50 depositors	449,156	91.26%	285,538	88.78%
Top 100 depositors	481,084	97.75%	313,237	97.39%

11. Repurchase agreements

The liabilities from operations in the Bank and Consolidated Operating are composed as follows:

	in R\$ thousand			
	Bank		Operational consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Own Portfolio				
Financial Treasury Bills	103,311		103,311	
National Treasury Bills (LTN)	394,778	15,911	394,778	15,911
National Treasury Notes – B series	37,841		37,841	
Debentures	34,727		34,727	
	570,657	15,911	570,657	15,911

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

Banco BBM had issued Eurobonus in the amount of R\$ 324,592 thousand, in December 2015 (December 2014 - R\$ 221,707 thousand), acquired by The Southern Atlantic Investments Ltd, company not included in Operational consolidated. On September 20, 2014, there was Eurobonus issue of US\$ 3,000 thousand, maturing on November 30, 2016, on January 31, 2015 there was issue of US\$ 50,000 thousand, maturing on January 31, 2018 and on December 28, 2015 there was issue of US\$ 30,000 thousand, maturing in January 2019.

At December 31, 2015, 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:

12. Funds from acceptance and issue of securities and real estate bills
(Continued)

R\$ thousand									
Bank and Operational consolidated									
Maturity	LCA (a)		LCI (b)		LF (c)		COE (d)		
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	
Within 1 month	6,474	52,370	8,688	6,415	2,572				
From 1 to 3 months	21,761	59,012	3,533	12,451	245,203	79,076			585
From 3 to 6 months	68,801	82,858	9,131	17,791	57,861	76,574			1,437
From 6 to 12 months	173,449	99,882	25,336	21,590	406,693	183,489	431		4,210
More than 12 months	172,888	133,265	9,957	23,720	164,642	682,215			
Total	443,373	427,387	56,645	81,966	876,971	1,021,354	431		6,232

- (a) LCA is issued by the Bank registered with the Brazil's OTC Clearing House - CETIP or at BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange, 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 on-lending

a) Borrowings abroad

Bank's and Operational Consolidated borrowings abroad are comprised as follows:

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Obligations with borrowings abroad	392,227	26,558	392,227	26,558
Export credit facility	238,619	211,372	238,619	211,372
	630,846	237,930	630,846	237,930
Current liabilities	238,619	211,372	238,619	211,372
Long-term payables (a)	392,227	26,558	392,227	26,558
	630,846	237,930	630,846	237,930

13. Borrowings and on-lending (Continued)

- (a) The amount of R\$ 392,227 thousand - Bank and Operational consolidated in December 2015 (December 31, 2014 - R\$ 26,558 thousand), classified in noncurrent assets, refers to a US dollar raising transaction from the "International Finance Corporation" (IFC), from the World Bank, maturing in December 2019. The amount of R\$ 294,180 thousand bears Libor for six-month US dollar deposits plus 2.70% p.a. spread and the amount of R\$ 98,047 thousand bears "Libor" for six-month US dollar deposits plus 2.40% p.a. spread, maturing in 2017.

14. Other receivables / Sundry

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Sundry				
Debtors Deposits on warranty	45,071	43,775	45,118	43,827
Taxes and contributions to offset	3,313	10,689	3,417	11,466
Securities and credits receivable	2,933	4,939	2,933	4,939
Receivables from related parties	47	56	47	33
Sundry debtors - foreign	44	7,356	82	11,624
Sundry debtors - domestic	2,214	1,410	2,449	2,674
Advances - Salaries and constructions	175	365	175	422
Total	53,797	68,590	54,221	74,985
Current	8,783	24,681	9,159	31,028
Long-term payables	45,014	43,909	45,062	43,957
	53,797	68,590	54,221	74,985

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.

15. Equity (Continued)**(d) Treasury stock**

At December 31, 2015, Banco BBM had 69,634,738 treasury shares in the amount of R\$ 185,809 thousand.

On May 27, 2015, Banco BBM acquired 28,066 common shares and 5,105 preferred shares amounting to R\$ 116 thousand, held in treasury.

On June 30, 2015, a supplementation of price of repurchased shares held in treasury was recognized in the amount of R\$ 147 thousand, as well as R\$ 3,336 thousand on December 30. This amount refers to the price complement of the shares bought at March 28, 2011. The contract specified that the buyer (Banco BBM S.A.) will inherit the future obligation to pay an amount based on the income of a credit operation then determined.

