

B **BancoBM**

Financial statements
December 31, 2012 and 2011
with Independent Auditor's Report

Macroeconomic Scenario

The second half of 2012 was marked by low worldwide growth. However, the risk perception of a stress event was considerably reduced. The world confidence indicators ended the year higher, signaling a more favorable environment for business in 2013.

In Europe, the measures announced by the European Central Bank in September 2012 improved financing conditions in peripheral countries. Nevertheless, the main activity data remained at historically low levels over the six-month period, indicating weak economic growth for the region. The expected tax adjustments for this year must keep activity at a slow pace, which may cause volatility in leading markets.

In the United States, an improvement in growth was observed in the second half-year. Activity was largely driven by consumption and certain signs of improvement could be noticed in the real estate and labor markets. Nevertheless, the scenario is still uncertain. The US Federal Reserve still considers providing additional incentives to improve the labor market growth. Regarding taxes, the US Congress managed to pass measures that prevented the US economy from falling into recession over the short term.

In the domestic scenario, activity pace remained slow in the second half of 2012 in spite of monetary and tax incentives. The manufacturing industry data forecasts weak activity level, especially for the last quarter of the year. GDP for the third quarter increased by 0.6% compared with prior quarter and 0.9% compared with the same period in 2011. GDP growth is expected to end 2012 around 1.0%, an amount significantly below market expectations at beginning of year, set at 3.3%.

In this context of international and domestic economic activity slowdown, the Central Bank of Brazil started a loose monetary cycle, reducing SELIC rate to a record low of 7.25% p.a., in October 2012, and partially reversing the macro-prudential measures. As for inflation, the official price index (IPCA) ended the year at 5.84%, well above the 4.5% central target. The main responsible factors for the increase were the service groups pressured by low idleness in the economy, and food products, affected by the international increase in commodity prices.

Performance of the BBM Financial Group

Banco BBM Financial Group ended year 2012 with equity of R\$ 543 million and net income of R\$ 43 million, which represents annual profitability of 8.04%, calculated on average equity for the period.

Total assets at year end aggregated R\$ 2.7 billion. The volume of domestic and foreign market funding at year end was of R\$ 1.9 billion. The Bank's Basel index at year end was 22.03%.

Corporate loans

The Corporate loans area is focused on extending and structuring loans to companies whose turnover exceeds R\$ 200 million p.a., especially through working capital and export finance transactions.

Banco BBM strategy is to ensure the growth of loan transactions, keeping a cautious approach in relation to risk, an attitude evidenced by the small listing of D-H customer rating on its loan portfolio. Accordingly, the Bank has a collateralized portfolio, mainly by receivables, commercial pledge and chattel mortgage, among other instruments. The loan portfolio ended the year totaling R\$ 1.3 billion.

Private Banking

The Private Banking area uses updated tools and wide experience in providing advisory asset management services to individual clients, serving their investment objectives by means of structured financial solutions.

Fund Allocation

By continuously offering funds to institutional clients in the Brazilian market, BBM Financing Group aims at the growth and loyalty of its client base.

Treasury

Treasury activities are focused on maintaining capital as the fundamental principle through prudent market risk management. This principle justifies the policy of not setting profit goals for this area.

The Treasury area is in charge of providing technical support and market know-how to other business of the Bank.

Corporate Governance

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

At corporate level, all business activities are supported by the Institutional Fund Raising, Corporate Treasury, IT, People, Compliance, Controllership, Administrative and Legal areas.

People

Banco BBM also operates as a talent identification and training center, which prizes the systematic search for state-of-the-art knowledge and privileges people willing to achieve their professional goals, adding value to the Bank. The employees' and interns' performance is reviewed based on a performance evaluation policy, which aligns the professional growth path of its employees with the Bank's long-term performance.

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

We have audited the accompanying individual financial statements of Banco BBM S.A. ("Bank") and the consolidated financial statements of Banco BBM Financial Group ("Consolidated"), which comprise the individual and consolidated balance sheet as at December 31, 2012 and related individual and consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these individual and consolidated financial statements based on our audit, 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 of the individual and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Bank and Consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and Consolidated internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the individual and consolidated financial statements.

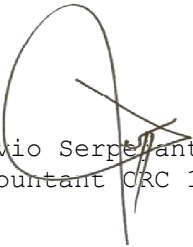
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

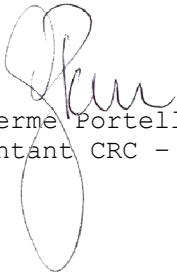
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco BBM S.A., as well as the consolidated financial position of Banco BBM Financial Group as at December 31, 2012, their individual and consolidated operating performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil.

São Paulo, February 5, 2013

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



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



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

Assets	Notes	in R\$ thousand			
		Bank		Consolidated Operating	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
Current		2,099,956	1,780,039	2,094,467	1,779,713
Cash and banks		12,891	2,410	15,479	14,664
Free reserves		1,150	1,248	1,156	1,248
Funds in foreign currency		11,741	1,162	14,323	13,416
Short-term interbank investments	5	447,684	573,572	424,254	552,743
Investments in open market		351,098	485,776	351,098	485,776
Investments in interbank deposits		19,815	23,364	19,815	23,364
Investments in foreign currencies		76,771	64,432	53,341	43,603
Marketable securities and derivative financial instruments	6	549,151	91,092	559,967	94,550
Own portfolio		336,749	44,802	336,752	44,806
Derivative financial instruments		6,588	845	17,286	3,294
Bound to guarantees		205,814	45,445	205,929	46,450
Interbank accounts		2,110	2,772	2,110	2,772
Deposits – Central Bank of Brazil		322	686	322	686
Correspondent banks		1,788	2,086	1,788	2,086
Loans	7	778,324	508,211	778,324	508,534
Loans and discounted notes		577,239	381,099	577,239	381,099
Financing		209,492	142,194	209,492	142,517
Allowance for loan losses		(8,407)	(15,082)	(8,407)	(15,082)
Lease transactions	7				
Lease and sub-lease transactions receivable			10,668		10,668
Unearned income from lease transactions			(10,668)		(10,668)
Other receivables		307,541	592,759	312,078	597,227
Exchange portfolio	8	286,808	557,608	286,808	557,608
Income receivable		1,277	1,027	829	1,027
Securities trading	14	2,253	2,272	2,319	2,339
Sundry		26,215	16,200	31,134	20,601
Allowance for other loans	7	(9,614)	(6,942)	(9,614)	(6,942)
Tax credits	23	602	22,594	602	22,594
Other assets		2,255	9,223	2,255	9,223

See accompanying notes.

Assets	Notes	in R\$ thousand			
		Bank		Consolidated Operating	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
Noncurrent assets					
Long-term receivables		542,818	466,219	558,661	475,769
Short-term interbank investments	5	8,223	8,517	8,223	417
Investments in interbank deposits		8,223	417	8,223	417
Investments in foreign currencies			8,100		
Marketable securities and derivative financial instruments	6	192,263	256,204	192,263	256,204
Own portfolio		190,634	200,712	190,634	200,712
Bound to repurchase agreements			929		929
Derivative financial instruments		700		700	
Bound to guarantees			55,492		55,492
Loans	7	248,970	131,510	263,734	148,157
Loans and discounted notes		159,777	102,835	159,777	102,835
Financing		91,626	33,873	106,390	50,520
Allowance for loan losses		(2,433)	(5,198)	(2,433)	(5,198)
Other receivables		93,354	69,696	94,433	70,699
Sundry		36,797	33,906	36,845	33,954
Tax credits	23	57,002	44,278	58,033	45,233
Allowance for other receivables	7	(445)	(8,488)	(445)	(8,488)
Other assets		8	292	8	292
Permanent assets		479,121	463,773	51,781	76,279
Investments		467,561	439,274	39,872	51,315
Interest in subsidiaries	9				
In the country		18,310	17,713		
Abroad		449,201	421,511	39,822	51,265
Other investments		1,810	1,810	2,628	2,628
Provision for losses		(1,760)	(1,760)	(2,578)	(2,578)
Property and equipment in use		6,593	8,197	6,909	8,662
Leased assets	7		10,502		10,502
Intangible assets		1,195	696	1,228	696
Deferred charges		3,772	5,104	3,772	5,104
Total assets		3,121,895	2,710,031	2,704,909	2,331,761

See accompanying notes.

Liabilities	Note	in R\$ thousand			
		Bank		Consolidated Operating	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
Current		1,241,636	1,177,273	1,255,208	1,189,571
Deposits	10	556,827	575,990	550,511	569,823
Demand deposits		16,203	11,285	18,980	13,804
Interbank deposits		49,795	154,814	40,702	146,128
Time deposits		490,829	409,891	490,829	409,891
Repurchase agreements	11	925		925	
Own portfolio		925		925	
Funds from acceptance and issuance of securities	12	338,889	150,772	338,955	150,772
Liabilities from marketable securities abroad				66	
Liabilities from issue of agribusiness credit bills		257,938	148,252	257,938	148,252
Liabilities from issue of credit bills		49,369		49,369	
Liabilities from issue of housing credit bills		31,582	2,520	31,582	2,520
Interbank accounts		4		4	
Amounts receivable and payable		4		4	
Interbranch accounts		46,454	10,643	46,454	10,643
Third-party funds in transit		46,454	10,643	46,454	10,643
Borrowing	13	262,390	115,110	262,390	115,110
Foreign borrowings		262,390	115,110	262,390	115,110
Onlending in Brazil - government agencies	13	437	4,436	437	4,436
FINEM			2,011		2,011
FINAME		437	2,425	437	2,425
Derivative financial instruments	6	6,328	3,792	6,355	10,786
Derivative financial instruments		6,328	3,792	6,355	10,786
Other liabilities		29,382	316,530	49,177	328,001
Collection of similar taxes		15	1,647	15	1,647
Exchange portfolio	8		274,019		274,019
Social and statutory		18,316	29,020	19,522	29,464
Tax and social security		4,384	2,875	6,051	5,252
Securities trading	14	587	2,398	587	2,398
Sundry		6,080	6,571	23,002	15,221

See accompanying notes.

