



Financial Statements
June 30, 2010 and 2009
with Report of Independent Auditors

Macroeconomic Scenario

The Brazilian economy presented two distinct moments in the first half of 2010. The rise in GDP strongly accelerated in 1Q10, reaching 11.4% in annual terms, when compared to the previous quarter. Such expressive result was obtained even after two quarters of elevated growth: GDP had risen 9.0% and 9.3% in annual terms in 3Q09 and 4Q09, respectively. Given the robust performance of Brazilian economy, there was increased pressure on production factors: the level of use of installed capacity by the industry was close to the maximum point, whereas the unemployment rate, according to the Brazilian Institute of Geography and Statistics (IBGE), reached minimum historical levels.

In the second quarter, on the other hand, economic activity showed clear signs of slowdown. Part of this process was a result of removal of tax incentives for consumption: extended retail market sales (which includes cars and civil construction) fell by 1.9% against the prior quarter, after having increased 5.6% in 1Q10. Nevertheless, part of the slowdown is a natural process, after a quarter of accelerated expansion. A detailed analysis of the industry data shows, for example, that a significant part of the slowdown in this sector regards activities not related to tax incentives, such as production of non-durable goods, which strengthens the above conclusions. Such a positive performance of sectors related to investment in the 2Q10 strengthens the idea of a temporary slowdown in consumption, which, however, does not undermine the expectations of businessmen – the growth rate of internal absorption of capital goods, for example, increased from 4.8% in 1Q10 to 6.5% in 2Q10.

Similarly to the economic activity, inflation showed distinct scenarios in the 1st and 2nd quarters of 2010. In 1Q10, inflation surprisingly increased: accumulated IPCA (Extended Consumer Price Index) reached 2.06%, 43 base points above the average of 2004-2009. This was mostly due to food price behavior, registering inflation of 3.68% in 1Q10, 170 base points above the average of 2004-2009. Short-term inflation registered an even higher inflection than the economic activity in 2Q10, with an IPCA of 1.0%, 27 base points lower than the average of 2004-2009. As in 1Q10, food led the change in inflation, reaching 0.82%, 79 base points lower than the average of 2004-2009. However, core inflation shows less reduction than the IPCA registered in 2Q10. Service, in particular, continued under considerable pressure. This suggests that underlying inflation remained reasonably high, which should lead to an increase in the IPCA, especially from 4Q10 onwards.

In view of the above scenario, the Central Bank of Brazil decided to implement a more aggressive monetary policy adjustment process, increasing the Central Bank Overnight Rate (SELIC) by 75 base points for two consecutive meetings. Such a reaction was also justified by a significant fall in inflation expectations: according to the FOCUS survey, the IPCA median projected for 12 months rose from 4.51% just before the Monetary Policy Committee (COPOM) meeting held in January to 4.72% in the COPOM meeting of June. The reduction in the economic activity data and in inflation as described above, in conjunction with the perspective of slowdown in world economy growth, contributed to weakening the risks associated with the prospective inflation scenario, leading the Central Bank of Brazil to reduce the rhythm of increase in the SELIC rate to 50 base points in the meeting held in July 2010.

Our Business

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

We rely on a solid and transparent governance structure based on a stock participation program implemented in 1995, whereby our main executive officers hold a relevant stock participation, currently representing one third of our capital stock.

We focus on providing financial services for companies and individuals, offering our clients with a large portfolio of products, services and customized financial solutions, supported by highly qualified treasury services.

Performance of the Banco BBM Financial Group

The Banco BBM Financial Group closed the first half of 2010 with shareholders' equity of R\$ 649 million, and net income of R\$ 23,8 million, representing an annual profitability of 7.3%, calculated on average shareholders' equity for the period.

Total assets at the year end was of R\$ 5 billion. The volume of domestic and foreign market funding at the end of the period was of R\$ 1,2 billion. The Bank's Basel index was 20.7% at the end of the six-month period.

Loans to Companies

The loan portfolio at the end of six-month period totaled R\$ 820 million (including advances on foreign exchange contracts, leasing and guarantees given through sureties, guarantees and letters of credit).

Treasury

Our treasury activities aim at maintaining capital as the fundamental principle and, as such, prudent risk management over generation of high yields is a priority. The area also operates as a platform, providing technical support and market know-how to the other Bank areas.

Decisions about fund allocation are taken by committees, and focus mainly on the Research and Risk Control areas. The Bank has a high degree of technological qualification in research, as well as sophisticated risk control systems, which have been successfully used since 1995. The market risk control area reports directly to the Bank's CEO.

Asset Management

Asset management is mainly focused on active management of investment products (Multimarket, Fixed and Variable Income Funds) for distributors (34%), companies and pension funds (13.5%) and rendering of distinct asset management services to individual clients (52.5%).