(e) Interest on equity (IOE)

According to article 9 of Law No. 9249/95 and its subsequent amendments, Banco BBM S.A., in 2015, declared interest on equity of R\$ 35,726 thousand (2014 - R\$ 28,119 thousand), with retention of withholding income tax of R\$ 5,359 thousand (2014 - R\$ 4,218 thousand), calculated at the rate of 15%. Said amount was determined based on the legal limits in force and classified in the official records as "Other operating expenses".

For purposes of publication of the income statement, as established by BACEN Circular No. 2739, the expense related to the payment of interest on equity capital was adjusted by a reclassification to retained earnings, and recognized in the statement of changes in equity as an allocation of income.

Interest on equity proposed in 2015 reduced tax burden by R\$ 16,077 thousand (2014 - R\$ 11,248 thousand).

(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	
	12/31/2015	12/31/2014
Net income for the year - Banco BBM S.A.	43,935	43,583
(-) Legal reserve	(773)	(2,179)
Calculation base	<u>43,162</u>	<u>41,404</u>
Mandatory minimum dividends (a)	25%	25%
	<u>10,791</u>	<u>10,351</u>
Dividends - approved and paid		
Interest on Equity (IOE) - approved	35,726	28,119
Total	<u>35,726</u>	<u>28,119</u>

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

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

	R\$ thousand					
	Bank			Operational consolidated		
	2 nd half of 2015	12/31/2015	12/31/2014	2 nd half of 2015	12/31/2015	12/31/2014
Open market funding						
Deposits remunerated abroad				(14)	(14)	
Interbank deposits	(1,727)	(2,934)	(2,732)	(706)	(1,009)	(1,211)
Time deposits	(10,748)	(22,556)	(44,726)	(10,756)	(22,564)	(45,732)
Repurchase agreements	(10,871)	(13,381)	(2,851)	(10,871)	(13,381)	(2,851)
Agriculture credit bills – expenses	(25,413)	(45,879)	(41,498)	(25,413)	(45,879)	(41,498)
Real estate credit bills– expenses	(4,070)	(8,667)	(7,197)	(4,070)	(8,667)	(7,197)
Financial bills – expenses	(73,779)	(142,706)	(113,974)	(73,779)	(142,706)	(113,975)
Securities abroad – expenses	(461)	(851)	(967)	(103)	(193)	(219)
Credit Guarantee Fund	(474)	(1,091)	(1,327)	(474)	(1,091)	(1,327)
Expenses with obligations related to linked loans granted	(1,518)	(9,670)	(4,631)	(1,518)	(9,670)	(4,631)
Paid deposits abroad						
Structured operations certificates – expenses	(493)	(819)	(207)	(493)	(819)	(207)
Obligations for operations with assigned credits - expenses						
Foreign exchange variation (a)	(66,992)	(104,235)	(33,277)	(66,992)	(104,235)	(33,276)
	(196,546)	(352,789)	(253,387)	(195,189)	(350,228)	(252,124)
Loans, assignments and onlending operations						
Loan expenses abroad	(29,383)	(66,588)	(6,176)	(29,383)	(66,588)	(6,109)
Foreign exchange variation (a)	(77,322)	(77,322)	(21,494)	(77,322)	(77,322)	(21,494)
	(106,705)	(143,910)	(27,670)	(106,705)	(143,910)	(27,603)
Foreign exchange transactions						
Revenue from Advances on Exchange Contracts	13,953	25,699	26,467	13,953	25,699	26,467
Foreign exchange variations and interest differences	47,775	98,686	24,234	47,775	98,686	24,234
Other expenses	(123)	(236)	(213)	(123)	(236)	(213)
	61,605	124,149	50,488	61,605	124,149	50,488

(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		
	2 nd half of 2015	12/31/2015	12/31/2014	2 nd half of 2015	12/31/2015	12/31/2014
Administration and performance fees of investment funds	2,640	5,126	5,350	6,239	14,804	17,500
Other services	2,781	4,216	4,200	2,360	3,129	3,114
	5,421	9,342	9,550	8,599	17,933	20,614