Liabilities	Notes	in R\$ thousand			
		Bank		Consolidated Operating	
		12/31/2012	12/31/2011	12/31/2012	12/31/2011
Noncurrent liabilities					
Long-term payables		1,336,653	995,741	906,095	605,173
Deposits	10	168,487	233,019	158,519	224,772
Interbank deposits		9,968	8,247		
Time deposits		158,519	224,772	158,519	224,772
Funds from acceptance and issuance of securities	12	947,888	454,162	524,745	69,766
Liabilities from marketable securities abroad		423,143	384,396		
Liabilities from issue of agribusiness credit bills		50,329	23,174	50,329	23,174
Liabilities from issue of credit bills		464,915	45,241	464,915	45,241
Liabilities from issue of housing bonds		9,501	1,351	9,501	1,351
Borrowing	13	107,640	215,855	107,640	215,855
Foreign borrowings		107,640	215,855	107,640	215,855
Onlending in Brazil - government agencies	13		397		397
FINAME			397		397
Derivative financial instruments	6	896		896	
Derivative financial instruments		896		896	
Other liabilities		111,742	92,308	114,295	94,383
Tax and social security		6,394	6,723	6,394	6,723
Social and statutory		11,097	4,497	11,308	4,497
Sundry	24	94,251	81,088	96,593	83,163
Deferred income		550	788	550	788
Equity	15	543,056	536,229	543,056	536,229
Capital		413,131	413,131	413,131	413,131
Domiciled in Brazil		413,131	413,131	413,131	413,131
Market value adjustment - marketable securities and financial instruments		406	1,698	406	1,698
Securities available for sale		406	1,698	406	1,698
Income reserves		310,876	298,188	310,876	298,188
Treasury shares		(181,357)	(176,788)	(181,357)	(176,788)
Total liabilities and equity		3,121,895	2,710,031	2,704,909	2,331,761

See accompanying notes.

in R\$ thousand						
Notes	Bank			Consolidated Operating		
	Second half of 2012	12/31/2012	12/31/2011	Second half of 2012	12/31/2012	12/31/2011
Financial intermediation income	147,738	358,643	707,716	150,296	369,055	711,925
Loans	56,106	120,245	100,425	56,659	121,063	103,854
Lease transactions	3,955	11,077	35,096	3,955	11,077	35,096
Income from marketable securities transactions	69,357	159,384	524,714	68,169	157,118	524,473
Exchange gains	16	17,700	67,937	47,481	17,700	67,937
Gains on derivative financial instruments		620		3,813	11,860	1,021
Financial intermediation expenses	(82,605)	(250,651)	(566,704)	(81,545)	(247,447)	(556,294)
Lease transactions	(3,878)	(10,502)	(30,702)	(3,878)	(10,502)	(30,702)
Funding operations	16	(72,500)	(144,242)	(501,649)	(71,440)	(142,141)
Losses on derivative financial instruments	20		(1,103)	(6,386)		
Reversal of allowance for loan losses		10,354	3,700	81,822	10,354	3,700
Loans, assignments and onlending operations	16	(16,581)	(98,504)	(109,789)	(16,581)	(109,789)
Gross profit from financial intermediation	65,133	107,992	141,012	68,751	121,608	155,631
Other operating income (expenses)	(19,701)	(28,061)	(9,058)	(21,479)	(37,467)	(20,647)
Service revenue	17	5,366	10,266	39,157	10,275	22,918
Personnel expenses		(15,479)	(30,375)	(36,182)	(17,797)	(35,700)
Other administrative expenses	18	(13,446)	(26,806)	(37,864)	(16,197)	(31,922)
Tax expenses		(3,185)	(6,733)	(8,869)	(3,924)	(8,068)
Equity pickup in subsidiaries	9	9,615	30,210	35,779	8,256	19,559
Other operating income		1,327	3,186	8,116	1,900	3,786
Other operating expenses		(3,899)	(7,809)	(9,195)	(3,992)	(8,040)
Operating income	45,432	79,931	131,954	47,272	84,141	134,984
Non-operating income (loss)	(2,745)	(113)	(2,972)	(2,743)	(111)	(3,046)
Income before income taxes and profit sharing	42,687	79,818	128,982	44,529	84,030	131,938
Income and social contribution taxes	23	(7,176)	(11,984)	(27,153)	(7,601)	(13,435)
Provision for income tax		5,606	(1,956)	976	5,330	(2,943)
Provision for social contribution tax		3,379	(761)	1,297	3,194	(1,300)
Deferred tax assets		(16,161)	(9,267)	(29,426)	(16,125)	(29,291)
Profit sharing – Board of Directors and officers		(7,828)	(13,083)	(13,660)	(8,082)	(13,916)
Employees' profit sharing		(5,920)	(11,356)	(21,107)	(7,083)	(13,284)
Net income		21,763	43,395	67,062	21,763	43,395
Earnings per share		0.08	0.17	0.35	0.08	0.17

See accompanying notes.

BancoBBM Banco BBM S.A.
 e Grupo Financeiro Banco BBM
 Statements of changes in equity of Banco BBM S.A.

In R\$ thousand											
Capital	Capital increase	Capital reserves			Income reserves		Market value adjustment - marketable securities and derivatives		Treasury shares	Retained earnings	Total
		Restatement of membership certificates	Tax incentives	Other capital reserves	Legal	Statutory	Bank	Subsidiary			
Year ended December 31, 2011											
Balances at January 1, 2011	413,131				71,721	189,672	(863)	1	(139,052)		534,610
Market value adjustments - marketable securities							2,561	(1)			2,560
Purchase of treasury shares									(65,735)		(65,735)
Sale of treasury shares									27,999		27,999
Negative goodwill on repurchase of treasury shares						(316)					(316)
Net income for the year										67,062	67,062
Allocations:											
- Interest on equity										(29,951)	(29,951)
- Reserves					3,353	33,758				(37,111)	
Balances at December 31, 2011	413,131				75,074	223,114	1,698		(176,788)		536,229
Changes in the period					3,353	33,442	2,561		(37,736)		1,620
Year ended December 31, 2012											
Balances at January 1, 2012	413,131				75,074	223,114	1,698		(176,788)		536,229
Market value adjustments - marketable securities							(1,292)				(1,292)
Purchase of treasury shares									(4,569)		(4,569)
Net income for the year										43,395	43,395
Allocations:											
- Interest on equity										(30,706)	(30,706)
- Reserves					2,170	10,519				(12,689)	
Balances at December 31, 2012	413,131				77,244	233,632	406		(181,357)		543,056
Changes in the period					2,170	10,519	(1,292)		(4,569)		6,828
Six-month period ended December 31, 2012											
Balances at July 1, 2012	413,131				76,155	227,995	1,481		(179,229)		539,533
Market value adjustments - marketable securities							(1,075)				(1,075)
Purchase of treasury shares									(2,128)		(2,128)
Net income for the six-month period										21,763	21,763
Allocations:											
- Interest on equity										(15,037)	(15,037)
- Reserves					1,089	5,637				(6,726)	
Balances at December 31, 2012	413,131				77,244	233,632	406		(181,357)		543,056
Changes in the period					1,089	5,637	(1,075)		(2,128)		3,523

	in R\$ thousand					
	Bank			Consolidated Operating		
	Second half of 2012	12/31/2012	12/31/2011	Second half of 2012	12/31/2012	12/31/2011
Cash flows from operating activities:						
Net Income	21,763	43,395	67,062	21,763	43,395	67,062
Adjustments to net income:	1,674	(20,045)	(76,064)	3,797	(9,271)	(68,105)
Allowance for loan losses	(10,354)	(3,700)	(81,822)	(10,354)	(3,700)	(81,822)
Depreciation and amortization	1,495	3,046	5,899	1,563	3,179	5,988
Expenses from civil, labor and tax allowances	4,549	7,512	8,085	4,020	7,560	8,646
Equity pickup in subsidiaries	(9,521)	(29,495)	(35,779)	(8,162)	(18,844)	(27,676)
Deferred income and social contribution taxes	16,161	9,267	26,889	16,125	9,192	26,754
Unrealized gains/losses on marketable securities and derivatives	512	(4,688)	2,331	1,774	(4,652)	1,673
Restatement of membership certificates	(1,075)	(1,292)	(2,560)	(1,075)	(1,292)	(2,560)
Equity adjustments	(94)	(715)	892	(94)	(715)	892
Adjusted net income (loss)	23,438	23,351	(9,002)	25,558	34,124	(1,043)
(Increase)/decrease in short-term interbank investments	159,625	429,485	432,552	131,872	423,986	459,224
(Increase)/decrease in marketable securities and derivative financial instruments	(99,029)	(389,449)	511,753	(97,601)	(396,822)	522,397
(Increase)/decrease in interbank and interbranch accounts	(529)	662	(2,181)	(529)	662	(2,181)
(Increase)/decrease in loan and lease transactions	(143,907)	(383,873)	(234,382)	(140,143)	(381,667)	(173,199)
Increase/(decrease) in deposits	(112,677)	(83,695)	368,754	(139,649)	(85,565)	329,176
Increase/(decrease) in open market funding	925	925	(1,019,606)	925	925	(1,019,606)
Increase/(decrease) in interbank accounts	42,153	35,815	3,693	42,153	35,815	3,693
Increase/(decrease) in securities issue fund	189,758	681,844	263,526	225,633	643,162	220,538
Increase/(decrease) in borrowings and onlending	49,183	34,669	(199,497)	49,183	34,669	(199,497)
Increase/(decrease) in deferred income	(104)	(238)	(523)	(104)	(238)	(523)
(Increase)/decrease in other assets	146,036	259,545	1,839,152	144,325	259,474	1,828,136
Increase/(decrease) in other liabilities	(155,465)	(271,500)	(1,985,152)	(159,706)	(269,711)	(1,980,988)
Net cash provided by (used in) operating activities	75,969	314,190	(21,911)	56,357	264,689	(12,830)
Cash flow from investing activities:						
Increase/(decrease) in investments	543	1,161	82,275	4,550	30,242	45,374
Disposal of property and equipment for use and leased	3,002	9,060	13,713	3,023	9,075	13,319
Disposal of deferred charges	89	833	3,542	93	800	3,557
Dividends and interest on equity received		760			760	
Net cash provided by (used in) investing activities	3,635	11,814	99,530	7,666	40,876	62,249
Cash flow from financing activities:						
Dividends and interest on equity paid	(21,412)	(31,001)	(50,321)	(21,412)	(31,001)	(50,321)
Purchases of treasury shares	(2,128)	(4,569)	(37,736)	(2,128)	(4,569)	(37,736)
Net cash provided by (used in) financing activities:	(23,540)	(35,570)	(88,057)	(23,540)	(35,570)	(88,057)
Net increase (decrease) in cash and banks	79,500	313,784	(19,440)	66,042	304,118	(39,681)
At beginning of period	284,489	50,205	69,645	300,535	62,459	102,140
At end of period	363,989	363,989	50,205	366,577	366,577	62,459
Net increase (decrease) in cash and banks	79,500	313,784	(19,440)	66,042	304,118	(39,681)

See accompanying notes.

