

# **B** **BancoBM**

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Financial Statements  
December 31, 2011 and 2010  
with Independent Auditor's Report

## **Macroeconomic Scenario**

The second half of 2011 was characterized by low growth worldwide, mainly due to the slowdown in countries of the euro zone. Volatility in the markets and the tax austerity measures affected economic activity growth in Europe, heading to a recession at the beginning of 2012. The European Central Bank played a fundamental role in increasing market liquidity and thus avoiding a serious recession in the short-term. However, this did not impede that the average yield of sovereign securities of euro zone countries to remain high at the end of 2011, thus indicating that the scenario continues fairly uncertain.

In the United States, data referring to economic activity was unexpectedly positive, thus ruling out the risk of an American recession in the short-term. On the other hand, the work market continues showing weakness signs, which should lead to low growth for a longer period.

In the domestic market, the signs of economic activity slowdown increased. The industrial sector presented stagnation for the second year in a row and the prospects remain negative. The restrictive measures adopted in the first half of 2011, related to mitigation of growth in salaries in reais, contributed to a reduction in consumption. As a result, GDP for the third quarter did not grow in relation to that of the previous quarter.

In this context of international and domestic economic activity slowdown, the Central Bank of Brazil started a cycle for reducing the strictness of the monetary conditions, reducing Selic rate by 1.50 p.p. and partially reversing the macro prudential measures. On the other hand, the labor market remained heated, with an unemployment rate at the lowest historical level. The low economic idleness level maintained the pressure over inflation during the whole six-month period. The annual variation in the official price index (IPCA) reached the highest level in six years in September, however, it started declining, ending 2011 at 6.50%, the target's cap.

## **Our Business**

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

We rely on a solid and transparent governance structure based on correct incentives whereby the executive officers are strongly committed to the activities impacted by their decisions, both in short and long term, minimizing conflicts of interest between business units and among executive officers and shareholders.

We focus on providing financial services, offering our clients a large portfolio of products, services and customized financial solutions, supported by a highly qualified team.

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

Banco BBM Financial Group ended 2011 with equity of R\$ 536 million and net income of R\$ 67 million, which represents annual profitability of 12.53%, calculated on average equity for the period.

Total assets at year end aggregated R\$ 2,3 billion. The volume of domestic and foreign market funding at period end was of R\$ 1.4 billion. The Bank's Basel index at year end was 22.01%.

## **Corporate Credit**

The loan portfolio at year end totaled R\$ 967 million (including advances on foreign exchange contracts, leasing and guarantees given through sureties, guarantees and letters of credit).

Loans are evaluated by weekly committee meetings, whose purpose is to create and maintain a portfolio containing solid operations and a good risk reward ratio. For that purpose, we conduct qualitative and quantitative analysis also based on our executives experience.

## **Treasury**

Our treasury activity has capital preservation as its fundamental principle and, as such, prudent market risk management is a priority. The area also operates as a platform, providing technical support and market know-how to the other areas of the Bank.

## **Private Banking**

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

## **Asset Management**

In 2011, the segregation of the asset management activities of Banco BBM S.A was concluded. Under the BBM Investimentos trade mark, this active is now carried out on an independent basis with its own team, structure and results.

## **Distribution**

Distribution of funds aim's on the diversification of the investor base in our investment funds in the institutional, partnership and international segments. There is a segregated sales team focused on each segment.

## **Human Capital**

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

## **Credit Ratings**

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

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

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

To

The Board of Directors and Shareholders  
Banco **BBM S.A.**

We have audited the accompanying individual financial statements of Banco BBM S.A. and the consolidated financial statements of Banco BBM Financial Group (Operational Consolidated), which comprise the individual and consolidated balance sheets as at December 31, 2011 and related individual and consolidated income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting practices and other explanatory information.

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

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

**Auditor's responsibility**

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

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

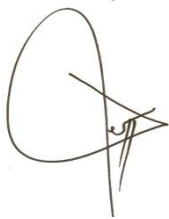
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco BBM S.A., as well as the consolidated financial position of Banco BBM S.A. Financial Group at December 31, 2011, and the individual and consolidated results of operations and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Salvador, February 7, 2012

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

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

A handwritten signature in black ink, featuring a large, stylized letter 'G' followed by a series of loops and a final vertical stroke.

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

**CONSELHO REGIONAL DE CONTABILIDADE DO ESTADO DE SÃO PAULO**  
**DECLARAÇÃO DE HABILITAÇÃO PROFISSIONAL - DHP ELETRÔNICA**

O **CONSELHO REGIONAL DE CONTABILIDADE DO ESTADO DE SÃO PAULO** DECLARA que o registro identificado no presente documento encontra-se em situação REGULAR neste Regional, apto ao exercício da atividade contábil nesta data, de acordo com as suas prerrogativas profissionais, conforme estabelecido no art. 25 e 26 do Decreto-Lei n.º 9.295/46.

Declaramos para os devidos fins e para quem interessar possa, sob as penas da Lei, especialmente, das previsões do art. 299 do Código Penal Brasileiro que as informações constituem a expressão da verdade. Informamos também que a presente não quita nem invalida quaisquer débitos ou infrações que, posteriormente, venham a ser apurados contra o titular deste registro, bem como não atesta a regularidade dos trabalhos técnicos elaborados pelo profissional de Contabilidade.

	<b>CONSELHO REGIONAL DE CONTABILIDADE DE SÃO PAULO</b>		
	DECLARAÇÃO DE HABILITAÇÃO PROFISSIONAL - DHP		
	SP/2012/90958668	1SP172167/O-6	CONTADOR
	Nome: <b>FLAVIO SERPEJANTE PEPPE</b>		CPF: <b>125.090.248-76</b>
	Validade:		
	06/05/2012		

Identificação da pessoa jurídica ou física da qual o profissional é responsável:	
Beneficiário - Pessoa Jurídica ou Física	
<b>Nome:</b>	Banco BBM S.A.
<b>CPF/CNPJ:</b>	15.114.366/0001-69
<b>Finalidade:</b>	Relatório de Auditoria
<b>Órgão Destino:</b>	Banco BBM S.A.

Confirme a existência deste documento emitido pelo profissional na página:

<http://www.crcsp.org.br/>

Número de Controle: **4639.7552.2887.1384**

**CONSELHO REGIONAL DE CONTABILIDADE - RJ****DECLARAÇÃO DE HABILITAÇÃO PROFISSIONAL - DHP ELETRÔNICA**

O **CONSELHO REGIONAL DE CONTABILIDADE - RJ** DECLARA que o registro identificado no presente documento encontra-se em situação **REGULAR** neste Regional, apto ao exercício da atividade contábil nesta data, de acordo com as suas prerrogativas profissionais, conforme estabelecido no art. 25 e 26 do Decreto-Lei nº 9.295/46.

Declaramos para os devidos fins e para quem interessar possa, sob as penas da lei, especialmente, das previsões do art. 299 do Código Penal Brasileiro que as informações constituem a expressão da verdade. Informamos também que a presente não quita nem invalida quaisquer débitos ou infrações que, posteriormente, venham a ser apurados contra o titular deste registro, bem como não atesta a regularidade dos trabalhos técnicos elaborados pelo profissional da Contabilidade.

**CONSELHO REGIONAL DE CONTABILIDADE RJ**

DECLARAÇÃO DE HABILITAÇÃO PROFISSIONAL - DHP  
RJ/2012/00006459 CRC:RJ-106036/O-5 CONTADOR  
GUILHERME PORTELLA CUNHA  
PR DE BOTAFOGO, nº370, 8. ANDAR  
BOTAFOGO CPF: 018.442.177-28  
22250-040 - RIO DE JANEIRO - RJ

**VALIDADE**  
06.05.2012

Identificação da pessoa jurídica ou física da qual o profissional é responsável:

<b>Pessoa Jurídica ou Física</b>	
Nome:	BANCO BBM S/A
CPF/CNPJ:	15.114.366/0001-69
Finalidade:	RELATÓRIO DE AUDITORIA
Órgão Destino:	OUTROS

Confirme a existência deste documento emitido pelo profissional, na pág. [WWW.CRC.ORG.BR](http://WWW.CRC.ORG.BR)  
CPF: 018.442.177-28 Controle: 1301.9547.2628.7236

Assets	Notes	In thousand R\$			
		Bank		Consolidated Operating	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
<b>Current assets</b>		<b>1,780,039</b>	<b>4,413,905</b>	<b>1,779,713</b>	<b>4,458,272</b>
<b>Cash and cash equivalents</b>		<b>2,410</b>	<b>3,966</b>	<b>14,664</b>	<b>36,461</b>
Free reserves		1,248	1,681	1,248	1,681
Funds in foreign currencies		1,162	2,285	13,416	34,780
<b>Short-term interbank investments</b>	5	<b>573,572</b>	<b>1,025,583</b>	<b>552,743</b>	<b>1,030,268</b>
Investments in open market		485,776	982,454	485,776	982,454
Investments in interbank deposits		23,364	4,680	23,364	4,680
Investments in foreign currencies		64,432	38,449	43,603	43,134
<b>Marketable securities and derivative financial instruments</b>	6	<b>91,092</b>	<b>709,728</b>	<b>94,550</b>	<b>721,767</b>
Own portfolio		44,802	422,333	44,806	422,336
Repurchase agreements			100,370		100,370
Derivative financial instruments		845	1,450	3,294	12,586
Bound to guarantees		45,445	185,575	46,450	186,475
<b>Interbank accounts</b>		<b>2,772</b>	<b>591</b>	<b>2,772</b>	<b>591</b>
Central Bank deposits		686	565	686	565
Correspondent banks		2,086	26	2,086	26
<b>Loans</b>	7	<b>508,211</b>	<b>176,995</b>	<b>508,534</b>	<b>178,729</b>
Loans and discounted notes		381,099	123,172	381,099	123,172
Financing		142,194	72,505	142,517	74,239
Allowance for loans		(15,082)	(18,682)	(15,082)	(18,682)
<b>Lease operations</b>	7		<b>10,920</b>		<b>10,920</b>
Lease and sub-lease operations receivable		10,668	33,560	10,668	33,560
Income from lease		(10,668)	(22,640)	(10,668)	(22,640)
<b>Other receivables</b>		<b>592,759</b>	<b>2,474,778</b>	<b>597,227</b>	<b>2,468,192</b>
Foreign exchange portfolio	8	557,608	2,346,728	557,608	2,346,728
Income receivable		1,027	51,303	1,027	49,919
Securities trading	14	2,272	8,062	2,339	8,133
Sundry		16,200	76,963	20,601	71,690
Allowance for other loans	7	(6,942)	(24,781)	(6,942)	(24,781)
Tax credits	23	22,594	16,503	22,594	16,503
<b>Other assets</b>		<b>9,223</b>	<b>11,344</b>	<b>9,223</b>	<b>11,344</b>



Assets	Notes	In thousand R\$			
		Bank		Consolidated Operating	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
<b>Non-current assets</b>					
<b>Long-term receivables</b>		<b>466,219</b>	<b>346,085</b>	<b>475,769</b>	<b>417,873</b>
<b>Short-term interbank investments</b>	5	<b>8,517</b>	<b>6,942</b>	<b>417</b>	
Investments in interbank deposits		417		417	
Investments in foreign currencies		8,100	6,942		
<b>Marketable securities and derivative financial instruments</b>	6	<b>256,204</b>	<b>151,652</b>	<b>256,204</b>	<b>153,057</b>
Own portfolio		200,712	58,760	200,712	58,760
Derivative financial instruments			599		2,005
Bound to guarantees		55,492	92,293	55,492	92,292
<b>Loans</b>	7	<b>131,510</b>	<b>131,983</b>	<b>148,157</b>	<b>208,402</b>
Loans and discounted notes		102,835	102,983	102,835	102,983
Financing		33,873	30,432	50,520	106,851
Allowance for loans		(5,198)	(1,432)	(5,198)	(1,432)
<b>Lease operations</b>	7		<b>3,619</b>		<b>3,619</b>
Lease and sub-lease operations receivable			11,119		11,119
Income from lease			(7,500)		(7,500)
<b>Other loans</b>		<b>69,696</b>	<b>50,685</b>	<b>70,699</b>	<b>51,591</b>
Foreign exchange portfolio	8		12,575		12,575
Sundry		33,906	33,387	33,954	33,471
Tax credits	23	44,278	79,947	45,233	80,769
Allowance for other loans	7	(8,488)	(75,224)	(8,488)	(75,224)
<b>Other assets</b>		<b>292</b>	<b>1,204</b>	<b>292</b>	<b>1,204</b>
<b>Permanent assets</b>		<b>463,773</b>	<b>534,316</b>	<b>76,279</b>	<b>117,732</b>
<b>Investments</b>		<b>439,274</b>	<b>486,662</b>	<b>51,315</b>	<b>69,904</b>
Interest in subsidiaries	9				
In the country		17,713	14,595		
Abroad		421,511	472,017	51,265	69,779
Other investments		312	1,810	629	2,629
Allowance for losses		(262)	(1,760)	(579)	(2,504)
<b>Property and equipment</b>		<b>8,197</b>	<b>9,727</b>	<b>8,662</b>	<b>9,885</b>
<b>Leased assets</b>	7	<b>10,502</b>	<b>29,281</b>	<b>10,502</b>	<b>29,282</b>
<b>Intangible assets</b>		<b>696</b>		<b>696</b>	
<b>Deferred charges</b>		<b>5,104</b>	<b>8,646</b>	<b>5,104</b>	<b>8,661</b>
<b>Total assets</b>		<b>2,710,031</b>	<b>5,294,306</b>	<b>2,331,761</b>	<b>4,993,877</b>