18. Other administrative expenses

	R\$ thousand					
	Bank			Operational consolidated		
	2 nd half of 2015	31/12/2015	31/12/2014	2 nd half of 2015	31/12/2015	31/12/2014
Specialized technical services	(3,557)	(5,675)	(4,963)	(3,640)	(5,896)	(5,462)
Rent	(1,656)	(3,580)	(3,931)	(2,103)	(4,669)	(5,335)
Other administrative expenses	(2,219)	(4,079)	(4,184)	(2,435)	(4,610)	(4,728)
Financial system services (a)	(1,254)	(2,899)	(4,106)	(1,318)	(3,017)	(4,335)
Amortization and depreciation	(905)	(1,659)	(2,471)	(965)	(1,789)	(2,595)
Data processing	(1,408)	(2,591)	(1,735)	(1,554)	(2,887)	(2,044)
Communications	(907)	(1,719)	(1,732)	(944)	(1,796)	(1,795)
Travel	(1,182)	-1786	(1,568)	(1,235)	(1,887)	(1,711)
Third-party services	(684)	(1,781)	(778)	(1,126)	(2,565)	(1,409)
Property maintenance and upkeep	(676)	(1,232)	(1,115)	(756)	(1,387)	(1,321)
Promotions / advertisement / publications	(365)	(619)	(998)	(434)	(831)	(1,213)
Water, Energy and Gas	(471)	(935)	(631)	(471)	(935)	(631)
Transportation	(543)	(630)	(178)	(555)	(662)	(229)
Material	(32)	(72)	(49)	(43)	(102)	(79)
Surveillance and security service	(13)	(24)	(24)	(20)	(41)	(38)
Fine expenses	(9)	(36)		(9)	(36)	
	(15,881)	(29,317)	(28,463)	(17,608)	(33,110)	(32,925)

(a) This includes brokerage expenses, charges and commissions related to guarantee transactions and derivative financial instruments in the Bank and the Operational Consolidated, amounting to R\$ 1,004 thousand in December 31, 2015 (December 31, 2014 - R\$ 1,354 thousand in the Bank and in Operational consolidated).

19. Significant transactions with related parties

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Assets				
Short-term interbank investments				
Investments in foreign currencies	124,246	38,586		
BBM Bank Limited	124,246	38,586		
Marketable securities and financial instruments	71,247	68,772	71,247	68,772
Property Fund Structure II - FII	71,247	68,772	71,247	68,772
Other receivables	458	7,714	41	11,289
BACOR Corretora de Cambio e Valores Mobiliários S.A.	370	161		125
BBM Administração de Recursos DTVM S.A.	47	648		
Évora S/A		33		33
The Southern Atlantic Investments Ltd		6,863		11,086
Bahia Fund	41	9	41	45
Derivative financial instruments			11,404	217
The Southern Atlantic Investments Ltd			11,225	211
Bahia Fund			179	6
Liabilities				
Demand deposits	9,082	9,543	10,025	11,546
Ravenala S.A.	8	5,674	8	5,674
Evora S.A.	10	2,943	10	2,943
BBM Bank Limited	66	77		
BACOR CCVM S.A.	440	359		
BBM Administração de Recursos DTVM S.A.	551	27	551	
The Southern Atlantic Investments Ltd			524	359
Bahia Fund			1,131	139
BBM Investment Management				1,924
Other related individuals/legal entities	8,007	463	7,801	507
Interbank deposits	16,585	15,139		
BACOR CCVM S.A.	11,294	10,142		
BBM Administração de Recursos DTVM S.A.	5,291	4,997		
Time deposits	63,286	11,169	94,520	48,878
Ravenala S.A.	5,583		5,583	
Evora S.A.	55,666	5,407	55,666	5,407
Property Fund Structure II - FII		99		99
Participações Industriais do Nordeste S.A.		4,056		4,056
The Southern Atlantic Investments Ltd				20,979
Bahia Fund			31,234	16,730
Other related individuals/legal entities	2,037	1,607	2,037	1,607
Financial Bills	58,208	119,125	52,208	119,125
Other related individuals/legal entities	58,208	119,125	52,208	119,125
Agribusiness credit bills	249,307	205,367	249,307	205,367
Other related individuals/legal entities	249,307	205,367	249,307	205,367
Real estate credit notes	1,869	50,932	1,869	50,932
Other related individuals/legal entities	1,869	50,932	1,869	50,932
Foreign securities payable	234,593	221,707	143	323
The Southern Atlantic Investments Ltd	234,593	221,707	143	323
Derivative financial instruments		819	293	819
BBM Bank Limited			293	
The Southern Atlantic Investments Ltd		819		819
Dividends and bonuses payable	7,433	42,428	7,433	42,428
Interest on Equity (IOE) credited to shareholders	7,433	42,428	7,433	42,428
Social and statutory	7,906	13,001	12,107	13,133
Bonus payable to managers	7,906	12,094	7,906	12,193
Sundry			103	159
The Southern Atlantic Investments Ltd			103	159