Managed funds at June 30, 2010 amount to R\$ 6 billion, and include multimarket (77.4%), fixed income fund (11.4%) and variable income fund (11.2%).

Human Capital

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

Credit Ratings

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

Report of Independent Auditors

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

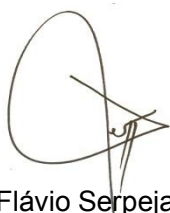
We have audited the accompanying balance sheets of Banco BBM S.A. and the consolidated balance sheets of the Banco BBM Financial Group (Operational Consolidated) as of June 30, 2010 and 2009, and the related statements of income, changes in shareholders' equity and cash flows for the six-month periods then ended. These financial statements are the responsibility of the Bank's management. The consolidated financial statements of Banco BBM Financial Group were prepared solely for compliance with the requirements of the Central Bank of Brazil, in accordance with the criteria described in Note 4. Our responsibility is to express an opinion on these financial statements.

We conducted our audits in accordance with generally accepted auditing standards in Brazil which comprised: a) the planning of our work, taking into consideration the materiality of balances, the volume of transactions and the accounting and internal control systems of the Bank and Consolidated, b) the examination, on a test basis, of the documentary evidence and accounting records supporting the amounts and disclosures in the financial statements, and c) an assessment of the accounting practices used and significant estimates made by management of the Bank and Consolidated, as well as an evaluation of the overall financial statements presentation.

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 the Banco BBM S.A. Financial Group at June 30, 2010 and 2009, and the results of operations, changes in shareholders' equity and cash flows for the six-month periods then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Salvador, August 24, 2010

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Balance Sheets

Assets	Note	In thousands of R\$			
		Bank		Operational consolidated	
		6/30/2010	6/30/2009	6/30/2010	6/30/2009
Current assets		4,207,987	5,828,831	4,560,403	5,957,319
Cash and cash equivalents		4,342	13,046	67,884	23,422
Free reserves		902	3,056	902	3,056
Cash in foreign currencies		3,440	9,990	66,982	20,366
Short-term interbank investments	5	2,977,580	1,489,780	3,117,766	1,450,762
Open market investments		2,973,996	1,219,755	2,973,996	1,219,755
Interbank deposits		2,567	15,103	2,567	15,103
Foreign currency investments		1,017	254,922	141,203	215,904
Marketable securities and derivative financial instruments	6	456,741	2,292,458	542,722	2,324,927
Own portfolio		156,871	256,687	225,605	278,615
Related to repurchase agreements		52,992	1,632,421	52,992	1,632,421
Derivative financial instruments		381	9,458	16,774	19,213
Guarantees provided		246,497	393,892	247,351	394,678
Interbank accounts		5,277	65,716	5,277	65,716
Clearing services for checks and other instruments		1,517	1,410	1,517	1,410
Restricted deposits – Central Bank of Brazil		661	57,221	661	57,221
Correspondent banks		3,099	7,085	3,099	7,085
Loans	7	240,995	770,942	275,708	835,562
Private sector		271,831	846,554	306,546	911,174
Public sector		253	14,785	253	14,785
Allowance for loan losses		(31,089)	(90,397)	(31,091)	(90,397)
Lease operations	7	5,853	3,593	5,853	3,593
Lease and sublease receivables		31,014	30,184	31,014	30,184
Unearned lease income		(25,161)	(26,560)	(25,161)	(26,560)
Allowance for losses on lease operations		-	(31)	-	(31)
Other receivables		503,410	1,177,600	531,375	1,237,641
Foreign exchange portfolio	8	372,818	1,006,525	372,818	1,006,525
Income receivable		887	45,530	887	50,284
Securities trading	14	104,922	62,379	104,995	77,094
Sundry		66,117	93,845	94,010	134,417
Allowance for losses on other receivables	7	(41,334)	(30,679)	(41,335)	(30,679)
Other assets		13,789	15,696	13,818	15,696