Liabilities and equity	Notes	In thousand R\$			
		Bank		Consolidated Operating	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
<b>Current liabilities</b>		<b>1,177,273</b>	<b>3,871,677</b>	<b>1,189,571</b>	<b>3,914,858</b>
<b>Deposits</b>	10	<b>575,990</b>	<b>231,177</b>	<b>569,823</b>	<b>261,666</b>
Demand deposits		11,285	68,660	13,804	37,385
Interbank deposits		154,814	42,895	146,128	4,734
Time deposits		409,891	119,622	409,891	219,547
<b>Repurchase agreements</b>	11		<b>1,019,606</b>		<b>1,019,606</b>
Own portfolio			100,019		100,019
Third party portfolio			919,587		919,587
<b>Acceptance and issue of securities</b>	12	<b>150,772</b>		<b>150,772</b>	
Issue of agribusiness credit bills o		148,252		148,252	
Issue of housing credit bills		2,520		2,520	
<b>Interbranch accounts</b>		<b>10,643</b>	<b>6,950</b>	<b>10,643</b>	<b>6,950</b>
Funds in third-party transactions		10,643	6,950	10,643	6,950
<b>Borrowings</b>	13	<b>115,110</b>	<b>308,165</b>	<b>115,110</b>	<b>308,165</b>
Foreign borrowings		115,110	308,165	115,110	308,165
<b>Onlendings in Brazil - government agencies</b>	13	<b>4,436</b>	<b>6,905</b>	<b>4,436</b>	<b>6,905</b>
FINEM		2,011	3,595	2,011	3,595
FINAME		2,425	3,310	2,425	3,310
<b>Derivative financial instruments</b>	6	<b>3,792</b>	<b>926</b>	<b>10,786</b>	<b>3,863</b>
Derivative financial instruments		3,792	926	10,786	3,863
<b>Other liabilities</b>		<b>316,530</b>	<b>2,297,948</b>	<b>328,001</b>	<b>2,307,703</b>
Collection of similar taxes		1,647	219	1,647	219
Foreign exchange portfolio	8	274,019	2,248,063	274,019	2,248,063
Social and statutory		29,020	14,426	29,464	14,940
Taxes and social security		2,875	10,840	5,252	14,090
Trading and intermediation of securities	14	2,398	7,182	2,398	7,182
Sundry		6,571	17,218	15,221	23,209

Liabilities and equity	Notes	In thousand R\$			
		Bank		Consolidated Operating	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
<b>Non-current</b>					
<b>Long-term payables</b>		<b>995,741</b>	<b>886,708</b>	<b>605,173</b>	<b>543,098</b>
<b>Deposits</b>	10	<b>233,019</b>	<b>209,078</b>	<b>224,772</b>	<b>203,753</b>
Interbank deposits		8,247	39,909		34,584
Time deposits		224,772	169,169	224,772	169,169
<b>Acceptance and issue of securities</b>	12	<b>454,162</b>	<b>341,408</b>	<b>69,766</b>	
Securities abroad		384,396	341,408		
Issue of agribusiness credit bills		23,174		23,174	
Issue of financial bills		45,241		45,241	
Issue of housing credit bills		1,351		1,351	
<b>Borrowings</b>	13	<b>215,855</b>	<b>215,855</b>	<b>215,855</b>	<b>215,855</b>
Foreign borrowings		215,855	215,855	215,855	215,855
<b>Onlendings in Brazil - government agencies</b>	13	<b>397</b>	<b>4,370</b>	<b>397</b>	<b>4,370</b>
FINEM			1,809		1,809
FINAME		397	2,561	397	2,561
<b>Derivative financial instruments</b>					<b>1,386</b>
Derivative financial instruments					1,386
<b>Other liabilities</b>		<b>92,308</b>	<b>115,997</b>	<b>94,383</b>	<b>117,734</b>
Taxes and social security		6,723	7,917	6,723	7,917
Social and statutory		4,497	36,565	4,497	36,565
Sundry	24	81,088	71,515	83,163	73,252
<b>Deferred income</b>		<b>788</b>	<b>1,311</b>	<b>788</b>	<b>1,311</b>
<b>Equity</b>	15	<b>536,229</b>	<b>534,610</b>	<b>536,229</b>	<b>534,610</b>
<b>Capital</b>		<b>413,131</b>	<b>413,131</b>	<b>413,131</b>	<b>413,131</b>
Domiciled in Brazil		413,131	413,131	413,131	413,131
<b>Adjustment to market value - securities and financial instruments</b>		<b>1,698</b>	<b>(862)</b>	<b>1,698</b>	<b>(862)</b>
Securities for sale		1,698	(862)	1,698	(862)
<b>Income reserves</b>		<b>298,188</b>	<b>261,393</b>	<b>298,188</b>	<b>261,393</b>
<b>Treasury shares</b>		<b>(176,788)</b>	<b>(139,052)</b>	<b>(176,788)</b>	<b>(139,052)</b>
<b>Total liabilities and equity</b>		<b>2,710,031</b>	<b>5,294,306</b>	<b>2,331,761</b>	<b>4,993,877</b>

**BancoBM** Banco BBM S.A.  
and Banco BBM Financial Group

Income Statements

	Notes	In thousand R\$					
		Bank			Consolidated Operating		
		2H2011	12/31/2011	12/31/2010	2H2011	12/31/2011	12/31/2010
<b>Financial intermediation income</b>		<b>276,417</b>	<b>789,538</b>	<b>516,606</b>	<b>279,499</b>	<b>793,747</b>	<b>539,797</b>
Loans		56,088	100,425	61,885	58,214	103,854	68,048
Lease operations		16,204	35,096	7,794	16,204	35,096	7,794
Income from marketable securities		114,983	524,714	406,862	115,011	524,473	423,890
Foreign exchange gains (losses)	16	57,668	47,481	12,674	57,668	47,481	12,674
Reversal of doubtful loans		7,375	81,822	27,391	7,375	81,822	27,391
Gains (losses) from derivative financial instruments	20	24,099			25,027	1,021	
<b>Financial intermediation expenses</b>		<b>(225,431)</b>	<b>(648,526)</b>	<b>(408,727)</b>	<b>(223,779)</b>	<b>(638,116)</b>	<b>(403,830)</b>
Lease operations		(14,583)	(30,702)		(14,583)	(30,702)	
Funding operation	16	(105,783)	(501,649)	(308,792)	(104,131)	(497,625)	(304,348)
Gains (losses) from derivative financial instruments	20		(6,386)	(73,379)			(72,926)
Loan, assignment and onlending operations	16	(105,065)	(109,789)	(26,556)	(105,065)	(109,789)	(26,556)
<b>Gross income from financial intermediation</b>		<b>50,986</b>	<b>141,012</b>	<b>107,879</b>	<b>55,720</b>	<b>155,631</b>	<b>135,967</b>
<b>Other operating income (expenses)</b>		<b>(2,203)</b>	<b>(9,058)</b>	<b>(1,642)</b>	<b>(4,909)</b>	<b>(20,647)</b>	<b>(26,149)</b>
Income from services provided	17	11,856	39,157	84,873	16,766	43,849	91,224
Personnel expenses		(18,335)	(36,182)	(52,748)	(19,676)	(38,616)	(54,732)
Other administrative expenses	18	(20,081)	(37,864)	(66,435)	(22,112)	(41,868)	(69,770)
Taxes		(3,813)	(8,869)	(14,514)	(6,137)	(11,324)	(15,232)
Interest in subsidiaries	9	26,262	35,779	52,701	23,992	27,676	28,030
Other operating income		6,714	8,116	3,233	7,184	9,119	3,510
Other operating expenses		(4,806)	(9,195)	(8,752)	(4,926)	(9,483)	(9,179)
<b>Operating income</b>		<b>48,783</b>	<b>131,954</b>	<b>106,237</b>	<b>50,811</b>	<b>134,984</b>	<b>109,818</b>
<b>Non-operating income (losses)</b>		<b>2,090</b>	<b>(2,972)</b>	<b>(5,941)</b>	<b>2,016</b>	<b>(3,046)</b>	<b>(5,941)</b>
<b>Income before taxes and profit sharing</b>		<b>50,873</b>	<b>128,982</b>	<b>100,296</b>	<b>52,827</b>	<b>131,938</b>	<b>103,877</b>
<b>Income and social contribution taxes</b>	23	<b>(6,827)</b>	<b>(27,153)</b>	<b>(12,679)</b>	<b>(8,338)</b>	<b>(29,241)</b>	<b>(15,695)</b>
Provision for income tax		8,395	976	3,734	7,410	(408)	1,813
Provision for social contribution		5,375	1,297	5,004	4,783	458	3,788
Deferred tax assets		(20,597)	(29,426)	(21,417)	(20,531)	(29,291)	(21,296)
<b>Profit sharing - Board of Directors and Officers</b>		<b>(9,329)</b>	<b>(13,660)</b>	<b>(19,005)</b>	<b>(9,522)</b>	<b>(13,853)</b>	<b>(19,005)</b>
<b>Profit sharing - employees</b>		<b>(9,603)</b>	<b>(21,107)</b>	<b>(21,819)</b>	<b>(9,853)</b>	<b>(21,782)</b>	<b>(22,384)</b>
<b>Net income</b>		<b>25,114</b>	<b>67,062</b>	<b>46,793</b>	<b>25,114</b>	<b>67,062</b>	<b>46,793</b>
<b>Earnings per share</b>		<b>0.13</b>	<b>0.35</b>	<b>0.23</b>	<b>0.13</b>	<b>0.35</b>	<b>0.23</b>

**B**  
**BancoBM** Banco BBM S.A.  
 and Banco BBM Financial Group  
 Statements of Changes in Equity of Banco BBM S.A.

In thousand R\$											
Capital	Capital reserves			Income reserves		Adjustment to market value (securities and derivative financial instruments)		Treasury shares	Retained earnings	Total	
	Restatement of membership certificates	Tax incentives	Other capital reserves	Legal	Statutory	Bank	Subsidiary				
<b>Year ended December 31, 2010</b>											
Balances at January 1, 2010	413,131	3,369	2,696	2,069	69,382	174,929	470	1	(8,140)	-	657,907
Adjustment to market value - securities							(1,333)				(1,333)
Purchase of treasury shares								(130,912)			(130,912)
Net income for the year										46,793	46,793
Allocations:											-
- Interest on equity										(19,397)	(19,397)
- Interest on equity										(9,574)	(9,574)
- Interest on equity										(8,874)	(8,874)
- Set up /Reversal of reserves		(3,369)	(2,696)	(2,069)	2,339	14,743				(8,948)	-
<b>Balances at 31, 2010</b>	<b>413,131</b>				<b>71,721</b>	<b>189,672</b>	<b>(863)</b>	<b>1</b>	<b>(139,052)</b>		<b>534,610</b>
Changes in the period		(3,369)	(2,696)	(2,069)	2,339	14,743	(1,333)		(130,912)		(123,297)
<b>Year ended December 31, 2011</b>											
Balances at January 1, 2011	413,131				71,721	189,672	(863)	1	(139,052)		534,610
Adjustment to market value - securities							2,561	(1)			2,560
Purchase of treasury shares									(65,735)		(65,735)
Sale of treasury shares									27,999		27,999
Discount on repurchase of treasury shares						(316)					(316)
Net income for year										67,062	67,062
Allocations:											
- Interest on equity										(29,951)	(29,951)
- Reserves					3,353	33,758				(37,111)	
<b>Balances at December 31, 2011</b>	<b>413,131</b>				<b>75,074</b>	<b>223,114</b>	<b>1,698</b>		<b>(176,788)</b>		<b>536,229</b>
Changes in the period					3,353	33,442	2,561		(37,736)		1,620
<b>Six-month period ended December 31, 2011</b>											
Balances at July 1, 2011	413,131				73,818	214,244	(769)		(173,200)		527,224
Adjustment to market value -securities							2,467				2,467
Purchase of treasury shares									(3,588)		(3,588)
Net income for the year										25,114	25,114
Allocations:											
- Interest on equity										(14,989)	(14,989)
- Reserves					1,256	8,870				(10,125)	
<b>Balances at December 31, 2011</b>	<b>413,131</b>				<b>75,074</b>	<b>223,114</b>	<b>1,698</b>		<b>(176,788)</b>		<b>536,229</b>
Changes for the year					1,256	8,870	2,467		(3,588)		9,004