1 Operations

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

- Commercial;
- Investment;
- Loan, Financing and Investment;
- Exchange;
- 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 Conglomerate's financial statements, as the major changes from the new legislation which impact their operations had already been adopted according to current accounting standards set forth by the Central Bank of Brazil (BACEN).

The authorization for conclusion of these financial statements was given by the Bank's Executive Board on February 5, 2013.

3 Summary of significant accounting practices

(a) P&L from operations

Profit and loss are recorded on an accrual basis.

(b) Marketable securities and derivative financial instruments

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

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

Securities classified in categories I and II are adjusted to market value. For trading securities, this adjustment is directly recorded in P&L and for available for sale securities it is recorded in a specific account in equity, net of tax effects. Securities classified as held to maturity are recorded at cost plus accrued interest. Derivative financial instruments are adjusted to market value, in accordance with BACEN Circular No. 3.082.

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

(c) Current and noncurrent assets

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

(d) Permanent assets

These are stated at cost combined with the following aspects:

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

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 effective write-off.

(e) Current and noncurrent liabilities

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

(f) Income and social contribution taxes

The provision for income tax is calculated on taxable profit at a 15% rate, plus 10% surtax on taxable 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 CMN Resolution No. 3059 issued on December 20, 2002, and CMN Resolution No. 3355, issued on March 31, 2006, and take into account the history of profitability and the expected generation of future taxable income supported by technical feasibility studies. The deferred taxes were recognized based on the expected income and social contribution tax rates of 25% and 15% respectively.

(g) Swaps, futures, forward and options

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

(h) Earnings per share

Earnings per share are calculated based on the number of outstanding shares at the balance sheet dates.

(i) Impairment of assets

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

(j) Contingent assets and liabilities and legal obligations

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 exchange and monetary variations and interest as agreed by contract. Allowances are recognized for adjustment to realizable value when market value is lower.

(l) **Loans**

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

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.

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

- 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, 2012 and 2011 of the following institutions:

Banco BBM S.A. and Nassau Branch;

BBM Bank Ltd. (a)

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

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

- (a) The indirect interest of 100% of Banco BBM S.A. in BBM Bank Ltd capital was eliminated from the Consolidated Operating financial statements at "Interest in Subsidiaries - The Southern Atlantic Investments Ltd." This elimination produced the following effects on Consolidated Operating accounts: reduction of permanent investment by R\$ 410,871 and reduction of equity pickup by R\$ 866 thousand.
- (b) Banco BBM S.A. holds directly 100% of the capital of these entities.

5 Short-term interbank investments

Short-term interbank investments are as follows:

	In R\$ thousand			
	Bank		Consolidated Operating	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Open market investments	351,098	485,776	351,098	485,776
Funded position	351,098	485,776	351,098	485,776
National treasury bills	20,999	17,800	20,999	17,800
Financial treasury bills		24,997		24,997
National treasury notes - B series	330,099	442,979	330,099	442,979
Investments in interbank deposits	28,038	23,781	28,038	23,781
Investments in foreign currencies	76,771	72,532	53,341	43,603
	455,907	582,089	432,477	553,160
Current assets	447,684	573,572	424,254	552,743
Noncurrent assets	8,223	8,517	8,223	417
	455,907	582,089	432,477	553,160

6 Marketable securities and derivative financial instruments

	In R\$ thousand							
	Bank				Consolidated Operating			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
I-Marketable securities	745,767	734,126	373,562	346,451	745,897	734,244	374,568	347,458
Trading securities	605,866	593,547	171,691	141,750	605,995	593,662	172,696	142,754
Own portfolio	400,989	387,733	171,691	141,750	400,989	387,733	171,691	141,750
Fixed income securities	303,795	304,779	109,766	109,842	303,795	304,779	109,766	109,842
National treasury bills	167,277	167,549			167,277	167,549		
National treasury notes - B Series	136,518	137,230	109,766	109,842	136,518	137,230	109,766	109,842
Investment fund shares	97,194	82,954	61,925	31,908	97,194	82,954	61,925	31,908
Interest fund shares	46,444	23,926	61,925	31,908	46,444	23,926	61,925	31,908
Real Estate Fund shares (**)	50,750	59,028			50,750	59,028		
Bound to guarantess	204,877	205,814			205,006	205,929	1,005	1,004
Financial treasury bills					129	114	1,005	1,004
National treasury bills	204,877	205,814			204,877	205,815		
Securities available for sale	139,901	140,579	201,871	204,701	139,902	140,582	201,872	204,704
Own portfolio	139,018	139,650	102,422	103,763	139,019	139,653	102,423	103,766
Fixed income securities (*)	138,945	139,431	102,349	103,469	138,945	139,431	102,349	103,469
Financial treasury bills	10,783	10,781	22,576	22,602	10,783	10,781	22,576	22,602
National treasury bills	93,302	93,269	13,886	14,018	93,302	93,269	13,886	14,018
Natioual treasury notes - B series	13,419	13,902	64,587	65,462	13,419	13,902	64,587	65,462
Natioual treasury notes - F series	21,441	21,479	1,300	1,387	21,441	21,479	1,300	1,387
Variable income securities	73	219	73	294	74	222	74	297
Shares of publicly-held companies	73	219	73	294	74	222	74	297
Bound to repurchase agreements	883	929			883	929		
National treasury notes - F series	883	929			883	929		
Bound to guarantees			99,449	100,938			99,449	100,938
Financial treasury bills			16,514	16,508			16,514	16,508
National treasury bills			77,478	78,906			77,478	78,906
National treasury notes - B series			5,457	5,524			5,457	5,524
II-Derivative financial instruments	4,775	7,288	913	845	15,472	17,986	3,362	3,294
Swap operations	4,244	6,906	689	656	14,398	17,061	3,138	3,105
Option premium	531	382	224	189	1,074	925	224	189
Total marketable securities and derivative financial instruments	750,542	741,414	374,474	347,296	761,369	752,230	377,930	350,752
Breakdown of portfolio by maturity:								
Without maturity	73	219	72	293	74	222	75	298
Up to 3 months	155,190	155,025	24,764	24,742	165,887	165,722	26,969	26,947
From 3 to 12 months	389,989	393,907	65,418	66,057	390,118	394,023	66,666	67,305
Over 12 months	205,290	192,263	284,220	256,204	205,290	192,263	284,220	256,202
Total	750,542	741,414	374,474	347,296	761,369	752,230	377,930	350,752
Current assets		549,151		91,092		559,967		94,550
Noncurrent assets		192,263		256,204		192,263		256,202
Total assets		741,414		347,296		752,230		350,752

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

	In R\$ thousand					
	Bank			Consolidated Operating		
	Second half of 2012	12/31/2012	12/31/2011	Second half of 2012	12/31/2012	12/31/2011
Investment fund shares	8,438	8,438	532	8,438	8,438	532
Federal bonds	60,919	150,946	524,182	59,731	148,680	523,941
Gains on marketable securities	69,357	159,384	524,714	68,169	157,118	524,473

6 Marketable securities and derivative financial instruments (Continued)

	In R\$ thousand							
	Bank				Consolidated Operating			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
III-Derivative financial instruments								
Short position	5,159	7,224	1,524	3,792	5,186	7,251	8,520	10,786
Swap operations	4,599	6,664	1,524	3,792	3,843	5,908	4,134	6,401
Forward	560	560			1,307	1,307	4,386	4,385
Option premium					36	36		
Breakdown by maturity								
Up to 3 months	3,125	3,126			3,147	3,148	5,747	5,747
From 3 to 12 months	1,267	3,202	1,524	3,792	1,272	3,207	2,773	5,039
Over 12 months	767	896			767	896		
Total	5,159	7,224	1,524	3,792	5,186	7,251	8,520	10,786
Current liabilities		6,328		3,792		6,355		10,786
Noncurrent liabilities		896				896		
Total		7,224		3,792		7,251		10,786

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

(*) Securities classified as "Available for sale" with maturity over 12 months that at December 31, 2012 total R\$ 108,609 thousand (R\$ 114,453 thousand at December 31, 2011) - Bank and Consolidated Operating are stated in noncurrent assets as determined by BACEN Circular No. 3068/01, irrespective of their liquidity level. The effect of this classification on net working capital is stated in Note 21 - Liquidity risk.