19. Significant transactions with related parties (Continued)

	R\$ thousand					
	Bank			Operational consolidated		
	2 nd half of 2015	12/31/2015	12/31/2014	2 nd half of 2015	12/31/2015	12/31/2014
P&L						
Revenue from investments abroad	143	(790)	90	143	(789)	4,090
Income from derivative financial instruments	5,019	28,122	1,730	60,488	94,365	15,830
The Southern Atlantic Investments Ltd		10,175	1,611	60,439	93,862	15,603
BBM Bank Limited	4,876	17,804				
Bahia Fund	143	143	119	9	503	227
Income from investment funds	(249)	1,943	2,619	(249)	1,943	2,619
Property Fund Structure II - FII		2,192	2,528		2,192	2,528
Fund Structure III - FIP	(249)	(249)	91	(249)	(249)	91
Credit assignment income (loss)		19,369	24,349		19,369	24,349
Évora S.A.		19,369	24,349		19,369	24,349
Open market funding	(90,891)	(151,382)	(80,209)	(89,511)	(148,799)	(77,814)
Securities abroad – expenses	(67,454)	(105,086)	(34,245)	(67,096)	(104,429)	(33,496)
The Southern Atlantic Investments Ltd	(67,454)	(105,086)	(34,245)	(67,096)	(104,429)	(33,496)
Interbank deposit expenses	(1,137)	(2,042)	(1,642)	(115)	(115)	-
BACOR CCVM S.A.	(736)	(1,327)	(957)			
BBM Administração de Recursos DTVM S.A.	(401)	(715)	(685)	(115)	(115)	
Expenses with 30-day prior resignation notice deposits			(2)			
BBM Bank Limited			(2)			
Expenses with term deposits	(1,044)	(2,163)	(6,755)	(1,043)	(2,163)	(6,753)
Ravenala S.A.	(361)	(617)	(661)	(361)	(617)	(661)
Evora S.A.	(628)	(1,189)	(4,314)	(628)	(1,189)	(4,314)
Pronor Petroquímica S.A.			(726)			(726)
Participações Industriais do Nordeste S.A.	(13)	(253)	(53)	(13)	(253)	(53)
Property Fund Structure II - FII			(29)			(29)
BBM Bank Limited			(2)			
Other related individuals/legal entities	(42)	(105)	(970)	(42)	(105)	(970)
Financial bill expenses	(5,268)	(13,522)	(13,017)	(5,268)	(13,522)	(13,017)
Other related individuals/legal entities	(5,268)	(13,522)	(13,017)	(5,268)	(13,522)	(13,017)
Agriculture credit bill expenses	(13,247)	(23,243)	(20,576)	(13,247)	(23,243)	(20,576)
Other related individuals/legal entities	(13,247)	(23,243)	(20,576)	(13,247)	(23,243)	(20,576)
Real estate credit bill expenses	(2,741)	(5,326)	(3,972)	(2,741)	(5,326)	(3,972)
Other related individuals/legal entities	(2,741)	(5,326)	(3,972)	(2,741)	(5,326)	(3,972)
Other administrative expenses	(37)	(66)	(46)			
Service rendering	(37)	(66)	(46)			
BBM Bank Limited	(37)	(66)	(46)			
Other operating income	490	1,157	1,113	50	50	
BBM Bank Limited	340	857	813			
BBM Administração de Recursos DTVM S.A.	150	300	300	50	50	
TVM revenue abroad	208	325	1,898			
Key management personnel compensation	(4,194)	(4,745)	(3,660)	(4,194)	(4,748)	(3,675)
Total	(89,511)	(106,066)	(52,115)	(33,273)	(38,608)	(58,949)

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 2015 the guarantees involved in the operations with derivative financial instruments are represented mainly by government securities in the total amount of R\$ 124,661 thousand (R\$ 73,936 thousand at December, 31 2014).