Balance sheets

Assets	Note	In thousands of R\$			
		Bank		Operational consolidated	
		6/30/2010	6/30/2009	6/30/2010	6/30/2009
Non-current assets		236,035	4,780,352	329,348	4,821,957
Marketable securities and derivative financial instruments	6	40,450	4,380,285	46,596	4,381,589
Own portfolio		33,031	71,011	33,031	72,315
Related to repurchase agreements		-	4,241,511	-	4,241,511
Derivative financial instruments		413	2,885	6,559	2,885
Guarantees provided		7,006	64,878	7,006	64,878
Loans	7	117,933	277,430	204,260	313,552
Private sector		129,429	281,652	215,754	317,774
Public sector		-	250	-	250
Allowance for loan losses		(11,496)	(4,472)	(11,494)	(4,472)
Lease operations	7	6,838	6,548	6,838	6,548
Lease and sublease receivables		28,107	54,912	28,107	54,912
Unearned lease income		(21,269)	(48,317)	(21,269)	(48,317)
Allowance for losses on lease operations		-	(47)	-	(47)
Other receivables		68,920	113,987	69,761	118,166
Foreign exchange portfolio	8	-	1,470	-	1,470
Securities trading	14	-	-	-	3,566
Tax credits	23	117,415	87,631	118,170	88,158
Sundry		33,826	25,947	33,912	26,033
Allowance for losses on other receivables	7	(82,321)	(1,061)	(82,321)	(1,061)
Other assets		1,894	2,102	1,893	2,102
Permanent assets		644,117	886,561	150,683	192,825
Investments		566,270	776,312	72,612	82,273
In subsidiaries					
In Brazil	9	45,559	45,188	-	3,278
Abroad	9	520,661	731,074	72,487	78,870
Other investments		1,810	1,810	2,629	2,629
Allowance for losses		(1,760)	(1,760)	(2,504)	(2,504)
Property and equipment		10,681	12,401	10,887	12,681
Leased assets	7	44,540	70,145	44,540	70,145
Deferred charges		22,626	27,703	22,644	27,726
TOTAL ASSETS		5,088,139	11,495,744	5,040,433	10,972,101

Liabilities and shareholders' equity

	Note	In thousands of R\$			
		Bank		Operational consolidated	
		6/30/2010	6/30/2009	6/30/2010	6/30/2009
Current liabilities		3,729,960	9,815,693	3,687,569	9,199,390
Deposits	10	661,789	2,026,016	517,624	1,470,756
Demand and other deposits		40,322	94,099	166,867	157,000
Interbank deposits		176,866	587,085	140,206	547,787
Time deposits		444,601	1,344,832	210,551	765,969
Liabilities for repurchase agreements	11	2,571,496	6,318,333	2,571,496	6,318,333
Own portfolio		52,926	5,805,262	52,926	5,805,262
Third-party portfolio		2,518,570	513,071	2,518,570	513,071
Funds from acceptance and issue of securities	12	79	295,066	79	198,533
Liabilities for marketable securities abroad		79	295,066	79	198,533
Interbank accounts		110	33,668	110	33,668
Receipts and payments pending settlement		110	33,668	110	33,668
Interbranch accounts		8,656	17,426	8,656	17,426
Third-party funds in transit		8,656	17,426	8,656	17,426
Borrowings	13	77,763	292,059	77,763	292,059
Foreign borrowings		77,763	232,388	77,763	232,388
Local borrowings – Official institutions		-	59,671	-	59,671
Local onlending – Official institutions	13	8,566	49,247	8,566	49,247
BNDES		4,874	44,314	4,874	44,314
FINAME		3,692	4,933	3,692	4,933
Derivative financial instruments	6	408	5,696	96,291	13,987
Other liabilities		401,093	778,182	406,984	805,381
Collection of taxes and other contributions		126	2,004	126	2,004
Foreign exchange portfolio	8	217,951	607,357	217,951	607,357
Social and statutory		19,713	12	19,713	12
Taxes and social security		32,564	31,635	34,473	37,525
Securities trading	14	111,271	108,127	111,271	126,858
Sundry		19,468	29,047	23,450	31,625

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Banco BBM S.A.
and Banco BBM Financial Group

Balance Sheets

Liabilities and shareholders' equity

	Note	In thousands of R\$			
		Bank		Operational consolidated	
		6/30/2010	6/30/2009	6/30/2010	6/30/2009
Non-current liabilities		708,493	918,837	703,178	1,011,497
Deposits	10	135,027	220,986	126,557	305,119
Interbank deposits		6,736	29,563	-	29,563
Time deposits		128,291	191,423	126,557	275,556
Borrowings	13	496,457	589,151	496,457	589,151
Foreign borrowings		496,457	589,151	496,457	589,151
Local onlending – Official institutions	13	7,051	14,241	7,051	14,241
BNDES		3,165	7,377	3,165	7,377
FINAME		3,886	6,864	3,886	6,864
Derivative financial instruments	6	-	25,597	1,588	25,597
Other liabilities		69,958	68,862	71,525	77,389
Taxes and social security		4,696	18,488	4,696	18,488
Securities trading	14	-	-	-	7,525
Sundry	24	65,262	50,374	66,829	51,376
Deferred income		621	707	621	707
Shareholders' equity	15	649,065	760,507	649,065	760,507
Capital		413,131	413,131	413,131	413,131
Brazilian residents		413,131	413,131	413,131	413,131
Market value adjustment – Marketable securities and derivative financial instruments		166	15,159	166	15,159
Securities available for sale		166	15,159	166	15,159
Capital reserves		8,134	8,134	8,134	8,134
Income reserves		248,693	332,223	248,693	332,223
Treasury stock		(21,059)	(8,140)	(21,059)	(8,140)
Total liabilities and shareholders' equity		5,088,139	11,495,744	5,040,433	10,972,101