(**) The breakdown of assets and liabilities referring one of Banco BBM exclusive funds named *Estrutura II* fund - Brazilian Real Estate Investment Fund (FII), in the Bank and Consolidated Operating, at December 31, 2012, is as follows:

In R\$ thousand			
Assets	12/31/2012	Liabilities	12/31/2012
Cash and banks	4	Sundry	172
Investment fund shares	102	Payables	35,895
Fixed income investments	36,814	Income payable	198
Investment properties	58,372	Equity	59,028
Total assets	95,293	Total liabilities	95,293

7 Loans, lease, sureties and guarantees

At December 31, 2012 and 2011, 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 R\$ thousand							
	Bank				Consolidated Operating			
	12/31/2012		12/31/2011		12/31/2012		12/31/2011	
Agriculture	389,223	29.03%	174,902	18.08%	389,223	29.03%	174,902	18.08%
Construction and engineering	267,969	19.99%	74,421	7.70%	267,969	19.99%	74,421	7.70%
Chemical and petrochemical	186,450	13.91%	125,364	12.96%	186,450	13.91%	125,364	12.96%
Sugar and ethanol	116,813	8.71%	138,726	14.34%	116,813	8.71%	138,726	14.34%
Food	78,657	5.87%	139,377	14.41%	78,657	5.87%	139,377	14.41%
Electricity	69,937	5.22%	50,897	5.26%	69,937	5.22%	50,897	5.26%
Paper, plastic and package	42,068	3.14%	49,106	5.08%	42,068	3.14%	49,106	5.08%
Metallurgy	40,190	3.00%	30,583	3.16%	40,190	3.00%	30,583	3.16%
Textile, leather and clothing	26,088	1.95%	13,492	1.40%	26,088	1.95%	13,492	1.40%
Retail sales	25,667	1.91%		0.00%	25,667	1.91%		0.00%
Financial	22,922	1.71%	4,085	0.42%	22,922	1.71%	4,085	0.42%
International trade	21,853	1.63%	37,856	3.91%	21,853	1.63%	37,856	3.91%
Individual	13,601	1.01%	68,364	7.07%	13,601	1.01%	68,364	7.07%
Construction and decoration material	12,651	0.94%	24,670	2.55%	12,651	0.94%	24,670	2.55%
Specialized services	8,105	0.60%	10,106	1.04%	8,105	0.60%	10,106	1.04%
Electronics	8,044	0.60%	13,794	1.43%	8,044	0.60%	13,794	1.43%
Beverage and tobacco	5,300	0.40%	5,082	0.53%	5,300	0.40%	5,082	0.53%
Mining	5,113	0.38%	5,744	0.59%	5,113	0.38%	5,744	0.59%
Vehicles and spare parts			553	0.06%			553	0.06%
Total	1,340,651	100%	967,122	100%	1,340,651	100%	967,122	100%

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	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Current assets				
Loans	786,731	523,293	786,731	523,616
Private sector	777,190	523,293	777,190	523,616
Public sector	9,541		9,541	
Lease operations (a)				
Lease and sublease receivable		10,668		10,668
Lease income		(10,668)		(10,668)
Other receivables	13,463	4,437	13,463	4,437
Foreign exchange portfolio - income receivable (b)	10,889	2,136	10,889	2,136
Securities and loans receivable (c)	2,574	2,301	2,574	2,301
Non-current assets				
Loans	251,403	136,708	266,167	153,355
Private sector	250,976	136,708	265,740	153,355
Public sector	427		427	
Other receivables	1,266	8,021	1,266	8,021
Foreign exchange portfolio - income receivable (b)		5,263		5,263
Notes and credits receivable (b)	1,266	2,758	1,266	2,758
Permanent assets (a)		10,502		10,502
Leased assets		10,502		10,502
Current liabilities				
Other liabilities	267,842	256,372	267,842	256,372
Foreign exchange portfolio - advances on exchange contracts (b)	267,842	256,372	267,842	256,372
Sub-total	1,320,705	939,333	1,335,469	956,303
Co-obligations and risk of guarantees provided (d)	19,946	27,789	5,182	10,819
Total	1,340,651	967,122	1,340,651	967,122

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.

At December 31, 2012, the leased assets were disposed of to the lessees for their guaranteed net book value (VRG) of R\$ 204 thousand due to the expiration of the lease transaction.

(b) The advances on exchange contracts and the related income receivable are classified as reduction accounts of Other Liabilities - Exchange Portfolio and Other Receivables - Exchange Portfolio, respectively, as shown in Note 8.

(c) These also refer 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 P&L for the period according to their maturity terms. The Bank's balances also include guarantees provided for loans from BBM Bank Limited, which are eliminated from the Consolidated Operating financial statements.

At December 31, 2012 and 2011, 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:

	In R\$ thousand			
	Bank		Consolidated Operating	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Maturities				
Falling due within 90 days	297,431	210,808	297,431	210,858
Falling due from 91 to 180 days	310,713	210,118	310,713	210,343
Falling due from 181 to 360 days	447,598	380,220	447,598	380,268
Falling due over 360 days	267,758	156,726	267,758	156,403
Overdue within 14 days	4,870	2,842	4,870	2,842
Overdue from 15 to 60 days	10,549	1,452	10,549	1,452
Overdue from 61 to 90 days	1	569	1	569
Overdue from 91 to 180 days	417	1,924	417	1,924
Overdue from 181 to 360 days	1,314	2,463	1,314	2,463
Total	1,340,651	967,122	1,340,651	967,122

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

The allowance for loan and lease losses was calculated according to the criteria established by Resolutions No. 2682 and No. 2697 of the National Monetary Council, based on the risk classification of the transactions and the amounts in arrears.

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

Risk rates	In R\$ thousand				
	Balances		% Provision	Provision	
	12/31/2012	12/31/2011		12/31/2012	12/31/2011
AA	227,861	132,804			
A	460,256	205,350	0.5%	2,301	1,027
B	423,401	331,500	1%	4,234	3,315
C	219,488	261,015	3%	6,585	7,830
D	133	161	10%	13	16
E	2,436	186	30%	731	56
F	51	25,152	50%	25	12,576
G	48	214	70%	33	150
H	6,977	10,740	100%	6,977	10,740
Total	1,340,651	967,122		20,899	35,710

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

	12/31/2012	12/31/2011
Percentage of allowance for loan losses / total loan portfolio	1.56%	3.69%
Percentage of allowance for loan losses / equity	3.85%	6.66%
Percentage of loans from D to H / total loan portfolio	0.72%	3.77%
Percentage of loans from D to H / equity	1.78%	6.80%
Percentage of (Loans from D to H - allowance for loan losses) / total loan portfolio	-0.84%	0.08%
Percentage of (Loans from D to H - allowance for loan losses) / equity	-2.07%	0.14%
Leverage (Total loan portfolio / Equity)	2.47	1.80

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

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

	In R\$ thousand	
	12/31/2012	12/31/2011
Provision for loan operations	10,840	20,280
Current assets	8,407	15,082
Noncurrent assets	2,433	5,198
Provision for other credits		
Provision for advances on exchange contracts	9,614	6,886
Current assets	9,614	6,884
Noncurrent assets		2
Prvision for joint liabilities and risk of guarantees provided	445	8,544
Current assets		58
Noncurrent assets	445	8,486
Total	20,899	35,710

Changes in the allowance are as follows:

	In R\$ thousand	
	12/31/2012	12/31/2011
Balance at January 1	35,710	119,757
Set up / (Reversal)	(3,700)	(82,929)
Write-off to loss	(11,111)	(1,118)
Total	20,899	35,710

At December 31, 2012, renegotiated loans in the Bank and Consolidated Operating statements amounted to R\$ 27,364 thousand (R\$ 28,631 thousand at December 31, 2011).

At December 31, 2012, recovered loans in the Bank and Consolidated Operating statements amounted to R\$ 10,417 thousand (R\$ 7,793 thousand at December 31, 2011).

At December 31, 2012, the Bank disposed of contracts significantly transferring risks and rewards in accordance with BACEN Resolution No. 3533/2008, as follows:

	In R\$ thousand	
	Related parties	
	12/31/2012	12/31/2011
Number of contracts	15	20
Assigned amount	9,676	7,000
Provision net book value	7,580	
Result from assignments	2,096	7,000

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

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

	In R\$ thousand			
	12/31/2012	%	12/31/2011	%
Major debtor	85,963	6.4%	70,199	7.3%
10 major debtors	297,667	22.2%	266,344	27.5%
20 major debtors	487,723	36.4%	437,051	45.2%
50 major debtors	929,159	69.3%	802,304	83.0%
100 major debtors	1,310,928	97.8%	941,432	97.3%

Breakdown of Consolidated Operating portfolio by type is as follows:

	In R\$ thousand	
	12/31/2012	12/31/2011
Working capital	727,037	460,867
Trade Finance	293,495	280,740
Export Credit Note	281,542	163,921
Other	22,979	12,366
Consigned loans	9,978	23,067
Joint liabilities and risk of guarantees provided	5,182	10,819
Onlending from BNDES	438	4,840
Lease transactions		10,502
Total	1,340,651	967,122

8 Exchange Portfolio (Bank and Consolidated Operating)

	In R\$ thousand	
	12/31/2012	12/31/2011
Other receivables - exchange portfolio		
Exchange purchase pending settlement	275,919	301,562
Rights on exchange sales		248,647
Income receivable from advances on exchange (a)	10,889	7,399
Total	286,808	557,608
Other liabilities - exchange portfolio		
Exchange sales pending settlement		250,453
Exchange purchase liabilities	267,842	279,937
Advances on exchange contracts (a)	(267,842)	(256,371)
Other		
Total		274,019

(a) See Note 7.

At December 31, 2012, there were federal bonds deposited as guarantee for exchange transactions at BM&F Bovespa S.A. Clearing House in the amount of R\$78,356 thousand.

9 Investments in subsidiaries

Banco BBM S.A.