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

	In thousand R\$					
	Bank			Consolidated Operating		
	2H2011	12/31/2011	12/31/2010	2H2011	12/31/2011	12/31/2010
<b>Cash flow from operating activities:</b>						
<b>Net income</b>	<b>25,114</b>	<b>67,062</b>	<b>46,793</b>	<b>25,114</b>	<b>67,062</b>	<b>46,793</b>
<b>Adjustments to net income</b>	<b>(11,145)</b>	<b>(76,064)</b>	<b>(15,156)</b>	<b>(9,761)</b>	<b>(68,105)</b>	<b>9,858</b>
Allowance for loan losses	(7,375)	(81,822)	(27,391)	(7,375)	(81,822)	(27,391)
Depreciation and amortization	3,958	5,900	47,418	4,016	5,988	47,497
Expenses from civil, labor and tax allowances	(1,632)	8,085	14,666	(1,190)	8,646	14,970
Interest in subsidiaries	(26,262)	(35,779)	(52,701)	(23,992)	(27,676)	(28,030)
Deferred income and social contribution taxes	20,099	26,889	5,845	20,033	26,754	5,804
Non-realized gains(losses) - securities and derivatives	2,191	2,331	(1,370)	1,532	1,673	(1,367)
Restatement of membership certificates	(2,560)	(2,560)	(1,333)	(2,560)	(2,560)	(1,333)
Equity adjustments	436	892	(291)	(226)	892	(291)
<b>Adjusted net income</b>	<b>13,969</b>	<b>(9,002)</b>	<b>31,636</b>	<b>15,353</b>	<b>(1,043)</b>	<b>56,651</b>
(Increase)/Decrease in short-term interbank investments	1,310,407	432,552	502,292	1,370,774	459,224	653,694
(Increase)/Decrease in securities and derivative financial instruments	376,603	511,753	6,064,097	385,213	522,397	6,076,501
(Increase)/Decrease in interbank and interbranch accounts	(1,640)	(2,181)	20,634	(1,640)	(2,181)	20,634
(Increase)/Decrease in loan and lease operations	(198,982)	(234,382)	420,933	(201,368)	(173,199)	468,682
Increase /(Decrease) in deposits	61,130	368,754	(1,070,687)	62,828	329,176	(683,098)
Increase /(Decrease) in open market funding	(1,781,272)	(1,019,606)	(6,395,589)	(1,781,272)	(1,019,606)	(6,400,961)
Increase /(Decrease) in interbank accounts	7,468	3,693	(2,941)	7,468	3,693	(2,941)
Increase /(Decrease) in securities issue funds	244,672	263,526	341,407	180,264	220,538	
Increase /(Decrease) in borrowings and onlending	(64,505)	(199,497)	(84,934)	(64,505)	(199,497)	(84,934)
Increase /(Decrease) in deferred income	(96)	(523)	880	(96)	(523)	880
(Increase)/Decrease in other assets	900,006	1,839,152	(1,674,091)	878,759	1,828,136	(1,659,933)
Increase /(Decrease) in other liabilities	(996,961)	(1,985,152)	1,742,085	(992,371)	(1,980,988)	1,718,878
<b>Net cash provided by/used in operating activities</b>	<b>(143,170)</b>	<b>(21,911)</b>	<b>(135,914)</b>	<b>(155,946)</b>	<b>(12,830)</b>	<b>107,402</b>
<b>Cash flow from investing activities:</b>						
Increase / (Decrease) in investments	82,275	82,275	44,636	83,817	45,374	31,813
Disposal of property and equipment in use and leased	13,713	13,713	981	13,319	13,319	981
Acquisition of property and equipment for use and leased	570			570		
Disposal of deferred charges	3,997	3,542		4,007	3,557	
Dividends and interest on equity received			223,232			3,317
<b>Net cash from/used in investing activities</b>	<b>100,555</b>	<b>99,530</b>	<b>268,849</b>	<b>101,712</b>	<b>62,249</b>	<b>36,111</b>
<b>Cash flow from financing activities:</b>						
Dividends and interest on equity paid	(13,524)	(50,321)	(37,845)	(13,524)	(50,321)	(37,845)
Acquisition of treasury shares	(3,588)	(37,736)	(130,912)	(3,588)	(37,736)	(130,912)
<b>Net cash from/used in financing activities</b>	<b>(17,112)</b>	<b>(88,057)</b>	<b>(168,757)</b>	<b>(17,112)</b>	<b>(88,057)</b>	<b>(168,757)</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(45,758)</b>	<b>(19,440)</b>	<b>(4,186)</b>	<b>(55,994)</b>	<b>(39,681)</b>	<b>31,407</b>
<b>beginning of the period</b>	<b>65,679</b>	<b>69,645</b>	<b>8,152</b>	<b>65,679</b>	<b>102,140</b>	<b>5,054</b>
<b>End of the period</b>	<b>19,921</b>	<b>50,205</b>	<b>3,966</b>	<b>9,685</b>	<b>62,459</b>	<b>36,461</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(45,758)</b>	<b>(19,440)</b>	<b>(4,186)</b>	<b>(55,994)</b>	<b>(39,681)</b>	<b>31,407</b>

See accompanying notes.

## 1 Operations

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

- Commercial
- Investment
- Loan, financing and investment
- 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.

## 2 Presentation of financial statements

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

The first-time adoption of Law No. 11638/07 has not generated any significant adjustments to the Bank's and the Financial Group's financial statements, as the major changes from the new legislation which impact their operations had already been adopted according to current accounting standards set forth by the Central Bank of Brazil (BACEN).

The authorization for conclusion of these financial statements was given by the Bank's Executive Board on February 6, 2011.

## 3 Significant accounting practices

### (a) Profit and loss

Profit and loss are recorded on an accrual basis.

### (b) Marketable Securities and Derivative Financial Instruments

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

- I- Trading securities;
- II- Securities 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 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.

**3 Significant accounting practices - continued**

**(c) Current and non-current assets**

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

**(d) Permanent assets**

Stated at cost combined with the following aspects:

- Significant investments in subsidiaries are accounted for by the equity pickup method;
- Property and equipment and leased assets are depreciated on the straight-line basis, at annual rates which take into account the useful lives of the assets, as follows: property in use - 4%; furniture and fixtures, machinery and equipment - 10% and data processing equipment - 20%;
- Amortization of deferred charges, represented mainly by leasehold improvements, over the lease term.

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

**(e) Current and non-current liabilities**

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

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

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

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

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

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



**3 Significant accounting practices - continued**

**(h) Earnings per share**

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

**(i) Impairment of assets**

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

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

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

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

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

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

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

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

**(l) Loans**

Loans are stated at acquisition, investment or release cost, plus foreign exchange and monetary variations and interest as agreed by contract. Allowances are recognized for adjustment to realizable value when market value is lower. The allowance for loan losses is set up at an amount considered sufficient to cover potential losses and its set up was based on past experience, assessment of delinquent accounts and collateral risks, as well as specific terms and conditions of the operations, in conformity with BACEN Resolution No. 2682.

#### **4 Consolidated financial statements (Consolidated Operating)**

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

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

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

The Consolidated Operating statements comprise the financial statements at December 31, 2011 and 2010 of the following institutions:

Banco BBM S.A. and Nassau Branch

BBM Bank Ltd. (a)

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

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

- (a) The indirect interest of 100% of Banco BBM S.A. in BBM Bank Ltd capital was eliminated from the Consolidated Operating statements at "Interest in Subsidiaries - The Southern Atlantic Investments Ltd." This elimination produced the following effects on Consolidated Operating accounts: reduction of permanent investment in R\$ 371,644, and an increase in equity income in R\$ 251 thousand.
- (b) Banco BBM S.A. holds directly 100% of the capital stock of these entities.

**5 Short-term interbank investments**

Short-term interbank investments are as follows:

	In thousand R\$			
	Bank	Bank	Consolidated Operating	Consolidated Operating
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
<b>Open market investments</b>	<b>485,776</b>	<b>982,454</b>	<b>485,776</b>	<b>982,454</b>
<b>Funded position</b>	<b>485,776</b>	<b>65,679</b>	<b>485,776</b>	<b>65,680</b>
National treasury bills	17,800	1,000	17,800	1,000
Financial treasury bills	24,997	59,403	24,997	59,403
National treasury notes - Series B	442,979	5,276	442,979	5,277
<b>Financed position</b>		<b>916,775</b>		<b>916,774</b>
Financial treasury bills		594,287		594,286
National treasury notes - Series B		322,488		322,488
<b>Investments in interbank deposits</b>	<b>23,781</b>	<b>4,680</b>	<b>23,781</b>	<b>4,680</b>
<b>Investments in foreign currency</b>	<b>72,532</b>	<b>45,391</b>	<b>43,603</b>	<b>43,134</b>
	<b>582,089</b>	<b>1,032,525</b>	<b>553,160</b>	<b>1,030,268</b>
Current assets	573,572	1,025,583	552,743	1,030,268
Non-current assets	8,517	6,942	417	
	<b>582,089</b>	<b>1,032,525</b>	<b>553,160</b>	<b>1,030,268</b>

**6 Marketable Securities and Derivative Financial Instruments**

	In thousand R\$							
	Bank				Consolidated Operating			
	Cost		Market		Cost		Market	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
<b>I-Marketable securities</b>	<b>373,561</b>	<b>346,451</b>	<b>859,622</b>	<b>859,331</b>	<b>374,568</b>	<b>347,460</b>	<b>860,522</b>	<b>860,234</b>
<b>Trading securities</b>	<b>171,691</b>	<b>141,750</b>	<b>14,634</b>	<b>15,784</b>	<b>172,696</b>	<b>142,756</b>	<b>15,534</b>	<b>16,684</b>
<b>Own portfolio</b>	<b>109,766</b>	<b>109,842</b>	<b>14,629</b>	<b>15,776</b>	<b>109,766</b>	<b>109,842</b>	<b>14,629</b>	<b>15,776</b>
<b>Fixed income securities</b>	<b>109,766</b>	<b>109,842</b>			<b>109,766</b>	<b>109,842</b>		
National treasury notes - Series B	109,766	109,842			109,766	109,842		
<b>Variable income securities</b>			<b>14,629</b>	<b>15,776</b>			<b>14,629</b>	<b>15,776</b>
Shares of publicly-held companies			4,133	5,272			4,133	5,272
Shares received for loans			381	389			381	389
Variable income fund shares			10,115	10,115			10,115	10,115
<b>Investment fund shares</b>	<b>61,925</b>	<b>31,908</b>			<b>61,925</b>	<b>31,908</b>		
Interest fund shares	61,925	31,908			61,925	31,908		
<b>Bound to guarantees</b>			<b>5</b>	<b>8</b>	<b>1,005</b>	<b>1,004</b>	<b>905</b>	<b>908</b>
Financial treasury bills					1,005	1,004	900	900
Shares of publicly-held companies			5	8			5	8
<b>Securities for sale</b>	<b>201,871</b>	<b>204,701</b>	<b>844,988</b>	<b>843,547</b>	<b>201,872</b>	<b>204,704</b>	<b>844,988</b>	<b>843,550</b>
<b>Own portfolio</b>	<b>102,422</b>	<b>103,763</b>	<b>465,209</b>	<b>465,317</b>	<b>102,423</b>	<b>103,766</b>	<b>465,209</b>	<b>465,320</b>
<b>Fixed income securities (*)</b>	<b>102,349</b>	<b>103,469</b>	<b>465,131</b>	<b>465,077</b>	<b>102,349</b>	<b>103,469</b>	<b>465,131</b>	<b>465,077</b>
Financial treasury bills	22,576	22,602	13,926	13,925	22,576	22,602	13,926	13,925
National treasury bills	13,886	14,018	355,841	355,537	13,886	14,018	355,841	355,537
National treasury notes - Series B	64,587	65,462	54,595	54,789	64,587	65,462	54,595	54,789
National treasury notes - Series C			3,125	3,144			3,125	3,144
National treasury notes - Series F	1,300	1,387	1,294	1,330	1,300	1,387	1,294	1,330
Securities issued by Intern. Finance Corporation			36,350	36,352			36,350	36,352
<b>Variable income securities</b>	<b>73</b>	<b>294</b>	<b>78</b>	<b>240</b>	<b>74</b>	<b>297</b>	<b>78</b>	<b>243</b>
Shares of publicly-held companies	73	294	78	240	74	297	78	243
<b>Bound to repurchase agreements</b>			<b>100,540</b>	<b>100,370</b>			<b>100,540</b>	<b>100,370</b>
National treasury notes - Series B			100,540	100,370			100,540	100,370
<b>Bound to guarantees</b>	<b>99,449</b>	<b>100,938</b>	<b>279,239</b>	<b>277,860</b>	<b>99,449</b>	<b>100,938</b>	<b>279,239</b>	<b>277,860</b>
Financial treasury bills	16,514	16,508	9,015	9,014	16,514	16,508	9,015	9,014
National treasury bills	77,478	78,906	270,224	268,846	77,478	78,906	270,224	268,846
National treasury notes - Series B	5,457	5,524			5,457	5,524		
<b>II-Derivative financial instruments</b>	<b>913</b>	<b>845</b>	<b>3,224</b>	<b>2,049</b>	<b>3,362</b>	<b>3,294</b>	<b>15,764</b>	<b>14,590</b>
Sw ap operations	689	656	1,409	864	3,138	3,105	3,054	2,509
Forward							10,895	10,895
Option premium	224	189	1,815	1,185	224	189	1,815	1,186
<b>Total securities and derivative financial instruments</b>	<b>374,474</b>	<b>347,296</b>	<b>862,846</b>	<b>861,380</b>	<b>377,930</b>	<b>350,754</b>	<b>876,286</b>	<b>874,824</b>
<b>Breakdown of portfolio by maturity:</b>								
<b>Without maturity</b>	72	293	14,712	16,025	75	298	14,712	16,028
<b>Up to 3 months</b>	24,764	24,742	388,165	387,256	26,969	26,947	399,380	398,470
<b>3 to 12 months</b>	65,418	66,057	307,664	306,447	66,666	67,305	308,484	307,269
<b>Over 12 months</b>	284,220	256,204	152,305	151,652	284,220	256,204	153,710	153,057
<b>Total</b>	<b>374,474</b>	<b>347,296</b>	<b>862,846</b>	<b>861,380</b>	<b>377,930</b>	<b>350,754</b>	<b>876,286</b>	<b>874,824</b>
<b>Current assets</b>		<b>91,092</b>		<b>709,728</b>		<b>94,550</b>		<b>721,767</b>
<b>Non-current assets</b>		<b>256,204</b>		<b>151,652</b>		<b>256,204</b>		<b>153,057</b>
<b>Total</b>		<b>347,296</b>		<b>861,380</b>		<b>350,754</b>		<b>874,824</b>