20. Derivative financial instruments (Continued)

The commitments undertaken as a result of these financial instruments, as recorded in memorandum accounts at December 31, 2015, mature up to January 2020 (at December,31 2014 - up to January 2021), and may be summarized as follows:

a.) Recorded in offsetting and equity accounts

	In R\$ thousand											
	Bank					Operational consolidated						
	12/31/2015					12/31/2014	12/31/2015					12/31/2014
	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
Future market												
Long position												
Foreign exchange rate		38	769	8,010	8,817	15,106		38	769	8,010	8,817	15,106
Interest rate		(4)	(1)	(21)	(26)	9		(4)	(1)	(21)	(26)	9
US debt securities					-	44					-	44
Foreign currency	2,625				2,625	2,591	2,625				2,625	2,591
Short position												
Foreign exchange rate	(8)	(147)			(155)	13,294	(8)	(147)			(155)	13,294
Interest rate	(1)	(3)	(3)	(14)	(21)	(111)	(1)	(3)	(3)	(14)	(21)	(111)
NDF												
Asset position												
Currency						36,452		11,225			11,225	39,110
Liability position												
Currency						40,181	8,059	13			8,072	40,181
Swaps												
Asset position												
Currency						6,217						6,217
Interest rate	15,458	28,606	74,329		118,393	89,308	15,458	28,606	74,329		118,393	89,308
Others						27,149				71	71	27,149
Liability position												
Currency						6,858						6,858
Interest rate	14,623	29,025	77,285		120,933	82,424	14,623	29,025	77,285		120,933	82,424
Others						27,855				71	71	27,855
Option market												
Asset position												
Shares				1	1	1				1	1	1
Currency	878		1,123		2,001	3,259	878		1,511		2,389	3,259
Liability position												
Currency			961		961	1,185			1,350		1,350	1,185

20. Derivative financial instruments (Continued)

b.) At market cost value

In R\$ thousand						
Bank						
12/31/2015						12/31/2014
Cost	Market	Within 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total
Future market						
Long position						17,750
Short position	11,416 (176)	2,625 (9)	34 (150)	768 (3)	7,989 (14)	13,103
Swaps						
Asset position						122,674
Liability position	114,508 116,306	118,393 120,933	15,458 14,622	28,606 29,025	74,329 77,285	117,137
NDF						
Asset position						36,452
Liability position						40,181
Option market						
Asset position	2,745	2,002	878	1,123	1	3,261
Liability position	1,393	961		961		1,185

In R\$ thousand						
Operational consolidated						
12/31/2015						12/31/2014
Cost	Market	Within 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total
Future market						
Long position						17,750
Short position	11,416 (176)	2,625 (9)	34 (150)	768 (3)	7,989 (14)	13,183
Swaps						
Asset position	114,579	118,464	15,468	28,606	74,329	122,674
Liability position	116,377	121,004	14,623	29,025	77,285	117,137
NDF						
Asset position	11,225	11,225		11,225		39,110
Liability position	8,072	8,072	8,059	13		40,181
Option market						
Asset position	3,134	2,391	878	1,511	1	3,261
Liability position	1,781	1,350		1,350		1,185

20. Derivative financial instruments (Continued)

c.) Notional value per counterparty

In R\$ thousand							
Bank							
12/31/2015							12/31/2014
Financial institutions	Related parties	Legal entities	Stock Market	Institutional customers	Individuals	Total	Total
Future market							
			11,416			11,416	17,750
			(176)			(176)	13,183
Swaps							
		118,393				118,393	122,674
		120,933				120,933	117,138
NDF							
							36,452
							40,180
Option market							
			2,002			2,002	3,260
			961			961	1,185

In R\$ thousand							
Operational consolidated							
12/31/2015							12/31/2014
Financial institutions	Related parties	Legal entities	Stock Market	Institutional customers	Individuals	Total	Total
Future market							
			11,416			11,416	17,750
			(176)			(176)	13,183
Swaps							
		71	118,393			118,464	122,674
	71	120,933				121,004	117,138
NDF							
		11,225				11,225	39,110
	8,059	13				8,072	40,181
Option market							
			2,391			2,391	3,260
			1,350			1,350	1,185

20. Derivative financial instruments (Continued)

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

- Purchased foreign exchange coupon contracts (DDI) in the amount of R\$ 8,661 thousand (December 31, 2014 - purchased foreign exchange coupon contracts (DDI) of R\$ 2,466 thousand);
- Sold interest contracts (DI1) in the amount of R\$ 5 thousand - (December 31, 2014 - sold interest contracts (DI1) of R\$ 211,843 thousand).
- Purchased currency contracts (DOL) in the amount of R\$ 2,625 thousand (December 31, 2014 - sold currency contracts (DOL) of R\$ 2,591 thousand);