	BBM Adm. Recurso DTVM S.A. (a)	BACOR CCVM S.A. (a)	The Southern Atlantic Investments Ltd. (a)	Other (b)	Total
December 31, 2012:					
Number of shares issued	5,849,278	127,374	389,266,838		
Common registered shares	2,924,639	63,687	389,266,838		
Preferred registered shares	2,924,639	63,687			
Direct Interest	100%	100%	100%		
Capital - R\$ thousand	2,950	8,755	389,267		400,971
Equity - R\$ thousand	6,663	11,647	449,201		467,511
Net income (loss) for the year - R\$ thousand	1,466	339	27,691		29,495
Dividends, interest on equity paid or capital reduction - R\$ thousand	367	81			448
Book value of investments - R\$ thousand					
December 31, 2012	6,663	11,647	449,201		467,511
Equity pickup in subsidiaries - R\$ thousand					
2nd half of 2012	224	246	9,051	94	9,615
2012	1,466	339	27,691	715	30,210
At December 31, 2011					
Number of shares issued	5,849,278	127,374	471,541,838		
Common registered shares	2,924,639	63,687	471,541,838		
Preferred registered shares	2,924,639	63,687			
Direct Interest	100%	100%	100%		
Capital - R\$ thousand	2,950	8,755	389,267		400,972
Equity - R\$ thousand	5,948	11,765	421,511		439,224
Net income (loss) for the year - R\$ thousand	1,536	1,582	31,769		34,887
Dividends, interest on equity paid or capital reduction - R\$ thousand			82,275		82,275
Book value of investments - R\$ thousand					
December 31, 2011	5,948	11,765	421,511		439,224
Equity pickup in subsidiaries - R\$ thousand					
2nd half of 2011	2,502	685	21,727	1,348	26,262
2011	1,536	1,582	31,769	892	35,779

(a) Financial statements audited by our independent auditors.

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

Consolidated Operating financial statements

	In R\$ thousand						
	Book value of investments		Equity pickup in subsidiary			Dividends and IOE	
	12/31/2012	12/31/2011	2nd half of 2012	12/31/2012	12/31/2011	12/31/2012	12/31/2011
The Southern Atlantic Investments Ltd. (a) (b)	38,330	49,866	8,165	18,750	25,454		82,275
BBM Investment Management Services (c)	1,492	1,399	(5)	93	1,330		
Other (d)			95	716	892		
Total	39,822	51,265	8,256	19,559	27,676		82,275

- (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." At December 31, 2012, this elimination produced the following effects on Consolidated Operating accounts: reduction of permanent investment in R\$ 410,871 thousand (R\$ 371,644 thousand at December 31, 2011), and reduction of equity pickup in R\$ 886 thousand (increase of R\$ 251 thousand at December 31, 2011).
- (c) BBM Investment Management Services, headquartered in Cayman Islands, was incorporated on March, 2006 through payment of US\$50 thousand, and its purpose was to manage the investments fund portfolio on an international market level.
- (d) "Other" in Consolidated Operating income from interest brings mainly equity variations of subsidiaries which were not written off, such as exchange variation on interest abroad, restatements of equity instruments and prior years' adjustments, when applicable.

10 Deposits

Maturity	In R\$ thousand							
	Time deposits		Interbank deposits		Total 12/31/2012		Total 12/31/2011	
	Bank	Consolidated Operating	Bank	Consolidated Operating	Bank	Consolidated Operating	Bank	Consolidated Operating
Within 1 month	37,404	37,404	5,151	5,151	42,555	42,555	38,747	38,747
From 1 to 3 months	173,515	173,515	1,665	1,665	175,180	175,180	75,493	75,493
From 3 to 6 months	104,342	104,342	33,886	33,886	138,228	138,228	241,445	241,445
From 6 to 12 months	175,568	175,568	9,093		184,661	175,568	209,020	200,334
Over 12 months	158,519	158,519	9,968		168,487	158,519	233,019	224,772
Subtotal	649,348	649,348	59,763	40,702	709,111	690,050	797,724	780,791
Demand deposits and other deposits					16,203	18,980	11,285	13,804
Total					725,314	709,030	809,009	794,595

Average interbank and time deposits maturity period at December 31, 2012, at Consolidated Operating is 109 days and 203 days respectively. (341 days and 574 days at December 31, 2011).

Maturity on issue date	In R\$ thousand							
	Time deposits		Interbank deposits		Total 12/31/2012		Total 12/31/2011	
	Bank	Consolidated Operating	Bank	Consolidated Operating	Bank	Consolidated Operating	Bank	Consolidated Operating
Up to 1 month							653	653
From 1 to 3 months	53,446	53,446			53,446	53,446	37,617	37,617
From 3 to 6 months	37,009	37,009	5,151	5,151	42,160	42,160	13,289	13,289
From 6 to 12 months	106,255	106,255	9,969	9,969	116,224	116,224	241,242	238,918
Over 12 months	452,638	452,638	44,643	25,582	497,281	478,220	504,923	490,314
Subtotal	649,348	649,348	59,763	40,702	709,111	690,050	797,724	780,791
Demand deposits and other deposits					16,203	18,980	11,285	13,804
Total					725,314	709,030	809,009	794,595

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

	In R\$ thousand							
	Demand deposits		Time deposits		Interbank deposits		Total	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Assets		168		96,719			96,887	12.2%
Legal entities	9,985	8,808	187,148	170,722			197,133	27.8%
Financial institutions	8	3,285		67,792	40,702	146,128	40,710	5.7%
Institutional clients	151		322,428	19,977			322,579	45.5%
Individuals	62	479	105,336	151,799			105,398	14.9%
Group	8,774	1,064	34,436	127,654			43,210	6.1%
Total	18,980	13,804	649,348	634,663	40,702	146,128	709,030	100.0%
							794,595	100.0%

10 **Deposits** (Continued)

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

	In R\$ thousand			
	12/31/2012		12/31/2011	
Major depositor	56,490	48.62%	124,430	15.66%
10 major depositors	289,774	99.89%	452,455	56.94%
20 major depositors	418,930	126.19%	581,120	73.13%
50 major depositors	596,199	167.94%	726,337	91.41%
100 major depositors	683,598	193.14%	780,299	98.20%

11 **Repurchase agreements**

The Bank's and Operation Consolidated liabilities from repurchase agreements are the as follows:

	In R\$ thousand			
	Bank		Consolidated Operating	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Own portfolio	925		925	
National treasury notes - F series	925		925	
	925		925	

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

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

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, which was settled in November 2009.

Banco BBM has an issue of Eurobonds in the amount of R\$ 423,143 thousand in December 2012, acquired by The Southern Atlantic Investments Ltd, a company not included in the Consolidated Operating financial statements. On December 23, 2009, US\$ 100,000 thousand were issued maturing on December 28, 2012; on March 16, 2011, US\$ 105,000 thousand were issued maturing on December 27, 2013; on February 27, 2012, US\$ 22,000 thousand were issued maturing on December 30, 2014; on September 18, 2012, US\$ 30,000 thousand were issued maturing on December 28, 2015; and on December 21, 2012, US\$ 50,000 thousand were issued maturing on January 31, 2014.

At December 31, 2012, fund raising through Agribusiness Credit Bills (LCA), Real Estate Credit Bills (LCI) and Financial Bills (LF) was segregated by maturity range as follows:

In R\$ thousand						
Bank and Consolidated Operating						
12/31/2012				12/31/2011		
Maturity	LCA (a)	LCI (b)	LF (c)	LCA (a)	LCI (b)	LF (c)
Up to 1 month	102,872	2,810		35,579		
From 1 to 3 months	25,028	12,993		24,334	321	
From 3 to 6 months	56,282	7,648	8,744	43,123	1,263	
From 6 to 12 months	73,756	8,131	40,625	45,216	936	
Over 12 months	50,329	9,501	464,915	23,174	1,351	45,241
Total	308,267	41,083	514,284	171,426	3,871	45,241
Current liabilities	257,938	31,582	49,369	148,252	2,520	
Noncurrent liabilities	50,329	9,501	464,915	23,174	1,351	45,241
	308,267	41,083	514,284	171,426	3,871	45,241

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

13 Borrowings and onlending

Borrowings abroad

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

	In R\$ thousand			
	Bank		Consolidated Operating	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Foreign borrowings	224,468	228,743	224,468	228,743
Export credit facilities	145,562	102,222	145,562	102,222
	370,030	330,965	370,030	330,965
Current liabilities	262,390	115,110	262,390	115,110
Noncurrent liabilities	107,640	215,855	107,640	215,855
	370,030	330,965	370,030	330,965

The amount of R\$ 107,640 thousand, Bank and Consolidated Operating (R\$ 215,855 thousand at December 31, 2011), classified as noncurrent liabilities, comprise two funding operations in Reais taken out from the International Finance Corporation (IFC), a World Bank agency, maturing in January 2014, indexed to the CDI.

b) Local onlending

Liabilities for local onlending, in the amount of R\$ 437 thousand (R\$ 4,833 thousand at December 31, 2011), of which the total amount is classified as current liabilities (R\$ 4,436 thousand at December 31, 2011), refer to credit lines obtained from FINAME, maturing up to May 2013, the amount of which is indexed to the Long-Term Interest Rate (TJLP) (at December 31, 2011, R\$ 2,825 thousand indexed to the TJLP, maturing up to May 2013).

14 Securities trading

	In R\$ thousand			
	Other loans			
	Bank		Consolidated Operating	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Debtors - outstanding settlement	2,253	2,272	2,319	2,339
Total	2,253	2,272	2,319	2,339

	In R\$ thousand			
	Other liabilities			
	Bank		Consolidated Operating	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Clearing departments		7		7
Creditors - outstanding settlement		19		19
Transactions with financial assets and goods to be settled	587	2,372	587	2,372
Total	587	2,398	587	2,398

15 **Equity**

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

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

(b) **Legal reserve**

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

(c) **Statutory reserve**

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

(d) **Treasury shares**

At December 31, 2012, Banco BBM has 69,601,567 shares held in treasury, amounting to R\$ 181,357 thousand.

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

On September 3, 2012, Banco BBM acquired 750,758 registered common shares at the par value of R\$ 2.83, and kept these shares in treasury.