**6 Marketable Securities and Derivative Financial Instruments - continued**

	In thousand R\$							
	Bank				Consolidated Operating			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	12/31/2011		12/31/2010		12/31/2011		12/31/2010	
<b>III-Derivative financial instruments</b>								
<b>Liability position</b>	<b>1,524</b>	<b>3,792</b>	<b>1,022</b>	<b>926</b>	<b>8,520</b>	<b>10,786</b>	<b>5,345</b>	<b>5,249</b>
Swap operations	1,524	3,792	46	297	4,134	6,401	1,668	1,920
Forward					4,386	4,385	2,701	2,701
Options premium			976	629			976	628
<b>Breakdown by maturity:</b>								
Up to 3 months			976	629	5,747	5,747	3,104	2,757
3 to 12 months	1,524	3,792	46	297	2,773	5,039	855	1,106
Over 12 months							1,386	1,386
<b>Total</b>	<b>1,524</b>	<b>3,792</b>	<b>1,022</b>	<b>926</b>	<b>8,520</b>	<b>10,786</b>	<b>5,345</b>	<b>5,249</b>
<b>Current liabilities</b>		3,792		926		10,786		3,863
<b>Non-current liabilities</b>		-		-		-		1,386
<b>Total</b>		<b>3,792</b>		<b>926</b>		<b>10,786</b>		<b>5,249</b>

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

(\*) Securities classified as "Securities for Trading" with maturity of over 12 months that at December 31, 2011 total R\$ 109,843 thousand - Bank and R\$ 110,847 thousand - Consolidated Operating (December 31, 2010 - Zero - Bank and R\$ 900 thousand - Consolidated Operating), are stated in current assets as determined by BACEN Circular No. 3068/01. Securities classified as "Securities for Sale" with maturity of over 12 months, totaling R\$ 114,453 thousand at December 31, 2011 - Bank and Consolidated Operating (December 31, 2010 - R\$ 151,052 thousand - Bank and Consolidated Operating), are stated in non-current assets, as determined by 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.

## 7 Loans, lease, sureties and guarantees

At December 31, 2011 and 2010, loans, lease and guarantees provided through sureties or guarantee agreements by the Bank and the Consolidated Operating statements, classified according to the clients' economic activities, are as follows:

Economic activity	In thousand R\$							
	Bank				Consolidated Operating			
	12/31/2011		12/31/2010		12/31/2011		12/31/2010	
Agriculture	166,879	17.26%	57,996	9.74%	166,879	17.26%	57,996	9.74%
Food	139,377	14.41%	79,184	13.30%	139,377	14.41%	79,184	13.30%
Sugar and alcohol	138,726	14.34%	132,464	22.25%	138,726	14.34%	132,464	22.25%
Chemical and petrochemical	125,364	12.96%	7,868	1.32%	125,364	12.96%	7,868	1.32%
Individual	76,387	7.90%	105,363	17.70%	76,387	7.90%	105,363	17.70%
Construction and engineering a	74,421	7.70%	19,217	3.23%	74,421	7.70%	19,217	3.23%
Electric power	50,897	5.26%	115,250	19.36%	50,897	5.26%	115,250	19.36%
Paper, plastic and package	49,106	5.08%	27,253	4.58%	49,106	5.08%	27,253	4.58%
Foreign trade	37,856	3.91%	448	0.08%	37,856	3.91%	448	0.08%
Metallurgy	30,583	3.16%	1,234	0.21%	30,583	3.16%	1,234	0.21%
Construction and decoration materials	24,670	2.55%		0.00%	24,670	2.55%		0.00%
Electrical and electronics	13,794	1.43%		0.00%	13,794	1.43%		0.00%
Textile, leather and clothing	13,492	1.40%	10,504	1.76%	13,492	1.40%	10,504	1.76%
Specialized services	10,106	1.04%		0.00%	10,106	1.04%		0.00%
Mining	5,744	0.59%	7,740	1.30%	5,744	0.59%	7,740	1.30%
Beverages and tobacco	5,082	0.53%	11	0.00%	5,082	0.53%	11	0.00%
Financial	4,085	0.42%	8,540	1.43%	4,085	0.42%	8,540	1.43%
Vehicles and parts	553	0.06%	20,795	3.49%	553	0.06%	20,795	3.49%
Pharmaceutical			1,227	0.21%			1,227	0.21%
Transport and logistics			138	0.04%			138	0.04%
<b>Total</b>	<b>967,122</b>	<b>100%</b>	<b>595,232</b>	<b>100%</b>	<b>967,122</b>	<b>100%</b>	<b>595,232</b>	<b>100%</b>

**7 Loans, lease, sureties and guarantees - continued**

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

	In thousand R\$			
	Bank		Consolidated Operating	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
<b>Current assets</b>				
<b>Loans</b>	<b>523,293</b>	<b>195,677</b>	<b>523,616</b>	<b>197,411</b>
Private sector	523,293	195,677	523,616	197,411
<b>Lease operations (a)</b>		<b>10,920</b>		<b>10,920</b>
Lease and sublease operations receivable	10,668	33,560	10,668	33,560
Lease income	(10,668)	(22,640)	(10,668)	(22,640)
<b>Other receivables</b>	<b>4,437</b>	<b>11,307</b>	<b>4,437</b>	<b>11,307</b>
Foreign exchange portfolio - income receivable (b)	2,136	8,510	2,136	8,510
Securities and loans receivable (c)	2,301	2,797	2,301	2,797
<b>Non-current assets</b>				
<b>Loans</b>	<b>136,708</b>	<b>133,415</b>	<b>153,355</b>	<b>209,834</b>
Private sector	136,708	133,415	153,355	209,834
Public sector				
<b>Lease operations (a)</b>		<b>3,619</b>		<b>3,619</b>
Lease and sublease operations receivable		11,119		11,119
Lease income		(7,500)		(7,500)
<b>Other receivables</b>	<b>8,021</b>	<b>5,076</b>	<b>8,021</b>	<b>5,076</b>
Foreign exchange portfolio - income receivable (b)	5,263	147	5,263	147
Notes and credits receivable	2,758	4,929	2,758	4,929
<b>Permanent assets (a)</b>	<b>10,502</b>	<b>29,281</b>	<b>10,502</b>	<b>29,281</b>
Leased assets	10,502	29,281	10,502	29,281
<b>Current liabilities</b>				
<b>Other liabilities</b>	<b>256,372</b>	<b>111,941</b>	<b>256,372</b>	<b>111,941</b>
Foreign exchange portfolio - Advances on exchange contracts (b)	256,372	111,941	256,372	111,941
<b>Sub-total</b>	<b>939,333</b>	<b>501,236</b>	<b>956,303</b>	<b>579,389</b>
Co-obligations and risk of guarantees provided (d)	27,789	93,996	10,819	15,843
<b>Total</b>	<b>967,122</b>	<b>595,232</b>	<b>967,122</b>	<b>595,232</b>

**7 Loans, lease, sureties and guarantees - continued**

- (a) The lease receivables were calculated using internal rate of return for each contract, in accordance with BACEN Circular 1429/1989 and in order to share specific accounting principles such as present value of future cash flows of the lease portfolio.

The leased assets are committed to be sold to the lessees for the amount of R\$ 204 thousand (December 31, 2010 – R\$ 514 thousand). The lease receivables are guaranteed by the leased assets, and the contracts contain compulsory insurance clause in favor of the lessor.

- (b) The advances on foreign exchange contracts and the related income receivable are classified as reduction accounts of Other Liabilities – Foreign Exchange Portfolio and Other Receivables – Foreign Exchange Portfolio, respectively, as shown in Note 8.
- (c) These refer also to purchase of real estate portfolios.
- (d) Refer to guarantees provided through sureties, guarantee agreements and import letter of credit. Guarantees provided are recorded in memorandum accounts and the related income is recorded in Deferred Income and recognized in net income according to their maturity terms. The Bank's balances also include guarantees provided for loans from BBM Bank Limited, which are eliminated from the Consolidated Operating statements.

At December 31, 2011 and 2010, loans, lease and guarantees provided through sureties and guarantee agreements, Bank and the Consolidated Operating report, were segregated by the following payment terms, grouped according to the due date of installments:

Maturity brackets	In thousand R\$			
	Bank		Consolidated Operating	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Within up to 90 days	210,808	66,525	210,858	67,649
From 91 to 180 days	210,118	67,182	210,343	66,375
From 181 to 360 days	380,220	115,618	380,268	115,653
Over 360 days	156,726	239,715	156,403	238,864
Overdue up to 14 days	2,842	14,184	2,842	14,184
Overdue from 15 and 60 days	1,452	47,455	1,452	47,717
Overdue from 61 and 90 days	569	4,791	569	5,029
Overdue from 91 to 180 days	1,924	34,033	1,924	34,032
Overdue from 181 to 360 days	2,463	5,729	2,463	5,729
<b>Total</b>	<b>967,122</b>	<b>595,232</b>	<b>967,122</b>	<b>595,232</b>



7 **Loans, lease, sureties and guarantees** - continued

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

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

Risk levels	In thousand R\$				
	Balances		% provision	Provision	
	12/31/2011	12/31/2010		12/31/2011	12/31/2010
AA	132,804	70,204			
A	205,350	152,337	0.50%	1,027	761
B	331,500	140,286	1%	3,315	1,403
C	261,015	75,984	3%	7,830	2,280
D	161	10,856	10%	16	1,086
E	186	24,868	30%	56	7,460
F	25,152	25,664	50%	12,576	12,832
G	214	3,660	70%	150	2,562
H	10,740	91,373	100%	10,740	91,373
<b>Total</b>	<b>967,122</b>	<b>595,232</b>		<b>35,710</b>	<b>119,757</b>

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

	12/31/2011	12/31/2010
Percentage of allowance for loan losses / total loan portfolio	3.69%	20.12%
Percentage of allowance for loan losses / equity	6.66%	22.40%
Percentage of loans from D to H / total loan portfolio	3.77%	26.28%
Percentage of loans from D to H / equity	6.80%	29.26%
Percentage of (loans from D to H - provision for loan losses) / total loan portfolio	0.08%	6.16%
Percentage of (loans from D to H - provision for loan losses) / equity	0.14%	6.86%
Leverage (total loan portfolio / equity)	1.80	1.11

7 **Loans, lease, sureties and guarantees** - continued

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

	In thousand R\$	
	12/31/2011	12/31/2010
<b>Provision for loan operations</b>	<b>20,280</b>	<b>20,114</b>
Current assets	15,082	18,682
Non-current assets	5,198	1,432
<b>Provision for other loans</b>		
<b>Provision for advances on foreign exchange contracts</b>	<b>6,886</b>	<b>23,720</b>
Current assets	6,884	23,503
Non-current assets	2	217
<b>Provision for co-obligations and risk of guarantees provided</b>	<b>8,544</b>	<b>75,923</b>
Current assets	58	916
Non-current assets	8,486	75,007
<b>Total</b>	<b>35,710</b>	<b>119,757</b>

Changes in allowance are as follows:

	In thousand R\$	
	12/31/2011	12/31/2010
<b>Balance at January 1</b>	<b>119,757</b>	<b>176,008</b>
Set up / (Reversal)	(82,929)	(32,478)
Write-off as loss	(1,118)	(23,773)
<b>Total</b>	<b>35,710</b>	<b>119,757</b>

In the year ended December 31, 2011, renegotiated loans in the Bank and Consolidated Operating statements amounted to R\$ 28,631 thousand (year ended December 31, 2010 – R\$ 23,338 thousand).

In the year ended December 31, 2011, recovered loans in the Bank and Consolidated Operating statements amounted to R\$ 7,793 thousand (year ended December 31, 2010 – R\$3,408 thousand).