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

	R\$ thousand					
	Bank			Operational consolidated		
	2 nd half of 2015	12/31/2015	12/31/2014	2 nd half of 2015	12/31/2015	12/31/2014
Futures contracts	81,032	86,181	17,284	81,039	86,188	17,284
Option contracts	912	2,033	(693)	913	2,034	(693)
Swap and forward agreements	(17,124)	(8,792)	7,617	14,278	(2,384)	14,348
Total	64,820	79,422	24,208	67,674	85,838	30,939

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 allowed Banco BBM to have a draw down option until March 2016 and, based on the transaction structure, the first draw down, in the amount of US\$ 10,000 thousand, took place on December 30, 2014 and the second one, in the amount of US\$ 90,000 thousand, occurred on August 18, 2015. To said date, Banco BBM has taken out a cash flow hedge transaction against the risks from the exposure to variable interest rate and to future cash flows, for this a swap transaction was taken out, receiving the variable interest rate of the transaction and paying a fixed interest rate, both levied on the amount of principal of the transaction denominated in US dollars. This results in a fixed cash flow in US dollars. In order to peg this cash flow to the CDI, a series of foreign exchange coupon transactions were performed with BMF, according to the maturities and exposures of the agreements, all designated as hedge. The cash outlays were in US dollars and, upon cash receipt, a market risk hedge was taken out, designating derivative financial instruments for total hedge purposes, considering the foreign exchange exposure risk as well as the market funding conditions prevailing abroad.

20. Derivative financial instruments (Continued)

With a view to equalizing the effects from mark-to-market of derivative financial instruments designated as hedge, the amount of hedge principal, plus interest due, is stated at fair value and also marked to market.

Because the hedge object transaction is matched with the hedge derivative results, the ratio of this transaction remained close to 102.12%.

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 back testing. 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).

*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.

21. Risk management (Continued)

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).

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Current assets	3,148,336	2,363,638	3,207,681	2,402,410
Current liabilities	(2,209,274)	(1,571,359)	(2,370,235)	(1,609,753)
Working capital, net	939,062	792,279	837,446	792,657
Securities available for sale presented in long-term receivables	190,250	140,286	190,250	140,286
	1,129,312	932,565	1,027,696	932,943

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).

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).

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).

22. Operating limits

In October 2013, the new rules related to capital measurement became effective. Financial institutions and similar entities are required to maintain minimum equity of 11% of their assets weighted by levels of risk to exposures in gold, foreign currencies and operations subject to operating risk and changes in: 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, 2015.

	R\$ thousand	
	Operational consolidated	
	12/31/2015	12/31/2014
Base Capital (PR) - Tier I	564,699	568,764
Equity	579,285	575,640
Decrease in intangible / deferred assets according to CMN Resolution No. 4192	14,586	6,877
Base Capital (PR)	564,699	568,764
Risk-Weighted Assets (RWA)	314,192	302,976
Portion referring to:		
Credit risk (RWACPAD)	224,984	211,172
Foreign exchange risk (PCAM)	47,568	30,110
Interest rate risk (RWAMPAD)	18,478	39,214
Operating Risk (RWAOPAD)	23,162	22,480
RBAN		1,160
Margin or Insufficiency Value (PR - RWA)	250,507	264,627
Risk Factor – 11% of PR	62,117	62,564
Basel Rate (Risk Factor / RWA)	19.77%	20.65%

23. Income and social contributions taxes

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

	R\$ thousand			
	Bank		Operational consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Asset tax credit:				
Temporary differences (a)				
- Allowance for loan losses	23,656	23,955	23,656	23,955
- Market value adjustment - marketable securities and derivatives	7,966	2,026	7,966	2,026
- Provision for contingencies (Note 24a)	2,696	1,731	3,993	1,731
- PIS / COFINS (Note 24b)				1,067
- Others	1,596	3,628	1,739	3,772
Social contribution tax losses	16,829	10,243	16,829	10,310
Tax loss	15,633	14,706	15,633	14,818
Total	68,376	56,289	69,816	57,679
Provision for deferred taxes:				
Temporary differences				
- Market value adjustment - marketable securities and derivatives	1,094	297	1,094	298
- Others	9,069	8,242	9,069	8,241
Total	10,163	8,539	10,163	8,539