(e) **Interest on equity**

In accordance with article 9 of Law No. 9249/95 and subsequent regulations, Banco BBM S.A., in 2012, declared the amount of R\$ 30,706 thousand for purposes of interest on equity, (R\$ 29,651 thousand in 2011), with withholding income tax of R\$ 4,606 thousand (R\$ 4,448 thousand in 2011), calculated at 15% rate. The amount was determined in accordance with the legal limits in force, and recorded as "Other operating expenses".

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

Interest on equity proposed in the first half of 2012 reduced the tax burden by R\$ 12,282 thousand (first half of 2011 - R\$ 11,861 thousand).

15 **Equity** (Continued)

(f) **Dividends**

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

	In R\$ thousand	
	12/31/2012	12/31/2011
Net income for the year - Banco BBM S.A.	43,395	67,062
(-) Legal reserve	(2,170)	(3,353)
Calculation base	41,225	63,709
Minimum mandatory dividends (a)	25%	25%
	10,306	15,927
Dividends approved and paid		
Interest on equity approved	30,706	29,951
Total	30,706	29,951

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

16 Financial intermediation expenses and exchange gains (losses)

	In R\$ thousands					
	Bank			Operational Consolidated		
	2nd half of 2012	12/31/2012	12/31/2011	2nd half of 2012	12/31/2012	12/31/2011
Funding operations						
Deposits remunerated abroad	(24)	(30)	(56)	(21)	(19)	
Interbank deposits	(2,484)	(10,488)	(15,765)	(1,801)	(9,004)	(12,078)
Time deposits	(25,659)	(62,434)	(61,638)	(25,659)	(62,435)	(61,675)
Repurchase agreements	(15,309)	(58,319)	(446,680)	(15,309)	(58,319)	(446,680)
Expenses from agribusiness credit bills	(10,419)	(20,162)	(5,563)	(10,419)	(20,162)	(5,563)
Expenses from real estate credit bills	(1,103)	(1,578)	(96)	(1,103)	(1,578)	(96)
Expenses from financial bills	(15,645)	(20,938)	(1,674)	(15,645)	(20,938)	(1,674)
Expenses from marketable securities abroad	(493)	(810)	(1,919)	(138)	(203)	(1,581)
Deposit insurance fund (FGC)	(1,419)	(2,774)	(1,302)	(1,419)	(2,774)	(1,302)
Exchange variation (a)	53	33,291	33,043	53	33,293	33,043
	(72,500)	(144,242)	(501,649)	(71,440)	(142,141)	(497,625)
Loan, assignment and onlending operations						
BNDES onlending expenses	(34)	(161)	(598)	(34)	(161)	(598)
Expenses from loans abroad	(11,054)	(23,986)	(38,060)	(11,054)	(23,986)	(38,060)
Exchange variation (a)	(5,493)	(74,358)	(71,101)	(5,493)	(74,357)	(71,101)
Income (losses) from stock loans			(30)			(30)
	(16,581)	(98,504)	(109,789)	(16,581)	(98,504)	(109,789)
Exchange gains (losses)						
Income from exchange contracts	13,407	27,349	16,109	13,407	27,349	16,109
Rate variation and differences	4,362	40,756	32,480	4,362	40,756	32,480
Other expenses	(69)	(168)	(1,107)	(69)	(168)	(1,107)
	17,700	67,937	47,481	17,700	67,937	47,481

(a) These refer substantially to the exchange effects on borrowings obtained by the Bank from its Branch abroad, through onlending of funds raised in foreign currency, which, at December 31, 2012 and 2011, were reclassified for purposes of preparation of the financial statements, from "Other operating income" to "Market funding expenses".

17 Service revenue

	In R\$ thousand					
	Bank			Consolidated Operating		
	2nd half of 2012	12/31/2012	12/31/2011	2nd half of 2012	12/31/2012	12/31/2011
Management and performance fees of investment funds	4,102	7,539	36,322	9,513	21,164	41,873
Other services	1,264	2,727	2,835	762	1,754	1,976
	5,366	10,266	39,157	10,275	22,918	43,849

18 Other administrative expenses

	In R\$ thousand					
	Bank			Consolidated Operating		
	2nd half of 2012	12/31/2012	12/31/2011	2nd half of 2012	12/31/2012	12/31/2011
Water, energy and gas	(381)	(928)	(1,068)	(403)	(972)	(1,113)
Rental	(1,468)	(3,078)	(4,187)	(1,786)	(3,565)	(4,433)
Communications	(850)	(1,879)	(2,404)	(1,074)	(2,118)	(2,645)
Asset maintenance	(552)	(1,055)	(997)	(624)	(1,310)	(1,040)
Materials	(42)	(86)	(123)	(56)	(121)	(140)
Data processing	(762)	(1,573)	(2,258)	(922)	(1,888)	(2,458)
Promotions/advertising/publications	(423)	(749)	(938)	(561)	(1,060)	(1,291)
Financial system services (a)	(1,704)	(3,612)	(5,830)	(1,945)	(4,104)	(6,306)
Third party services	(410)	(666)	(659)	(1,270)	(1,876)	(1,248)
Security and surveillance services	(77)	(165)	(242)	(77)	(165)	(242)
Specialized technical services	(3,107)	(5,615)	(7,885)	(3,361)	(6,467)	(9,081)
Transportation	(78)	(171)	(245)	(125)	(268)	(331)
Travel	(638)	(1,179)	(1,352)	(700)	(1,344)	(1,399)
Other administrative expenses	(1,459)	(3,004)	(3,777)	(1,730)	(3,484)	(4,153)
Amortization and depreciation	(1,495)	(3,046)	(5,899)	(1,563)	(3,180)	(5,988)
	(13,446)	(26,806)	(37,864)	(16,197)	(31,922)	(41,868)

(a) This includes brokerage expenses, fees and commissions regarding stock and derivative financial instrument trading amounting to R\$ 2,431 thousand and Consolidated Operating in the amount of R\$ 2,522 thousand in 2012 (R\$ 4,658 thousand in the Bank and R\$ 4,708 thousand in Consolidated Operating in 2011).

19 Transactions with related parties

	In R\$ thousand					
	Bank			Consolidated Operating		
	2nd half of 2012	12/31/2012	12/31/2011	2nd half of 2012	12/31/2012	12/31/2011
Assets						
Short-term interbank investments						
Investments in foreign currency	32,848	32,848	72,532			
BBM Bank Limited	32,848	32,848	72,532			
Other loans	14,997	14,997	125	14,581	14,581	158
BACOR CCVM S.A.	61	61	61	127	127	127
BBM Administração de Recursos DTVM S.A.	34	34	34			1
Ravanala S/A			30			30
Évora S/A	14,305	14,305		14,305	14,305	
Dividends and bonuses in cash receivable	448	448				
The Southern Atlantic Investments Ltd	149	149		149	149	
Derivative financial instruments	198	198		435	435	
BBM Bank Limited	198	198				
The Southern Atlantic Investments Ltd				435	435	
Liabilities						
Demand deposits	6,171	6,171	2,311	8,744	8,744	3,222
Ravenala S.A.	475	475	420	475	475	420
Evora S.A.	4,912	4,912	569	4,912	4,912	569
BBM Bank Limited	67	67	407			
BACOR CCVM S.A.	286	286	132			
BBM Administração de Recursos DTVM S.A.	79	79	221			
The Southern Atlantic Investments Ltd				1,518	1,518	672
BBM Investment Management				1,492	1,492	1,004
Other related individuals/legal entities	352	352	562	347	347	557
Interbank deposits	19,061	19,061	16,933			
BACOR CCVM S.A.	12,376	12,376	12,769			
BBM Administração de Recursos DTVM S.A.	6,685	6,685	4,164			
Time deposits	104,487	104,487	167,695	104,487	104,487	167,695
Pronor Petroquímicas	30,793	30,793	99,898	30,793	30,793	99,898
Ravenala S.A.	1,806	1,806	25,806	1,806	1,806	25,806
Evora S.A.	1,837	1,837	1,950	1,837	1,837	1,950
Brazilian Real Estate Investment Fund (Estrutura II - FII)	36,814	36,814		36,814	36,814	
Other related individuals	33,237	33,237	40,041	33,237	33,237	40,041
Liabilities from marketable securities abroad	423,143	423,143	384,396	66	66	
The Southern Atlantic Investments Ltd	423,143	423,143	384,396	66	66	
Derivative financial instruments	2,909	2,909		543	543	229
BBM Bank Limited	2,366	2,366				
The Southern Atlantic Investments Ltd	543	543		543	543	229
Dividends and bonuses payable	8,704	8,704	12,790	8,704	8,704	12,790
Interest on equity credited to shareholders	8,704	8,704	12,790	8,704	8,704	12,790
Social and Statutory	14,789	14,789	11,124	15,043	15,043	11,318
Bonus payable to Executive Board	14,789	14,789	11,124	15,043	15,043	11,318
Sundry				13,726	13,726	
The Southern Atlantic Investments Ltd				13,726	13,726	