7 **Loans, lease, sureties and guarantees** - continued

The Bank disposed of contracts without co-obligation in the year ended December 31, 2011, as under:

	In thousand R\$	
	Affiliates	
	12/31/2011	12/31/2010
Number of contracts	20	15
Assigned amount	7,000	14,179
Net book value of provision	0	0
<b>Result from assignments</b>	<b>7,000</b>	<b>14,179</b>

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

	In thousand R\$			
	12/31/2011	%	12/31/2010	%
Main debtor	70,199	7.3%	80,873	13.6%
10 main debtors	266,344	27.5%	275,643	46.3%
20 main debtors	437,051	45.2%	384,154	64.5%
50 main debtors	802,304	83.0%	515,940	86.7%
100 main debtors	941,432	97.3%	539,959	90.7%

Breakdown of Consolidated Operating portfolio by type is as follows:

	In thousand R\$	
	12/31/2011	12/31/2010
Trade Finance	444,661	273,227
Working capital	460,867	170,798
Pay-roll discount loans	23,067	55,358
Lease	10,502	43,820
Co-obligations and risk of guarantees provided	10,819	15,843
Onlendings from BNDES	4,840	11,287
Other	12,366	24,899
<b>Total</b>	<b>967,122</b>	<b>595,232</b>

**8 Foreign Exchange Portfolio (Bank and Operational Consolidated)**

	In thousand R\$	
	12/31/2011	12/31/2010
<b>Other receivables - foreign exchange portfolio</b>		
Exchange purchase pending settlement	301,561	1,351,553
Rights on foreign exchange sales	248,647	999,093
Income receivable from advances on exchange (a)	7,399	8,657
<b>Total</b>	<b>557,607</b>	<b>2,359,303</b>
<b>Other liabilities - foreign exchange portfolio</b>		
Exchange sales pending settlement	250,453	999,240
Foreign exchange purchase liabilities	279,937	1,360,691
Advances on foreign exchange contracts (a)	(256,371)	(111,941)
Other		73
<b>Total</b>	<b>274,019</b>	<b>2,248,063</b>

(a) See Note 7.

At December 31, 2011, there were federal bonds deposited as guarantee for foreign exchange operations at São Paulo Stock Exchange (BM&F Bovespa S.A. - Bolsa de Valores, Mercadorias e Futuros) clearing house in the amount of R\$ 86,356 thousand.

## 9 Investments in subsidiaries

	BBMAdm Recursos DTVM S.A. (a)	BBM CCVM S.A. (a)	The Southern Atlantic Investments Ltd. (b)	BBM Bank Ltd. (a)	Other (c)	Total
<b>Balance at December 31, 2011:</b>						
Number of shares issued	5,849,278	127,374	471,541,838			
Common shares	2,924,639	63,687	471,541,838			
Preferred shares	2,924,639	63,687				
Direct interest	100%	100%	100%			
Capital - R\$ thousand	2,950	8,755	389,267			
Equity - R\$ thousand	5,948	11,765	421,511			
Net income (loss) for the year - R\$ thousand	1,536	1,582	31,769			
Dividends, interest on equity paid or capital reduction - R\$ thousand	-	-	82,275			82,275
<b>Book value of investments - R\$ thousand</b>						
December 31, 2011	5,948	11,765	421,511		-	439,224
<b>Interest in subsidiaries - R\$ thousand</b>						
2nd Half of 2011	2,502	685	21,727		1,348	26,262
2011	1,536	1,582	31,769		892	35,779
<b>Balance at December 31, 2010:</b>						
Number of shares issued	5,849,278	127,374	471,541,838		-	-
Common shares	2,924,639	63,687	471,541,838		-	-
Preferred shares	2,924,639	63,687	-		-	-
Direct interest	100%	100%	100%		-	-
Capital - R\$ thousand	2,950	8,755	471,542		-	-
Equity - R\$ thousand	4,412	10,183	472,017		-	-
Net income (loss) for the year - R\$ thousand	2,732	2,163	46,658		-	-
Dividends, interest on equity paid - R\$ thousand	2,600	7,005	213,627		-	223,232
<b>Book value of investments - R\$ thousand</b>						
December 31, 2010	4,412	10,183	472,017		-	486,612
<b>Interest in subsidiaries - R\$ thousand</b>						
2nd half of 2010	834	1,207	17,570	(120)	(607)	18,884
2010	2,732	2,163	46,658	1,439	(290)	52,702

**9 Investments in subsidiaries – continued**

- (a) Financial statements audited or reviewed by our independent auditors.
- (b) Similarly to the Nassau branch, the business purpose of BBM Bank Ltd., located in the Bahamas, is to streamline operations of Banco BBM Financial Group in the international financial market.

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

The direct interest of Banco BBM S.A. in BBM Bank Ltd. does not comprise all of its subsidiary's equity accounts. Therefore, the book value of the investment does not correspond, directly, to the participation in the adjusted equity balance as of December 31, 2011 and 2010.

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

**Consolidated Operating statements**

	In thousand R\$						
	Book value of investments		Interest in subsidiaries			Dividends/interest on equity and capital reduction	
	12/31/2011	12/31/2010	2nd half of 2011	12/31/2011	12/31/2010	12/31/2011	12/31/2010
<b>The Southern Atlantic Investments Ltd. (a) (b)</b>	49,866	69,696	21,977	25,454	26,659	82,275	213,627
<b>BBM Investment Management Services (c)</b>	1,399	83	667	1,330	1,662		3,317
<b>Other (d)</b>	-		1,348	892	(291)		-
<b>Total</b>	<b>51,265</b>	<b>69,779</b>	<b>23,992</b>	<b>27,676</b>	<b>28,030</b>	<b>82,275</b>	<b>216,944</b>

- (a) Financial statements reviewed by our independent auditors.
- (b) The indirect interest of 100% of Banco BBM S.A. in BBM Bank Ltd capital was eliminated from the Consolidated Operating statements in "Interest in Subsidiaries - The Southern Atlantic Investments Ltd." In the year ended December 31, 2011, this elimination produced the following effects on Consolidated Operating accounts: reduction of permanent investment in R\$ 371,644 thousand (December 31, 2010 – 429,351 thousand), and an increase in equity income in R\$251 thousand (December 31, 2010 - R\$ 8,059 thousand).
- (c) BBM Investment Management Services, headquartered in Cayman Islands, was incorporated on March, 2006 through payment of US\$ 50 thousand, and its purpose is to manage the investments fund portfolio on an international market level.
- (d) "Other" in Consolidated Operating income from interest brings mainly equity variations of subsidiaries which were no written-off, such as foreign exchange variation on interests abroad, equity pickup and restatements of previous years, when applicable.

## 10 Deposits

Maturity	In thousand R\$							
	Time deposits		Interbank deposits		Total 12/31/2011		Total 12/31/2010	
	Bank	Consolidated Operating	Bank	Consolidated Operating	Bank	Consolidated Operating	Bank	Consolidated Operating
Up to 1 month	38,747	38,747	-	-	38,747	38,747	51,506	151,429
1 to 3 months	69,814	69,814	5,679	5,679	75,493	75,493	41,740	6,666
3 to 6 months	117,213	117,213	124,232	124,232	241,445	241,445	27,281	27,052
6 to 12 months	184,117	184,117	24,903	16,217	209,020	200,334	41,992	39,134
Over 12 months	224,772	224,772	8,247	-	233,019	224,772	209,076	203,754
<b>Sub-total</b>	<b>634,663</b>	<b>634,663</b>	<b>163,061</b>	<b>146,128</b>	<b>797,724</b>	<b>780,791</b>	<b>371,595</b>	<b>428,035</b>
<b>Demand deposits and other deposits</b>					11,285	13,804	68,660	37,385
<b>Total</b>					<b>809,009</b>	<b>794,595</b>	<b>440,255</b>	<b>465,420</b>

Average interbank and time deposits maturity periods at December 31, 2011, at Consolidated operating, are 341 days and 574 days (December 31, 2010 - 679 and 523 days), respectively.

Maturity on issue date	In thousand R\$							
	Time deposits		Interbank deposits		Total 12/31/2011		Total 12/31/2010	
	Bank	Consolidated Operating	Bank	Consolidated Operating	Bank	Consolidated Operating	Bank	Consolidated Operating
Up to 1 month	653	653	-	-	653	653	2,269	102,194
1 to 3 months	37,617	37,617	-	-	37,617	37,617	18,508	18,508
3 to 6 months	8,210	8,210	5,079	5,079	13,289	13,289	37,394	37,394
6 to 12 months	152,185	152,185	89,057	86,733	241,242	238,918	31,222	25,984
Over 12 months	435,998	435,998	68,925	54,316	504,923	490,314	282,202	243,955
<b>Sub-total</b>	<b>634,663</b>	<b>634,663</b>	<b>163,061</b>	<b>146,128</b>	<b>797,724</b>	<b>780,791</b>	<b>371,595</b>	<b>428,035</b>
<b>Demand deposits and other deposits</b>					11,285	13,804	68,660	37,385
<b>Total</b>					<b>809,009</b>	<b>794,595</b>	<b>440,255</b>	<b>465,420</b>

Breakdown of Consolidated Operating statements by segment is as follow s:

	In thousand R\$									
	Demand deposits		Time deposits		Interbank deposits		Total			
	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Assets	168	20,232	96,719	81,291	-	-	96,887	12.2%	101,523	21.8%
Legal entities	8,808	14,329	170,722	151,281	-	-	179,530	22.6%	165,610	35.6%
Financial institutions	3,285	5	67,792	-	146,128	39,318	217,205	27.3%	39,323	8.5%
Institutional clients	-	-	19,977	50,379	-	-	19,977	2.5%	50,379	10.8%
Individuals	479	395	151,799	105,765	-	-	152,278	19.2%	106,160	22.8%
Group	1,064	2,423	127,654	-	-	-	128,718	16.2%	2,425	0.5%
<b>Total</b>	<b>13,804</b>	<b>37,384</b>	<b>634,663</b>	<b>388,716</b>	<b>146,128</b>	<b>39,318</b>	<b>794,595</b>	<b>100.0%</b>	<b>465,420</b>	<b>100.0%</b>

Concentration of main clients in Consolidated Operating statements is as follow s:

	In thousand R\$			
	12/31/2011		12/31/2010	
Main depositor	124,430	15.66%	64,951	13.96%
10 main depositors	452,455	56.94%	315,801	67.85%
20 main depositors	581,120	73.13%	403,753	86.75%
50 main depositors	726,337	91.41%	458,207	98.45%
100 main depositors	780,299	98.20%	465,007	99.91%

## 11 Liabilities for repurchase agreements

The Bank's and Consolidated Operating repurchase agreements are the following:

	In thousand R\$	
	Bank	Consolidated Operating
	12/31/2010	12/31/2010
<b>Own portfolio</b>	<b>100,019</b>	<b>100,019</b>
National treasury notes - Series B	100,019	100,019
<b>Third party portfolio</b>	<b>919,587</b>	<b>919,587</b>
Financial treasury bills	594,310	594,310
National treasury notes - Series B	325,277	325,277
	<b>1,019,606</b>	<b>1,019,606</b>

At December 31, 2011, there were no repurchase agreement positions – Bank and Consolidated.



## 12 Funds from acceptance and issue of securities, housing bonds, mortgage notes, credit bills and similar papers

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

Banco BBM has an issue of Eurobonds in the amount of R\$384,396 thousand in December 2011, acquired by The Southern Atlantic Investments Ltd, a company not included in the Consolidated Operating statements. On December 23, 2009, there was issue of US\$ 100,000 thousand with maturity on December 28, 2012 and on March 16, 2011 there was issue of US\$ 105,000 thousand maturing on December 27, 2013.

At December 31, 2011, fund raising through Agribusiness Credit Bills (LCA), Housing Credit Bills (LCI) and Financial Bills (LF) was segregated by maturity range as follows: (In December 2010 there were no outstanding operations – Bank and Consolidated).

In thousand R\$			
Bank and Consolidated Operating			
Maturity	LCA (a)	LCI (b)	LF (c)
Up to 1 month	35,579		
1 to 3 months	24,334	321	
3 to 6 months	43,123	1,263	
6 to 12 months	45,216	936	
Over 12 months	23,174	1,351	45,241
<b>Total</b>	<b>171,426</b>	<b>3,871</b>	<b>45,241</b>
Current liabilities	148,252	2,520	
Non-current liabilities	23,174	1,351	45,241
	<b>171,426</b>	<b>3,871</b>	<b>45,241</b>

(a) Agribusiness Credit Bill (LCA) remunerated by a CDI percentage is a nominative credit bill, backed by agribusiness credit rights and issued exclusively by public or private financial institutions. LCA is issued by the Bank registered with the Clearing House for the Custody and Settlement of Securities - CETIP, under Law No. 11076/2004 and Law No. 11311/2006 and their later amendments.

(b) The Housing Credit Bill - LCI is a nominative credit bill created by Provisional Executive Order No. 2223 of 09/04/2011, which resulted in Law No. 10931 of 08/02/2004, backed by housing credits secured by mortgage or statutory lien on real property, attributing to borrowers a credit right for the nominal amount, interest and monetary restatement established therein, as applicable.

(c) Financial Bill (LF) remunerated by a CDI percentage is a nominative credit bill exclusively issued by public or private financial institutions. LF is issued by the Bank registered with Clearing House for the Custody and Settlement of Securities - CETIP, under Law No. 12249/10 (Section II, articles 37 to 43) and regulated by the National Monetary Council - CMN (Law No. 3836).

### 13 Borrowings and onlending

#### a) Borrowings abroad

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

	In thousand R\$			
	Bank		Consolidated Operating	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Foreign borrow ings	228,743	479,053	228,743	479,053
Export credit facilities	102,222	6,275	102,222	6,275
Import credit facilities	-	38,692	-	38,692
	<b>330,965</b>	<b>524,020</b>	<b>330,965</b>	<b>524,020</b>
Current liabilities	115,110	308,165	115,110	308,165
Non-current liabilities	215,855	215,855	215,855	215,855
	<b>330,965</b>	<b>524,020</b>	<b>330,965</b>	<b>524,020</b>

The amount of R\$ 215,855 thousand, Bank and Consolidated Operating (December 31, 2010 – R\$ 215,855 thousand – Bank and Consolidated Operating), classified as non-current liabilities, comprise two funding operations in Reais obtained from the International Finance Corporation (IFC), a World Bank agency, maturing in July 2013 and January 2014, indexed to the CDI.