23. Income and social contribution taxes (Continued)

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	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Tax asset credit:				
Balance at January 1	56,289	65,411	57,677	66,830
Set up (reversal)				
- With impacts on P&L	9,404	(9,584)	9,546	(9,614)
- With impacts on equity (Securities available for sale)	2,683	462	2,683	463
Balance at December 31	68,376	56,289	69,816	57,679
Provision for deferred taxes:				
Balance at January 1	8,539	10,390	8,539	10,390
Set up (reversal)				
- With impacts on P&L	827	(1,652)	827	(1,652)
- With impacts on equity (Securities available for sale)	797	(199)	797	(199)
Balance at December 31	10,163	8,539	10,163	8,539

(a) It is expected that these tax credits, both for controlling entity and operational consolidated, will occur until 2018 for income tax and social contribution, with present value of R\$ 21 million and R\$ 23 million, respectively. The social contribution is valued at its updated statutory rate of 20%.

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			
	12/31/2015		12/31/2014	
	IRPJ	CSLL	IRPJ	CSLL
Income before income and social contribution taxes	580	580	24,317	24,317
Bank's net income	43,995	43,995	43,582	43,582
(-) Interest on equity	(35,726)	(35,726)	(28,119)	(28,119)
(-/+) Income and social contribution taxes	7,628	7,628	(8,854)	(8,854)
Tax rate	25%	20%	25%	15%
Income and social contributions taxes				
At statutory rate	(145)	(116)	(6,080)	(3,648)
Permanent additions	41,022	36,073	34,053	30,393
Non-deductible expenses	5,526	577	4,094	434
Income abroad	35,496	35,496	29,959	29,959
Permanent exclusions	44,878	44,878	33,245	33,245
Tax-free income	16	16	23	23
Equity Pick up	44,863	44,863	33,222	33,222
Temporary additions/exclusions	(433)	(7,635)	(19,927)	(18,352)
Tax base	(3,710)	(15,860)	5,199	3,114
Income and social contribution tax losses			(1,560)	(934)
Tax base - loss	(3,710)	(15,860)	3,639	2,180
Income and social contribution tax losses				
Income and social contribution taxes (a)	-	-	(886)	(327)
Use of tax incentives and taxes from subsidiaries abroad			290	
Income and social contribution taxes on P&L for the period			(596)	(327)
Adjustment DIPJ	(822)	(126)	-	-
Deferred tax liabilities	113	(940)	(1,033)	620
Income and social contribution taxes on P&L for the year – Banco BBM	(709)	(1,066)	437	293
Income and social contribution taxes other institutions of operational consolidated	(678)	(470)	(436)	(279)
Income and social contribution taxes in P&L for the year – Operational consolidated	(1,387)	(1,536)	1	14

a) In May 2015 it was published the Provisional Measure No. 675 that changed the rate of Social Contribution on Net Income - CSLL of financial institutions from 15% to 20%. This rate increase went into effect, according to the Provisional Measure, starting in September 2015. Thus, deferred tax assets and liabilities were restated in accordance to the new rate of 20%.

In May 2015, 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:

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.

23. Income and social contribution taxes (Continued)

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			
	Bank		Operational consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Labor	5,991	4,327	5,991	4,327
Total - Provisions for contingencies	5,991	4,327	5,991	4,327

Provisions are registered as "Other Liabilities - Sundry" under noncurrent liabilities. In the course of the period ended in at December 31, 2015, an escrow conversion was made at R\$ 771 thousand, offset by R\$ 2,436 thousand reversed from provision for contingencies accounts in the Bank and Operational Consolidated statements.

b) Liabilities for legal obligations (*)

Since April 2007, based on a preliminary court order in connection with contesting the constitutionality of the law that increased the PIS and COFINS tax bases, Banco BBM S.A and 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	
	12/31/2015	12/31/2014
PIS and COFINS	2,883	2,664
Total - Liabilities for legal obligations	2,883	2,664

24. Provisions and liabilities by legal obligation (Continued)

(*) In December 2014, 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 2014, 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\$ 5,818 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			
	Bank		Operational consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Revenue from administration and performance fees of investment funds recorded in Financial conglomerate (a)	15,687	17,500	14,854	17,500
Total	15,687	17,500	14,854	17,500

(a) Please refer to Note 17.

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