19 Transactions with related parties (Continued)

	In R\$ thousand					
	Bank			Consolidated Operating		
	2nd half of 2012	12/31/2012	12/31/2011	2nd half of 2012	12/31/2012	12/31/2011
Income (loss)						
Income from investment abroad	54	(794)	15	54	(794)	4
Gain (loss) on derivative financial instruments	(1,876)	(1,876)	13,102	(2,900)	20,452	31,212
The Southern Atlantic Investments Ltd	(42)	(42)		(2,900)	20,452	31,212
BBM Bank Limited	(1,834)	(1,834)	13,102			
Funding operations	(4,168)	(6,373)	(19,322)	(3,092)	(4,236)	(15,265)
Expenses from marketable securities abroad	(493)	(810)	(441)	(124)	(189)	(103)
The Southern Atlantic Investments Ltd	(493)	(810)	(441)	(124)	(189)	(103)
Expenses from interbank deposits	(683)	(1,485)	(3,697)			
BACOR CCVM S.A.	(445)	(1,019)	(3,348)			
BBM Administração de Recursos DTVM S.A.	(238)	(466)	(349)			
Expenses from deposits of resignation notices	(24)	(30)	(56)			
BBM Bank Limited	(24)	(30)	(56)			
Expenses from time deposits	(2,968)	(4,047)	(15,128)	(2,968)	(4,047)	(15,162)
Ravenala S.A.	(1,218)	(1,570)	(6,431)	(1,218)	(1,570)	(6,446)
Evora S.A.	(203)	(563)	(2,306)	(203)	(563)	(2,311)
Pronor Petroquímica S.A.	(1,193)	(1,560)	(6,390)	(1,193)	(1,560)	(6,405)
Brazilian Real Estate Investment Fund (FII)	(354)	(354)		(354)	(354)	
Other administrative expenses	(20)	(38)	(33)	(2)	(2)	(2)
Services	(20)	(38)	(33)	(2)	(2)	(2)
BBM Bank Limited	(20)	(38)	(33)	(2)	(2)	(2)
Other operating revenues	1,726	3,374	1,601			9
Service revenues	503	974	876			9
BBM Bank Limited	353	674	576			9
BBM Administração de Recursos DTVM S.A.	150	300	300			
Income from marketable securities abroad	1,223	2,400	725			
Management compensation	(7,828)	(13,083)	(13,660)	(8,082)	(13,916)	(13,853)

Transactions with related parties were conducted at the average market rates effective on 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 asset/liability account "Market value adjustment - marketable securities and derivative financial instruments", up to realization of the hedged item. The non-effective portion of the hedge is recognized directly in P&L for the period.

In addition, there are "macro hedging" operations to hedge all or part of the net exposure of the Consolidated Operating accounts to interest rate and 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, 2012 the guarantees involved in the operations with derivative financial instruments are represented mainly by government securities in the total amount of R\$ 191,396 thousand (R\$ 112,962 thousand in 2011).

The commitments assumed as a result of these financial instruments, as recorded in memorandum accounts at December 31, 2012, mature up to June 2014 (at December 31, 2011 - up to January 2017), and may be summarized as follows:

Swap and Forward - Bank

	Bank											
	Amounts at contractual interest rates and indices						Market value					
	12/31/2012			12/31/2011			12/31/2012			12/31/2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
A) Reference												
Currencies	68,418	69,039	(621)				72,601	70,932	1,669			
Interest rate	328,922	329,345	(423)	46,268	47,759	(1,491)	328,846	332,116	(3,269)	46,268	50,060	(3,792)
Other	214,139	214,010	130	7,966	7,310	656	215,236	213,953	1,283	7,966	7,310	656
	611,479	612,394	(914)	54,234	55,069	(835)	616,683	617,001	(318)	54,234	57,369	(3,136)
B) Counterparties												
Institutional clients	20		20				20		20			
Financial institutions	410,229	410,760	(530)	7,966	7,310	656	411,198	413,103	(1,905)	7,966	7,310	656
Related parties		543	(543)					543	(543)			
Legal entities	201,230	201,091	139	46,268	47,759	(1,491)	205,465	203,355	2,110	46,268	50,060	(3,792)
	611,479	612,394	(914)	54,234	55,069	(835)	616,683	617,001	(318)	54,234	57,369	(3,136)
C) Maturity												
Up to 3 months	29,206	28,615	592	8,281	7,623	658	29,213	28,631	583	8,281	7,627	655
From 3 to 6 months	440,621	441,061	(440)	11,637	11,788	(151)	441,805	443,584	(1,779)	11,637	12,120	(483)
From 6 to 12 months	41,512	41,831	(319)	34,316	35,658	(1,341)	43,648	42,573	1,075	34,315	37,623	(3,307)
Over 12 months	100,141	100,887	(747)				102,017	102,214	(197)			
	611,479	612,394	(914)	54,234	55,069	(835)	616,683	617,001	(318)	54,234	57,369	(3,136)
D) Operations												
BM&F Bovespa	501,227	502,375	(1,148)	7,966	7,310	656	502,248	504,693	(2,446)	7,966	7,310	656
CETIP	109,687	109,459	227	46,268	47,759	(1,491)	113,869	111,748	2,122	46,268	50,060	(3,792)
OTC	566	560	6				566	560	6			
	611,479	612,394	(914)	54,234	55,069	(835)	616,683	617,001	(318)	54,234	57,369	(3,136)

Options

	Bank						Consolidated Operating					
	12/31/2012			12/31/2011			12/31/2012			12/31/2011		
	Cost value	Market value	Risk	Cost value	Market value	Risk	Cost value	Market value	Risk	Cost value	Market value	Risk
A) Rights on												
Currencies	3,094	2,945	3,094	101	66	101	3,571	3,422	3,571	101	66	101
	3,094	2,945	3,094	101	66	101	3,571	3,422	3,571	101	66	101
B) Liabilites on												
Currencies	2,604	2,564	2,604				1,851	1,811	1,851			
Total	490	381	490	101	66	101	1,720	1,611	1,720	101	66	101
C) Counterparties												
Bolsas	490	381	490	101	66	101	490	381	1,720	101	66	101
Financial institutions							1,230	1,230				
	490	381	490	101	66	101	1,720	1,611	1,720	101	66	101
D) Maturity												
Up to 3 months	490	381	490	101	66	101	1,720	1,611	1,720	101	66	101
	490	381	490	101	66	101	1,720	1,611	1,720	101	66	101
E) Operations												
In Stock Exchange	490	381	490	101	66	101	490	381	1,720	101	66	101
OTC							1,230	1,230				
	490	381	490	101	66	101	1,720	1,611	1,720	101	66	101

Swap and Forward - Consolidated Operating

	Consolidated Operating											
	Amounts at contractual interest rates and indices						Market value					
	12/31/2012			12/31/2011			12/31/2012			12/31/2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
A) Reference												
Currencies	78,633	69,786	8,847	1,263	5,648	(4,385)	82,816	71,679	11,137	1,263	5,648	(4,385)
Interest rate	328,922	329,345	(423)	46,268	47,759	(1,491)	328,846	332,116	(3,269)	46,268	50,060	(3,791)
Other	214,139	214,010	130	7,966	7,309	657	215,236	213,953	1,283	7,966	7,309	657
	621,694	613,141	8,554	55,497	60,716	(5,219)	626,898	617,748	9,150	55,497	63,016	(7,519)
B) Counterparties												
Institutional clients	20	747	(727)				20	747	(727)			
Financial institutions	420,009	410,760	9,249	9,228	12,957	(3,729)	420,978	413,103	7,875	9,228	12,957	(3,729)
Related parties	435	543	(108)				435	543	(108)			
Legal entities	201,230	201,091	139	46,269	47,759	(1,490)	205,465	203,355	2,110	46,269	50,059	(3,790)
	621,694	613,141	8,554	55,497	60,716	(5,219)	626,898	617,748	9,150	55,497	63,016	(7,519)
C) Maturity												
Up to 3 months	39,421	29,362	10,060	8,878	12,605	(3,727)	39,428	29,378	10,050	8,878	12,609	(3,730)
From 3 to 6 months	440,621	441,061	(440)	12,303	12,454	(151)	441,805	443,584	(1,779)	12,303	12,786	(483)
From 6 to 12 months	41,512	41,831	(319)	34,316	35,657	(1,340)	43,648	42,573	1,075	34,316	37,624	(3,307)
Over 12 months	100,141	100,887	(747)				102,017	102,214	(197)			
	621,694	613,141	8,554	55,497	60,716	(5,219)	626,898	617,748	9,150	55,497	63,016	(7,519)
D) Operations												
BM&F Bovespa	501,227	502,375	(1,148)	7,966	7,310	656	502,248	504,693	(2,446)	7,965	7,310	655
CETIP	109,687	109,459	227	46,268	47,758	(1,490)	113,869	111,748	2,122	46,268	50,060	(3,792)
OTC	10,781	1,307	9,474	1,262	5,648	(4,385)	10,781	1,307	9,474	1,263	5,649	(4,385)
	621,694	613,141	8,554	55,497	60,716	(5,219)	626,898	617,748	9,150	55,497	63,016	(7,519)

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

Futures contracts

In R\$ thousand			
Bank		Consolidated Operating	
12/31/2012	12/31/2011	12/31/2012	12/31/2011
Market value	Market value	Market value	Market value

A) Reference

Foreign exchange coupon				
Long position (DDI and SCC)	485,137	934,118	485,137	934,118
Short position (DDI and SCC)	(682,554)	(740,528)	(682,554)	(740,528)
Interest rate (DI1)				
Long position	413	25,286	413	25,286
Short position	(544,691)	(1,313,650)	(544,691)	(1,313,650)
Foreign interest rate				
Short position			(28,002)	(28,494)
Foreign currency				
Long position		193,770		193,770
Short position	(288,673)	(81,782)	(291,371)	(81,781)
	(1,030,368)	(982,784)	(1,061,068)	(1,011,278)

B) Counterparties

Stock Exchange	(1,030,368)	(982,784)	(1,061,068)	(1,011,278)
	(1,030,368)	(982,784)	(1,061,068)	(1,011,278)

C) Maturity

Up to 3 months (I)	(166,975)	(17,884)	(185,458)	(46,379)
From 3 to 6 months (II)	(132,540)	(175,590)	(142,212)	(175,590)
From 6 to 12 months (III)	(519,906)	(154,269)	(522,451)	(154,269)
Over 12 months	(210,947)	(635,040)	(210,947)	(635,040)
	(1,030,368)	(982,784)	(1,061,068)	(1,011,278)

D) Operations

In Stock Exchange	(1,030,368)	(982,784)	(1,061,068)	(1,011,278)
	(1,030,368)	(982,784)	(1,061,068)	(1,011,278)

20 **Derivative financial instruments** (Continued)

(I) Include future contracts with maturity through April 1, 2013.