#### b) Local onlending

Liabilities for local onlending, in the amount of R\$ 4,833 thousand (December 31, 2010 – R\$ 11,275 thousand), of which R\$ 397 thousand (December 31, 2010 – R\$ 4,370 thousand) is classified as non-current liabilities, refer to credit lines obtained from FINAME and FINEM, maturing up to May 2013, with R\$ 2,825 indexed to the TJLP, R\$ 2,013 thousand indexed to the CDI (December 31, 2010 – maturing up to May 2013, with R\$ 5,871 thousand indexed to the TJLP, R\$ 5,028 thousand indexed to the CDI and R\$ 376 thousand prefixed).

## 14 Securities trading

	In thousand R\$			
	Other loans			
	Bank		Consolidated Operating	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Stock exchange clearing department		5,816		5,816
Debtors - Outstanding calculation of award	2,272	2,247	2,339	2,317
<b>Total</b>	<b>2,272</b>	<b>8,063</b>	<b>2,339</b>	<b>8,133</b>

	In thousand R\$			
	Other loans			
	Bank		Consolidated Operating	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Stock exchange clearing department	7	973	7	973
Debtors - Outstanding calculation of award	19	1,496	19	1,496
Stock loan creditors		4,289		4,289
Securities short position		390		390
Adjustments to settle - futures market	2,372		2,372	
Other values		34		34
<b>Total</b>	<b>2,398</b>	<b>7,182</b>	<b>2,398</b>	<b>7,182</b>

## 15 Equity

### (a) Capital Stock – 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 shares**

At December 31, 2011, Banco BBM had 67,987,559 shares held in treasury in the amount of R\$ 176,788 thousand.

On March 1, 2011, Banco BBM disposed of 4,398,426 shares for unit value of R\$ 2.62.

On March 28, 2011, Banco BBM acquired 23,715,144 common shares for unit value of R\$ 2.62, holding them in treasury.

On March 28, 2011, Banco BBM disposed of 6,165,113 shares for unit value of R\$ 2.62.

On October 31, 2011, Banco BBM acquired 1,282,650 common shares for unit value of R\$ 2.80, holding them in treasury.

**(e) Interest on equity**

In accordance with article 9 of Law No. 9249/95 and subsequent regulations, Banco BBM S.A. declared the amount of R\$ 29,651 thousand in 2011 (2010- R\$ 37,845 thousand) for purposes of interest on equity, with withholding income tax of R\$ 4,448 thousand (2010 - R\$ 5,677 thousand), calculated at 15% rate. The amount was determined in accordance with the legal limits in force, and recorded as “Other operating expenses”.

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

The interest on equity proposed in 2011 reduced the tax burden by R\$ 11,861 thousand (2010 – R\$ 15,138 thousand).

**(f) Dividends**

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

	In thousand R\$	
	12/31/2011	12/31/2010
Net income for the year - Banco BBM S.A.	67,062	46,793
(-) Legal reserve	(3,353)	(2,340)
Calculation base	<b>63,709</b>	<b>44,453</b>
Minimum mandatory dividends	25%	25%
	<b>15,927</b>	<b>11,113</b>
Interest on equity	29,951	37,845
Total	<b>29,951</b>	<b>37,845</b>

## 16 Financial intermediation expenses and foreign exchange gains/losses

	In thousand R\$					
	Bank			Consolidated Operating		
	2nd half of 2011	12/31/2011	12/31/2010	2nd half of 2011	12/31/2011	12/31/2010
<b>Funding operations</b>						
Deposits remunerated abroad	(29)	(56)	(245)	(10)	(19)	(156)
Interbank deposits	(10,602)	(15,765)	(17,193)	(9,106)	(12,078)	(12,991)
Time deposits	(35,167)	(61,638)	(43,589)	(35,199)	(61,675)	(43,673)
Purchase and sale agreements	(55,550)	(446,680)	(257,544)	(55,550)	(446,680)	(257,553)
Expenses from agribusiness credit bills	(5,336)	(5,563)		(5,336)	(5,563)	
Expenses from housing credit bills	(67)	(96)		(67)	(96)	
Expenses from financial bills	(1,674)	(1,674)		(1,674)	(1,674)	
Expenses from marketable securities abroad	(211)	(1,919)	(18,066)	(41)	(1,581)	(17,821)
Credit guarantee fund	(864)	(1,302)	(1,319)	(864)	(1,302)	(1,319)
Foreign exchange variation (a)	3,716	33,043	29,165	3,716	33,043	29,165
	<b>(105,784)</b>	<b>(501,649)</b>	<b>(308,792)</b>	<b>(104,131)</b>	<b>(497,625)</b>	<b>(304,348)</b>
<b>Loan, assignment and onlending operations</b>						
BNDES onlending expenses	(243)	(598)	(1,204)	(243)	(598)	(1,204)
Expenses from loans abroad	(16,081)	(38,060)	(36,567)	(16,081)	(38,060)	(36,567)
Foreign exchange variation (b)	(88,741)	(71,101)	11,510	(88,741)	(71,101)	11,510
Income (losses) from stock loans	-	(30)	(209)	-	(30)	(209)
Other expenses	-	-	(85)	-	-	(85)
	<b>(105,065)</b>	<b>(109,789)</b>	<b>(26,556)</b>	<b>(105,065)</b>	<b>(109,789)</b>	<b>(26,556)</b>
<b>Foreign exchange gains(losses)</b>						
Income from foreign exchange contracts	11,327	16,109	12,410	11,327	16,109	12,410
Rate variation and differences	46,477	32,480	1,160	46,477	32,480	1,160
Other expenses	(136)	(1,107)	(896)	(136)	(1,107)	(896)
	<b>57,668</b>	<b>47,481</b>	<b>12,674</b>	<b>57,668</b>	<b>47,481</b>	<b>12,674</b>

(a) These refer substantially to the foreign exchange effects on borrowings obtained by the Bank from its Branch abroad, through onlending of funds raised in foreign currency, which, at December 31, 2011 and 2010, were reclassified for purposes of preparation of the financial statements, from "Other operating income" to "Market funding expenses".

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

## 17 Income from Services Provided

	In thousand R\$					
	Bank			Consolidated Operating		
	2nd half of 2011	12/31/2011	12/31/2010	2nd half of 2011	12/31/2011	12/31/2010
Investment fund management and performance fees (a)	10,420	36,322	82,522	15,779	41,873	89,747
Other services	1,436	2,835	2,351	987	1,976	1,477
	<b>11,856</b>	<b>39,157</b>	<b>84,873</b>	<b>16,766</b>	<b>43,849</b>	<b>91,224</b>

(a) As described in Note 25, income from investment fund management and performance fees in 2011 also includes the amount of R\$ 1,377 thousand, determined by subsidiaries not included in the Consolidated Operating statements, totaling R\$ 43,209 thousand from investment fund management and performance fees and R\$ 45,227 thousand relating to total Income from services provided (December 31, 2010 – R\$ 92,923 thousand).

## 18 Other administrative expenses

	In thousand R\$					
	Bank			Consolidated Operating		
	2nd half of 2011	12/31/2011	12/31/2010	2nd half of 2011	12/31/2011	12/31/2010
<b>Other administrative expenses</b>						
Utilities	(470)	(1,068)	(1,147)	(492)	(1,113)	(1,179)
Rentals	(2,101)	(4,187)	(5,321)	(2,232)	(4,433)	(5,531)
Notices	(1,101)	(2,404)	(4,886)	(1,229)	(2,645)	(5,352)
Asset maintenance	(477)	(997)	(1,020)	(519)	(1,040)	(1,024)
Materials	(52)	(123)	(184)	(64)	(140)	(196)
Data processing	(1,524)	(2,258)	(3,493)	(1,624)	(2,458)	(3,996)
Promotions/advertising /publications	(541)	(938)	(896)	(671)	(1,291)	(1,086)
Financial system services (a)	(2,313)	(5,830)	(8,915)	(2,553)	(6,306)	(9,348)
Third party services	(222)	(659)	(5,533)	(555)	(1,248)	(6,369)
Security services	(123)	(242)	(355)	(123)	(242)	(355)
Specialist technical services	(4,122)	(7,885)	(7,804)	(4,749)	(9,081)	(7,867)
Transportation	(151)	(245)	(314)	(195)	(331)	(417)
Travel	(783)	(1,352)	(1,221)	(827)	(1,399)	(1,222)
Other expenses	(2,143)	(3,777)	(7,109)	(2,263)	(4,153)	(7,512)
Amortization and depreciation	(3,958)	(5,900)	(18,237)	(4,016)	(5,988)	(18,316)
	<b>(20,081)</b>	<b>(37,864)</b>	<b>(66,435)</b>	<b>(22,112)</b>	<b>(41,868)</b>	<b>(69,770)</b>

(a) This includes brokerage expenses, fees and commissions regarding stock and derivative financial instrument trading amounting to R\$ 4,658 thousand and Consolidated Operating in the amount of R\$ 4,708 thousand in 2011 (2010 - R\$ 7,323 thousand in the Bank and R\$ 7,390 thousand in Consolidated Operating).

## 19 Significant transactions with related parties

	In thousand R\$					
	Bank			Consolidated Operating		
	2nd half 2011	12/31/2011	12/31/2010	2nd half 2011	12/31/2011	12/31/2010
<b>Assets</b>						
<b>Short-term interbank investments</b>	<b>72,532</b>	<b>72,532</b>	<b>45,391</b>			
<b>Investments in foreign currency</b>	<b>72,532</b>	<b>72,532</b>	<b>45,391</b>			
BBM Bank Limited	72,532	72,532	45,391			
<b>Other loans</b>	<b>125</b>	<b>125</b>	<b>49,459</b>	<b>158</b>	<b>158</b>	<b>48,075</b>
Trading and intermediation of securities	61	61		127	127	
Receivables from related companies	64	64		31	31	
Dividends and cash bonus receivable			49,459			48,075
<b>Sundry</b>			<b>25,196</b>			<b>178</b>
Capital reduction of BBM Corretora de Cambio e Valores Mobiliários S.A			25,000			
Sundry			196			178
<b>Liabilities</b>						
<b>Demand deposits</b>	<b>2,311</b>	<b>2,311</b>	<b>55,485</b>	<b>3,222</b>	<b>3,222</b>	<b>5,463</b>
Ravenala S.A.	420	420	1,737	420	420	1,737
Evora S.A.	569	569	358	569	569	358
BBM Bank Limited	407	407	52,577			
BBM Corretora de Cambio e Valores Mobiliários S.A	132	132	28			
BBM Administração de Recursos DTVM S.A.	221	221	79			
The Southern Atlantic Investments Ltd				672	672	1,018
BBM Investment Management				1,004	1,004	1,552
Other related individuals/legal entities	562	562	706	557	557	798
<b>Interbank deposits</b>	<b>16,933</b>	<b>16,933</b>	<b>43,485</b>			
BBM Corretora de Cambio e Valores Mobiliários S.A	12,769	12,769	38,247			
BBM Administração de Recursos DTVM S.A.	4,164	4,164	5,238			
<b>Time deposits</b>	<b>167,695</b>	<b>167,695</b>	<b>65,231</b>	<b>167,695</b>	<b>167,695</b>	<b>100,205</b>
Pronor Petroquímicas	99,898	99,898	27,597	99,898	99,898	27,597
Ravenala S.A.	25,806	25,806	24,332	25,806	25,806	24,332
Evora S.A.	1,950	1,950	1,615	1,950	1,950	1,615
The Southern Atlantic Investments Ltd						34,974
Other related individuals	40,041	40,041	11,687	40,041	40,041	11,687
<b>Liabilities for securities abroad</b>	<b>384,396</b>	<b>384,396</b>	<b>341,408</b>			
The Southern Atlantic Investments Ltd	384,396	384,396	341,408			
<b>Derivative financial instruments</b>				<b>229</b>	<b>229</b>	<b>1,814</b>
The Southern Atlantic Investments Ltd				229	229	1,814
<b>Dividends and bonus payable</b>	<b>12,790</b>	<b>12,790</b>	<b>36,565</b>	<b>12,790</b>	<b>12,790</b>	<b>36,565</b>
Interest on equity credited to shareholders	12,790	12,790	36,565	12,790	12,790	36,565
<b>Social and statutory</b>	<b>11,124</b>	<b>11,124</b>		<b>11,318</b>	<b>11,318</b>	
Bonus payable to executive board	11,124	11,124		11,318	11,318	
<b>Sundry</b>			<b>114</b>			<b>7</b>
<b>Income (loss)</b>						
<b>Income from investments abroad</b>	<b>4</b>	<b>15</b>		<b>4</b>	<b>4</b>	
<b>Income (loss) on derivative financial instruments</b>	<b>13,102</b>	<b>13,102</b>	<b>288</b>	<b>73,200</b>	<b>31,212</b>	<b>(46,542)</b>
The Southern Atlantic Investments Ltd				73,200	31,212	(46,542)
BBM Bank Limited	13,102	13,102	288			
<b>Funding operations</b>	<b>(15,006)</b>	<b>(19,312)</b>	<b>1,641</b>	<b>(13,343)</b>	<b>(15,265)</b>	<b>8,658</b>
<b>Expenses from marketable securities abroad</b>	<b>(209)</b>	<b>(441)</b>	<b>9,706</b>	<b>(39)</b>	<b>(103)</b>	<b>9,954</b>
The Southern Atlantic Investments Ltd	(209)	(441)	9,706	(39)	(103)	9,954
<b>Expenses from interbank deposits</b>	<b>(1,496)</b>	<b>(3,687)</b>	<b>(4,203)</b>			
BBM Corretora de Cambio e Valores Mobiliários S.A	(1,377)	(3,338)				
BBM Administração de Recursos DTVM S.A.	(119)	(349)				
<b>Expenses from deposits of prior notices</b>	<b>(29)</b>	<b>(56)</b>	<b>(245)</b>			<b>(10)</b>
BBM Bank Limited	(29)	(56)	(245)			(10)
<b>Expenses from time deposits</b>	<b>(13,272)</b>	<b>(15,128)</b>	<b>(3,617)</b>	<b>(13,304)</b>	<b>(15,162)</b>	<b>(1,286)</b>
<b>Other administrative expenses</b>	<b>(17)</b>	<b>(33)</b>	<b>(683)</b>		<b>(2)</b>	<b>(1)</b>
<b>Services</b>	<b>(17)</b>	<b>(33)</b>	<b>(683)</b>		<b>(2)</b>	<b>(1)</b>
BBM Bank Limited	(17)	(33)	(34)		(2)	(1)
Other			(649)			
<b>Other operating income</b>	<b>816</b>	<b>1,601</b>	<b>900</b>		<b>9</b>	
<b>Income from services</b>	<b>448</b>	<b>876</b>	<b>900</b>		<b>9</b>	
BBM Bank Limited	298	576	607			
BBM Administração de Recursos DTVM S.A.	150	300	293			
<b>Income from marketable securities abroad</b>	<b>368</b>	<b>725</b>				
<b>Executive board remuneration</b>	<b>(9,329)</b>	<b>(13,660)</b>	<b>(19,005)</b>	<b>(9,522)</b>	<b>(13,853)</b>	<b>(19,005)</b>

Operations among related parties were conducted at the average market rate effective on the operation dates.

## 20 Derivative Financial Instruments

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

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

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

- Market risk hedge – hedged items and related derivative financial instruments are recorded at market value and corresponding appreciations or devaluations are posted to P&L for the period; and
- Cash flow hedge – hedged items and related derivative financial instruments are recorded at market value, and corresponding appreciations or devaluations, net of tax effects, are posted to the separate equity account “Market value adjustment – marketable securities and derivative financial instruments”, up to realization of the hedged item. The non-effective portion of the hedge is recognized directly in P&L for the period.

In addition, there are “macro hedging” operations to hedge all or part of the net exposure of the Consolidated Operating accounts to interest rate and foreign exchange risks, and also operations with directional positions. Management of these risks is carried out through policies that define the operation's strategy, as well as controls to monitor and define position limits. These operations do not comply with the definition of “hedge accounting” as established by Circular 3082 of the Central Bank of Brazil.

The operations are traded, registered or held in custody at the Brazilian Securities, Commodities and Futures Exchange - BM&F Bovespa S.A. - or CETIP. In the Consolidated Operating statements, operations with international derivatives are traded at and registered in the Chicago Board of Trade – CBOT - or the Chicago Mercantile Exchange – CME.

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

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

At December 31, 2011 the guarantees involved in the operations with derivative financial instruments are represented mainly by government securities in the total amount of R\$ 112,962 thousand (December 31, 2010 – R\$ 155,416 thousand).



**20 Derivative Financial Instruments - continued**

The commitments assumed as a result of these financial instruments, as recorded in memorandum accounts at December 31, 2011, mature up January 2017 (December 31, 2010 – up to January 2017), and may be summarized as follows:

**Swap and Forward – Bank**

	Bank											
	Amounts at contractual interest rates and indices						Market value					
	12/31/2011			12/31/2010			12/31/2011			12/31/2010		
	Assets	Liabilities	Net position	Assets	Liabilities	Net position	Assets	Liabilities	Net position	Assets	Liabilities	Net position
<b>A) Reference</b>												
Interest rate	46,268	47,759	(1,491)	119,232	118,411	821	46,268	50,060	(3,792)	119,191	119,230	(39)
Other	7,966	7,310	656	28,908	28,366	542	7,966	7,310	656	29,001	28,396	605
	<b>54,234</b>	<b>55,069</b>	<b>(835)</b>	<b>148,140</b>	<b>146,777</b>	<b>1,363</b>	<b>54,234</b>	<b>57,370</b>	<b>(3,136)</b>	<b>148,192</b>	<b>147,626</b>	<b>566</b>
<b>B) Parties</b>												
Institutional clients				120,890	120,610	281				120,881	120,738	143
Financial institutions	7,966	7,310	656	8,326	7,783	542	7,966	7,310	656	8,387	7,783	604
Legal entities	46,268	47,759	(1,491)	18,924	18,384	540	46,268	50,060	(3,792)	18,924	19,105	(181)
	<b>54,234</b>	<b>55,069</b>	<b>(835)</b>	<b>148,140</b>	<b>146,777</b>	<b>1,363</b>	<b>54,234</b>	<b>57,370</b>	<b>(3,136)</b>	<b>148,192</b>	<b>147,626</b>	<b>566</b>
<b>C) Maturity</b>												
Up to 3 months	8,281	7,623	658	-	-	-	8,281	7,627	654	-	-	-
3 to 6 months	11,637	11,788	(151)	125,917	125,524	393	11,637	12,120	(483)	125,907	125,747	161
6 to 12 months	34,316	35,658	(1,341)	15,158	14,703	455	34,315	37,623	(3,307)	15,134	15,328	(194)
Over 12 months				7,065	6,550	515				7,150	6,550	600
	<b>54,234</b>	<b>55,069</b>	<b>(835)</b>	<b>148,140</b>	<b>146,777</b>	<b>1,363</b>	<b>54,234</b>	<b>57,370</b>	<b>(3,136)</b>	<b>148,192</b>	<b>147,626</b>	<b>566</b>
<b>D) Operations</b>												
BM&F Bovespa	7,966	7,310	656	28,907	28,366	541	7,966	7,310	656	29,001	28,396	605
CETIP	46,268	47,759	(1,491)	119,232	118,411	821	46,268	50,060	(3,791)	119,191	119,230	(38)
	<b>54,234</b>	<b>55,069</b>	<b>(835)</b>	<b>148,140</b>	<b>146,777</b>	<b>1,363</b>	<b>54,234</b>	<b>57,370</b>	<b>(3,136)</b>	<b>148,192</b>	<b>147,626</b>	<b>566</b>

## 20 Derivative Financial Instruments – continued

### Options

	Bank						Consolidated Operating					
	12/31/2011			12/31/2010			12/31/2011			12/31/2010		
	Cost	Market value	Risk	Cost	Market value	Risk	Cost	Market value	Risk	Cost	Market value	Risk
<b>A) Rights on</b>												
Currency	101	66	101	839	557	24,514	101	66	101	839	557	24,514
	<b>101</b>	<b>66</b>	<b>101</b>	<b>839</b>	<b>557</b>	<b>24,514</b>	<b>101</b>	<b>66</b>	<b>101</b>	<b>839</b>	<b>557</b>	<b>24,514</b>
<b>B) Parties</b>												
Stock Exchange	101	66	101	839	557	24,514	101	66	101	839	557	24,514
	<b>101</b>	<b>66</b>	<b>101</b>	<b>839</b>	<b>557</b>	<b>24,514</b>	<b>101</b>	<b>66</b>	<b>101</b>	<b>839</b>	<b>557</b>	<b>24,514</b>
<b>C) Maturity</b>												
Up to 3 months	101	66	101	839	557	24,514	101	66	101	839	557	24,514
	<b>101</b>	<b>66</b>	<b>101</b>	<b>839</b>	<b>557</b>	<b>24,514</b>	<b>101</b>	<b>66</b>	<b>101</b>	<b>839</b>	<b>557</b>	<b>24,514</b>
<b>D) Operations</b>												
On stock exchanges	101	66	101	839	557	24,514	101	66	101	839	557	24,514
	<b>101</b>	<b>66</b>	<b>101</b>	<b>839</b>	<b>557</b>	<b>24,514</b>	<b>101</b>	<b>66</b>	<b>101</b>	<b>839</b>	<b>557</b>	<b>24,514</b>

**20 Derivative Financial Instruments – continued**

**Swap and Forward - Consolidated Operating**

	Consolidated Operating											
	Amounts at contractual interest rates and indices						Market value					
	12/31/2011			12/31/2010			12/31/2011			12/31/2010		
	Assets	Liabilities	Net position	Assets	Liabilities	Net position	Assets	Liabilities	Net position	Assets	Liabilities	Net position
<b>A) Reference</b>												
Currency (*)	1,263	5,648	(4,385)	11,541	3,220	8,321	1,263	5,648	(4,385)	11,541	3,220	8,321
Interest rate	46,268	47,759	(1,491)	119,233	118,411	822	46,268	50,060	(3,791)	119,191	119,230	(38)
Other	7,966	7,309	657	29,906	29,365	541	7,966	7,309	657	30,000	29,395	605
	<b>55,497</b>	<b>60,716</b>	<b>(5,219)</b>	<b>160,681</b>	<b>150,996</b>	<b>9,685</b>	<b>55,497</b>	<b>63,016</b>	<b>(7,519)</b>	<b>160,732</b>	<b>151,845</b>	<b>8,888</b>
<b>B) Parties</b>												
Institutional clients	-	-	-	122,515	121,091	1,425	-	-	-	122,506	121,219	1,287
Financial institutions	9,228	12,957	(3,729)	19,242	9,707	9,534	9,228	12,957	(3,729)	19,303	9,707	9,596
Related parties	-	-	-	-	1,814	(1,814)	-	-	-	-	1,814	(1,814)
Legal entities	46,269	47,759	(1,490)	18,924	18,384	540	46,269	50,059	(3,790)	18,924	19,104	(181)
	<b>55,497</b>	<b>60,716</b>	<b>(5,219)</b>	<b>160,681</b>	<b>150,996</b>	<b>9,685</b>	<b>55,497</b>	<b>63,016</b>	<b>(7,519)</b>	<b>160,733</b>	<b>151,845</b>	<b>8,888</b>
<b>C) Maturity</b>												
Up to 3 months	8,878	12,605	(3,727)	10,314	2,034	8,280	8,878	12,609	(3,730)	10,314	2,034	8,280
3 to 6 months	12,303	12,454	(151)	125,917	125,524	393	12,303	12,786	(483)	125,907	125,747	161
6 to 12 months	34,316	35,657	(1,340)	16,249	15,758	491	34,316	37,624	(3,307)	16,225	16,383	(158)
Over 12 months				8,201	7,680	521				8,286	7,680	606
	<b>55,497</b>	<b>60,716</b>	<b>(5,219)</b>	<b>160,681</b>	<b>150,996</b>	<b>9,685</b>	<b>55,497</b>	<b>63,016</b>	<b>(7,519)</b>	<b>160,733</b>	<b>151,845</b>	<b>8,888</b>
<b>D) Operations</b>												
BM&F Bovespa	7,966	7,310	656	28,907	28,366	541	7,965	7,310	655	29,001	28,396	605
CETIP	46,268	47,758	(1,490)	119,232	118,411	821	46,268	50,060	(3,792)	119,191	119,230	(38)
OTC	1,262	5,648	(4,385)	12,541	4,219	8,322	1,263	5,649	(4,385)	12,541	4,219	8,322
	<b>55,497</b>	<b>60,716</b>	<b>(5,219)</b>	<b>160,681</b>	<b>150,996</b>	<b>9,685</b>	<b>55,497</b>	<b>63,016</b>	<b>(7,519)</b>	<b>160,733</b>	<b>151,845</b>	<b>8,888</b>

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

## 20 Derivative Financial Instruments - continued

### Futures

	In thousand R\$			
	Bank		Consolidated Operating	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
	Market value	Market value	Market value	Market value
<b>A) Reference</b>				
Foreign exchange coupon				
Asset position (DDI and SCC)	934,118	601,714	934,118	601,714
Liability position (DDI and SCC)	(740,528)	(2,552,736)	(740,528)	(2,552,736)
Interest rate (DI1)				
Asset position	25,286	396,681	25,286	396,681
Liability position	(1,313,650)	(905,412)	(1,313,650)	(905,412)
External interest rate				
Liability position			(28,494)	(73,982)
Indices				
Liability position	-	(2,452)	-	(2,452)
Foreign currency				
Asset position	193,770	831,600	193,770	831,600
Liability position	(81,782)	(285,361)	(81,781)	(285,361)
	<b>(982,784)</b>	<b>(1,915,966)</b>	<b>(1,011,278)</b>	<b>(1,989,948)</b>
<b>B) Parties</b>				
Stock exchange	(982,784)	(1,915,966)	(1,011,278)	(1,989,948)
	<b>(982,784)</b>	<b>(1,915,966)</b>	<b>(1,011,278)</b>	<b>(1,989,948)</b>
<b>C) Maturity</b>				
Up to 3 months (I)	(17,885)	(852,011)	(46,379)	(915,216)
3 to 6 months (II)	(175,590)	(28,165)	(175,590)	(38,113)
6 to 12 months (III)	(154,269)	89,783	(154,269)	88,955
Over 12 months	(635,040)	(1,125,573)	(635,040)	(1,125,573)
	<b>(982,784)</b>	<b>(1,915,966)</b>	<b>(1,011,278)</b>	<b>(1,989,948)</b>
<b>D) Operations</b>				
On stock exchanges	(982,784)	(1,915,966)	(1,011,278)	(1,989,948)
	<b>(982,784)</b>	<b>(1,915,966)</b>	<b>(1,011,278)</b>	<b>(1,989,948)</b>

**20 Derivative Financial Instruments – continued**

- (I) Includes futures contracts with maturities up to April 1, 2012.
- (II) Includes futures contracts with maturities between April 2, 2012 and July 1, 2012.
- (III) Includes futures contracts with maturities between July 2, 2012 and December 31, 2012.