(II) Includes futures contracts with maturity between April 2, 2013 and July 1, 2013.

(III) Includes futures contracts with maturity between April 2, 2013 and December 26, 2013.

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

- Long position in foreign exchange coupons (DDI) in the amount of R\$ 335,160 thousand (at December 31, 2011, short position in foreign exchange coupons (DDI) in the amount of R\$ 208,606 thousand);
- Short position in interest (DI1) in the amount of R\$ 154,917 thousand (at December 31, 2011, short position in interest (DI1) in the amount of R\$ 334,727 thousand);
- Short position in currency (DOL) in the amount of R\$ 283,025 thousand (at December 31, 2011, long position in currency (DOL) in the amount of R\$ 193,770 thousand);
- There are no positions in foreign exchange coupons (SCC) maturing on the first business day of the subsequent month referring to December 2012 (at December 31, 2011, long position in foreign exchange coupons (SCC) in the amount of R\$ 4,659 thousand).

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

	In R\$ thousand					
	Bank			Consolidated Operating		
	2nd half of 2012	12/31/2012	12/31/2011	2nd half of 2012	12/31/2012	12/31/2011
Futures contracts	(843)	(5,105)	(1,132)	(529)	(4,721)	583
Option contracts	1,204	2,878	(951)	1,545	2,949	(2,437)
Swap and forward contracts	259	1,124	(4,303)	2,797	13,632	2,875
Total	620	(1,103)	(6,386)	3,813	11,860	1,021

21 Risk management

Market risk

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

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 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 R\$ thousand			
	Bank		Consolidated Operating	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Current assets	2,099,956	1,780,039	2,094,467	1,779,713
Current liabilities	(1,241,636)	(1,177,273)	(1,255,208)	(1,189,571)
Net working capital	858,320	602,766	839,259	590,142
Marketable securities "Available for sale" presented in noncurrent assets	108,609	114,453	108,609	114,453
	966,929	717,219	947,868	704,595

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 Chief Internal Control, Capital and Risk 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. It is also responsibility of the risk area previously evaluate new operation modalities related to credit risk; d) Credit Analysis area, responsible for assessing credit risk of economic groups with which the Bank maintains or intends to maintain credit relationships; e) Internal Audit, which carries out periodic audit at the business units and in the Credit processes of the Group; f) Legal Department, responsible for analyzing the contracts entered into by BBM and its clients, as well as coordinating measures to recover credits or protect BBM rights and g) Contracts Department, responsible for checking adherence of operations to the parameters established in the Credit Limit Proposal ("PLC"), as well as adequate constitution of guarantees. It is also responsible for issuing contracts to be entered into by BBM and clients.

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

Operational risk

Banco BBM has implemented an operational risk management structure based on the best market practices and in compliance with regulatory requirements in force. The structure is documented in the internal manual "Policy on Operational Risk Management" which describes the 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 Banco BBM's website (www.bancobbm.com.br).

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

Capital management

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

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 currencies and operations subject to operating risk and changes in: exchange rates, interest rates, commodities prices and stock prices classified as trading securities, in accordance with rules established by BACEN. The Consolidated Operating financial statements fall into this operating limit at December 31, 2012.

	In R\$ thousand	
	Consolidated Operating	
	12/31/2012	12/31/2011
Capital Base - Level I	537,904	529,785
Equity	543,057	536,229
Deferred permanent asset	4,748	4,748
Market value adjustment - marketable securities and derivative financial instruments	405	1,696
Capital Base- Level II	405	1,696
Market value adjustment - marketable securities and derivative financial instruments	405	1,696
Capital Base	538,309	531,481
Required capital	268,757	265,653
Portion referring to:		
Credit risk (PEPR)	204,415	147,567
Foreign exchange risk (PCAM)	9,577	73,005
Interest risk (PJUR)	27,867	12,458
Operating risk (POPR)	26,898	32,623
RBAN	41	897
Margin value or insufficiency (Capital Base - Required Capital)	269,511	265,828
Risk factor - 11% of Capital Base	59,214	58,463
Basel index (Risk factor / Required Capital)	22.03%	22.01%
Investment index	8.74%	11.48%
Investment margin	222,120	204,711

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 R\$ thousand			
	Bank		Consolidated Operating	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Tax credit gains:				
Balance at January 1	66,872	96,450	67,828	97,271
Setup (reversal)				
Impact on income	(9,267)	(29,002)	(9,193)	(28,867)
Impact on equity (Securities available for sale)		(576)		(576)
Balance at December 31	57,605	66,872	58,635	67,828
Provision for deferred taxes:				
Balance at January 1	6,723	7,917	6,724	7,918
Set up (reversal)				
Impact on income	2,029	(2,325)	2,029	(2,325)
Impact on equity (Securities available for sale)	(861)	1,131	(861)	1,131
Balance at December 31	7,891	6,723	7,892	6,724

23 Income and social contribution taxes (Continued)

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

	In R\$ thousand			
	Bank		Consolidated Operating	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Tax credit gains:				
Temporary differences (a)				
- Allowance for loan losses	8,391	14,590	8,391	14,590
- Market value adjustment of marketable securities and derivatives	9,061	13,400	9,061	13,400
- Provision for contingencies (Note 24a)	3,337	2,697	3,337	2,697
- PIS / COFINS (Note 24b)	33,365	29,334	34,269	30,163
- Other	2,893	6,638	3,019	6,765
Social contribution tax loss	559	213	558	213
Total	57,605	66,872	58,635	67,828
Provision for deferred taxes				
Temporary differences (a)				
- Market value adjustment of marketable securities and derivatives	270	1,131	271	1,132
- Other	7,621	5,592	7,621	5,592
Total	7,891	6,723	7,892	6,724

(a) It is expected that these tax credits are realized both in the Bank and Consolidated Operating until 2015, also the present value thereof is R\$ 41 million.

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

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

	In R\$ thousand			
	12/31/2012		12/31/2011	
	IRPJ	CSLL	IRPJ	CSLL
Income before income and social contribution taxes	24,673	24,673	64,264	64,264
Bank's net income	43,395	43,395	67,062	67,062
(-) Interest on equity	(30,706)	(30,706)	(29,951)	(29,951)
(-/+) Income and social contribution taxes	(11,984)	(11,984)	(27,153)	(27,153)
Statutory rate	25%	15%	25%	15%
Income and social contribution taxes				
At statutory rate	(6,168)	(3,701)	(16,066)	(9,640)
Permanent additions	41,646	28,563	68,179	39,057
Nondeductible expenses	13,575	492	34,397	5,275
Addition to income abroad	28,071	28,071	33,782	33,782
Permanent exclusions	30,544	30,544	35,681	35,681
Tax-free income	122	122	23	23
Equity pickup - before removal of profit	30,421	30,421	35,658	35,658
Temporary additions/exclusions	(31,600)	(25,000)	(89,016)	(69,058)
Tax base	4,175	(2,308)	7,746	(1,418)
Income and social contribution taxes (a)	(1,020)		(1,913)	213
Use of tax incentives and taxes from subsidiaries abroad	332		1,435	
Income and social contribution taxes on P&L for the period	(687)		(478)	213
Corporate Income Tax Return (DIPJ) adjustment				
Deferred tax liabilities	(1,268)	(761)	1,453	872
Income and social contribution taxes on P&L for the period - Banco BBM	(1,956)	(761)	976	1,085
Income and social contribution taxes of other institutions in the Consolidated Operating financial statements	(987)	(539)	(1,384)	(838)
Income and social contribution taxes on P&L for the period - Consolidated Operating	(2,943)	(1,300)	(408)	246

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 ongoing claims, as follows:

	In R\$ thousand			
	Bank		Consolidated Operating	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Civil		510		510
Labor	8,343	6,233	8,343	6,233
Total provision for contingencies	8,343	6,743	8,343	6,743

Provisions are registered as "Other Liabilities - Sundry" under noncurrent liabilities. In the course of the year ended December 31, 2012, a provision for contingencies was set up in the amount of R\$ 2,110 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 service revenue, recording a liability for the remaining balances until a final decision is handed down, recorded as "Other Liabilities - Sundry" under noncurrent liabilities, as follows:

	In R\$ thousand			
	Bank		Consolidated Operating	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
PIS and COFINS	83,411	73,335	85,672	75,407
Total liabilities for legal obligations	83,411	73,335	85,672	75,407

As at December 31, 2012, the total amount of R\$ 10,076 thousand was set in the Bank (R\$ 10,333 thousand in 2011), of which R\$ 4,674 thousand (R\$ 5,835 thousand in 2011) are restated based on SELIC. In the Consolidated Operating financial statements the amount of R\$ 10,264 thousand (R\$ 10,669 thousand in 2011) was set up, of which R\$ 4,814 thousand (R\$ 6,000 thousand in 2011) are restated based on SELIC.

24 Provisions and 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 from the Brazilian Internal Revenue Service 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\$ 8,546 thousand; and (ii) charging PIS and COFINS on capital gain from sale of the referred to certificates in the amount of R\$ 15,325 thousand, net of taxes. The Bank is questioning the tax assessments at the administrative level. In the opinion of the legal advisors, the case involves a possible unfavorable outcome.

25 Third-party Assets under management

On June 30, 2011, Banco BBM Financial Group had a volume of assets under management (AUM) in the total amount of R\$ 7,403,504 thousand. In the course of 2011, the third-party AUM activity was segregated; thus, this activity started to be exercised independently, with a team, structure, own results and under the "BBM Investments" trademark.

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

	In R\$ thousand	
	12/31/2012	12/31/2011
Income from management and performance fees - Investment funds recorded in the Financial Conglomerate (a)	21,164	41,872
Income from management and performance fees - Investment funds recorded in Related parties (b)		1,337
Total	21,164	43,209

(a) Please refer to Note 17.

(b) These revenues from management and performance fees of Investment Funds are reflected in Consolidated Operating income statement under "Equity pickup in subsidiaries".

* * *

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