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

- Short position in foreign exchange coupons (DDI) in the amount of R\$ 208,606 thousand (December 31, 2010, short position in foreign exchange coupons (DDI) in the amount of R\$ 1,559,642 thousand);
- Short position in interest (DI1) in the amount of R\$ 334,727 thousand (December 31, 2010, long position in interest (DI1) in the amount of R\$ 396,681 thousand);
- Long position in currency (DOL) in the amount of R\$ 193,770 thousand (December 31, 2010, long position in currency (DOL) in the amount of R\$ 831,600 thousand);
- Long position in foreign exchange coupons (SCC) in the amount of R\$ 4,659 thousand (December 31, 2010, long position in foreign exchange coupons (SCC) in the amount of R\$ 33,031 thousand).

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

	In thousand R\$					
	Bank			Consolidated Operating		
	2nd half 2011	12/31/2011	12/31/2010	2nd half 2011	12/31/2011	12/31/2010
Futures contracts	31,905	(1,132)	(78,141)	33,548	583	(74,121)
Options contracts	(1,218)	(951)	(652)	(2,704)	(2,437)	(779)
Sw ap and forward contracts	(6,588)	(4,303)	5,414	(5,818)	2,875	1,973
<b>Total</b>	<b>24,099</b>	<b>(6,386)</b>	<b>(73,379)</b>	<b>25,026</b>	<b>1,021</b>	<b>(72,926)</b>

**Hedge accounting**

At December 31, 2011, no derivative financial instruments were classified as market risk hedge, at Bank and Consolidated Operating statements, considering that all operations were settled in June 2011. (December 31, 2010 – 249,571 thousand). Hedged items are liability transactions subject to foreign exchange coupon variation.

## 21 Risk management

### Market risk

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

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

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

### Liquidity risk

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

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

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

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

21 Risk management - continued

	In thousand R\$			
	Bank		Consolidated Operating	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Current assets	1,780,039	4,413,905	1,779,713	4,458,272
Current liabilities	(1,177,273)	(3,871,677)	(1,189,571)	(3,914,858)
<b>Net working capital</b>	<b>602,766</b>	<b>542,228</b>	<b>590,142</b>	<b>543,414</b>
"Available for sale" securities stated in non-current assets	114,453	151,052	114,453	151,052
	<b>717,219</b>	<b>693,280</b>	<b>704,595</b>	<b>694,466</b>

**Credit Risk**

Banco BBM has a credit risk management structure comprising the following elements, with their duties: a) Credit Committee, responsible for defining credit limits of the economic groups and for monitoring and evaluating the consolidated portfolio position, its concentration and risk level. It is also responsible for establishing the term for resolving cases of default on credit operations or with a certain guarantee deterioration and deciding on whether or not to start judicial collection, as applicable; b) Board of Directors, responsible for approving the risk policies and limits, at least once a year; c) Credit risk area, subordinated to the Risk Control Officer, 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 and previously evaluating 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 audits 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 guarantee. It is also responsible for issuing contracts to be entered into by BBM and clients.

The complete description of the credit risk management structure is available on Banco BBM's website ([www.bancobbm.com.br](http://www.bancobbm.com.br)).

## 21 Risk management - continued

### Operational Risk

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

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

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



## 22 Operating Limits

In July 2008, the new rules related to capital measurement became effective. Financial institutions and similar entities are required to maintain minimum equity of 11% of their assets weighted by levels of risk to exposures in gold, foreign currency and operations subject to operating risk and changes in: exchange rates, interest rates, commodities prices and stock prices classified as trading securities, in accordance with rules established by BACEN. The Bank's Consolidated Operating statements fall into this operating limit at December 31, 2011.

	In thousand R\$	
	Consolidated operating	
	12/31/2011	12/31/2010
<b>Reference equity - Level 1</b>	<b>542,673</b>	<b>530,721</b>
Equity	536,229	534,610
Deferred permanent asset	4,748	4,752
Adjustment to market value - securities and derivative financial instruments	1,696	(863)
<b>Reference equity - Level II</b>	<b>1,696</b>	<b>(863)</b>
Adjustment to market value - securities and derivative financial instruments	1,696	(863)
<b>Reference equity (PR)</b>	<b>531,481</b>	<b>529,858</b>
<b>Reference equity required (PRE)</b>	<b>265,653</b>	<b>241,849</b>
Portion referring to:		
Credit risk (PEPR)	147,567	115,992
Foreign exchange risk (PCAM)	73,005	61,909
Interest risk (PJUR)	12,458	4,421
Stock risk (PACS)		2,048
Operating risk (POPR)	32,623	57,549
RBAN	897	1,289
<b>Margin value or insufficiency (PR - PRE)</b>	<b>265,828</b>	<b>288,009</b>
<b>Risk factor - 11% of PR</b>	<b>58,463</b>	<b>58,284</b>
<b>Basel index (Risk factor / PRE)</b>	<b>22.01%</b>	<b>24.10%</b>
<b>Investment index</b>	<b>11.48%</b>	<b>15.80%</b>
Investment margin	204,711	181,230

### 23 Income and social contribution taxes

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

	In thousand R\$			
	Bank		Consolidated operating	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
<b>Tax credit gains:</b>				
<b>Balance at January 1</b>	<b>96,450</b>	<b>117,299</b>	<b>97,271</b>	<b>117,999</b>
Set up (reversal)				
- Having impact on income	(29,002)	(21,417)	(28,867)	(21,296)
- Having impact on equity (Securities for sale)	(576)	568	(576)	568
<b>Balance at December 31</b>	<b>66,872</b>	<b>96,450</b>	<b>67,828</b>	<b>97,271</b>
<b>Provision for deferred taxes:</b>				
<b>Balance at January 1</b>	<b>7,917</b>	<b>23,802</b>	<b>7,918</b>	<b>23,803</b>
Set up (reversal)				
- Having impact on income	(2,325)	(15,572)	(2,325)	(15,572)
- Having impact on equity (Securities for sale)	1,131	(313)	1,131	(313)
<b>Balance at December 31</b>	<b>6,723</b>	<b>7,917</b>	<b>6,724</b>	<b>7,918</b>

**23 Income and social contribution taxes - continued**

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

	In thousand R\$			
	Bank		Consolidated operating	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
<b>Tax credit gains:</b>				
<b>Temporary differences (a)</b>				
- Allowance for loans	14,590	48,267	14,590	48,267
- Adjustment to market value of securities and	1,383	1,008	1,383	1,008
- PIS / COFINS (Note 24b)	32,031	28,606	32,860	29,301
- Other	18,655	18,569	18,782	18,695
<b>Social contribution tax loss</b>	213		213	
<b>Total</b>	<b>66,872</b>	<b>96,450</b>	<b>67,828</b>	<b>97,271</b>
<b>Provision for deferred taxes:</b>				
<b>Temporary differences</b>				
- Adjustment to market value of securities and	1,131		1,132	1
- Other	5,592	7,917	5,592	7,917
<b>Total</b>	<b>6,723</b>	<b>7,917</b>	<b>6,724</b>	<b>7,918</b>

(a) It is expected that these tax credits are realized both in Controller and Consolidated Operating, until 2014, also the present value thereof is R\$ 51 million.

**23 Income and social contribution taxes - continued**

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

	In thousand R\$			
	12/31/2011		12/31/2010	
	IRPJ	CSLL	IRPJ	CSLL
<b>Income before income and social contribution taxes</b>	<b>64,264</b>	<b>64,264</b>	<b>21,627</b>	<b>21,627</b>
Net income of the Bank	67,062	67,062	46,793	46,793
(-) Interest on equity	(29,951)	(29,951)	(37,845)	(37,845)
(-/+ ) Income and social contribution taxes	(27,153)	(27,153)	(12,679)	(12,679)
<b>Tax rate</b>	<b>25%</b>	<b>15%</b>	<b>25%</b>	<b>15%</b>
<b>Income and social contribution taxes</b>				
Tax rate	(16,066)	(9,640)	(5,407)	(3,244)
<b>Permanent additions</b>	<b>68,179</b>	<b>39,057</b>	<b>68,445</b>	<b>49,702</b>
Nondeductible expenses	34,397	5,275	19,314	570
Addition of profits abroad	33,782	33,782	49,131	49,131
<b>Permanent exclusions</b>	<b>35,681</b>	<b>35,681</b>	<b>51,149</b>	<b>51,149</b>
Tax-free income	23	23	57	57
Equity accounting - before removal of profit	35,658	35,658	51,092	51,092
<b>Temporary additions / exclusions</b>	<b>(89,016)</b>	<b>(69,058)</b>	<b>(14,613)</b>	<b>(14,613)</b>
<b>Tax base</b>	<b>7,746</b>	<b>(1,418)</b>	<b>24,310</b>	<b>5,567</b>
<b>Income and social contribution taxes (a)</b>	<b>(1,913)</b>	<b>213</b>	<b>(6,054)</b>	<b>(835)</b>
<b>Use of tax incentives and taxes from subsidiaries abroad</b>	<b>1,435</b>		<b>9</b>	
<b>Income and social contribution taxes for the year</b>	<b>(478)</b>	<b>213</b>	<b>(6,044)</b>	<b>(835)</b>
DIPJ adjustment			45	
Deferred tax liabilities	1,453	872	9,733	5,840
<b>Income and social contribution taxes for the year - Banco BBM</b>	<b>975</b>	<b>1,085</b>	<b>3,734</b>	<b>5,004</b>
Income and social contribution taxes of other entities in Consolidated Operating	(1,384)	(838)	(1,922)	(1,216)
<b>Income and social contribution taxes for the year - Consolidated Operating</b>	<b>(408)</b>	<b>246</b>	<b>1,812</b>	<b>3,788</b>

## 24 Provisions and liabilities for legal obligations

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

### a) Breakdown of provisions

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

	In thousand R\$			
	Bank		Consolidated Operating	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Civil	510	510	510	510
Labor	6,233	8,002	6,233	8,002
<b>Total - Provision for contingencies</b>	<b>6,743</b>	<b>8,512</b>	<b>6,743</b>	<b>8,512</b>

Provisions are registered as "Other Liabilities - Sundry" under non-current liabilities. In the year ended December 31, 2011, there was reversal of provision for contingencies in the amount of R\$ 1,769 thousand in the Bank and Consolidated Operating statements.

### b) Liabilities for legal obligations

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

	In thousand R\$			
	Bank		Consolidated Operating	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
PIS and COFINS	73,335	63,002	75,407	64,739
<b>Total - Liabilities due to legal obligations</b>	<b>73,335</b>	<b>63,002</b>	<b>75,407</b>	<b>64,739</b>

In the year ended December 31, 2011, the total amount of R\$ 10,333 thousand was set in the Bank (2010 – R\$ 11,029 thousand), of which R\$ 5,835 thousand (2010 – R\$ 4,435 thousand), is restated based on SELIC. In the Consolidated Operating statements the amount of R\$ 10,669 thousand (2010 – R\$ 11,332 thousand), was set up, of which R\$ 6,000 thousand (2010 – R\$ 4,558 thousand), is restated based on SELIC.

## 24 Liabilities for legal obligations - continued

### c) BM&F and Bovespa demutualization

In December 2011, Banco BBM and BBM Corretora de Câmbio e Valores Mobiliários S.A. received tax assessments aiming at: (i) charging IRPJ and CSLL on the reserve for restatement of BM&F and Bovespa membership certificates due to the demutualization of these entities in the amount of R\$ 8,284 thousand; and (ii) charging PIS and COFINS on capital gain from sale of the referred to certificates in the amount net of tax of R\$ 14,560 thousand. The Bank is questioning the tax assessments at the administrative level. In the opinion of our legal advisors, the case involves a possible unfavorable outcome.

## 25 Asset management

Income from management and performance fees are recorded in the account "Income from services provided" except for those earned by BBM Investment Management Services, which is a subsidiary of BBM Administração de Recursos DTVM S.A., not included in the Consolidated Operating statements as it is not considered a financial institution, as described in Note 4. Income from asset management is as follows:

	In thousand R\$	
	12/31/2011	12/31/2010
Income from invest fund management and performance fees recorded in the financial conglomerate (a)	41,872	89,747
Income from invest fund management and performance fees recorded in related companies (b)	1,337	1,699
<b>Total</b>	<b>43,209</b>	<b>91,446</b>

(a) See Note 17.

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

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