Banco BBM S.A.
and Banco BBM Financial Group
Statements of Income

Statements of Income

	Note	In thousands of R\$			
		Bank		Operational consolidated	
		6/30/2010	6/30/2009	6/30/2010	6/30/2009
Financial intermediation income		365,171	506,603	376,800	508,243
Loans		48,334	125,471	51,818	130,469
Lease operations		17,976	16,992	17,976	16,992
Marketable securities		278,717	364,140	286,861	360,782
Foreign exchange operations		20,145	-	20,145	-
Compulsory deposits		-	-	-	-
Financial intermediation expenses		(308,781)	(442,171)	(307,785)	(425,848)
Lease operations		(13,922)	(10,675)	(13,922)	(10,675)
Funding operations	16	(234,297)	(173,684)	(232,250)	(171,405)
Derivative financial instruments	20	(17,615)	(202,900)	(18,666)	(188,851)
Foreign exchange operations	16	-	(83,062)	-	(83,062)
Borrowings, assignments and onlending	16	(28,987)	78,352	(28,987)	78,347
Allowance for loan losses	7	(13,960)	(50,202)	(13,960)	(50,202)
Gross income from financial intermediation		56,390	64,432	69,015	82,395
Other operating income (expenses)		(7,317)	22,964	(18,242)	10,490
Income from services rendered	17	35,772	23,865	39,494	24,824
Personnel expenses		(33,779)	(26,513)	(34,786)	(27,283)
Other administrative expenses	18	(30,803)	(48,312)	(32,471)	(50,257)
Tax expenses		(9,544)	(8,475)	(9,937)	(8,677)
Equity pickup	9	33,817	88,533	22,359	75,235
Other operating income		1,514	2,866	1,717	5,902
Other operating expenses		(4,294)	(9,000)	(4,618)	(9,254)
Operating income		49,074	87,396	50,773	92,885
Non-operating loss		(2,395)	(1,400)	(2,395)	(1,400)
Income before taxes and profit sharing		46,679	85,996	48,378	91,485
Income and social contribution taxes	23	(8,923)	923	(10,623)	(4,353)
Provision for income tax		(6,892)	(11,873)	(7,970)	(14,816)
Provision for social contribution tax		(2,155)	(5,702)	(2,832)	(7,486)
Deferred tax assets		124	18,498	179	17,949
Management profit sharing		(13,976)	(26,251)	(13,976)	(26,464)
NET INCOME FOR THE PERIOD		23,779	60,668	23,779	60,668

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Statements of Changes in Shareholders' Equity of Banco BBM S.A.

	In thousands of R\$										
	Capital reserves			Income reserves		Market value adjustments – marketable securities and derivatives					
	Capital	Restatement of membership certificates	Tax incentives	Other capital reserves	Legal	Statutory	Own	From subsidiary	Treasury shares	Retained earnings	Total
Six-month period ended June 30, 2009											
Balances at January 1, 2009	413,131	3,369	2,696	2,069	65,934	258,326	(97)	1	(8,140)	-	737,289
Market value adjustment – Marketable securities	-	-	-	-	-	-	15,255	-	-	-	15,255
Dividends	-	-	-	-	-	(30,000)	-	-	-	-	(30,000)
Net income for the six-month period	-	-	-	-	-	-	-	-	-	60,668	60,668
Allocations:											
- Interest on equity capital of R\$ 0.04 per share	-	-	-	-	-	-	-	-	-	(11,225)	(11,225)
- Interest on equity capital of R\$ 0.03 per share	-	-	-	-	-	-	-	-	-	(7,704)	(7,704)
- Interest on equity capital of R\$ 0.01 per share	-	-	-	-	-	-	-	-	-	(3,776)	(3,776)
- Reserves	-	-	-	-	3,033	34,930	-	-	-	(37,963)	-
Balances at June 30, 2009	413,131	3,369	2,696	2,069	68,967	263,256	15,158	1	(8,140)		760,507
Changes in the period	-	-	-	-	3,033	4,930	15,255	-	-	-	23,218
Six-month period ended June 30, 2010											
Balances at January 1, 2010	413,131	3,369	2,696	2,069	69,382	174,929	470	1	(8,140)	-	657,907
Market value adjustment – Marketable securities	-	-	-	-	-	-	(304)	(1)	-	-	(305)
Acquisition of treasury stock	-	-	-	-	-	-	-	-	(12,919)	-	(12,919)
Net income for the six-month period	-	-	-	-	-	-	-	-	-	23,779	23,779
Allocations:											
- Interest on equity capital of R\$ 0.04 per share	-	-	-	-	-	-	-	-	-	(19,397)	(19,397)
- Reserves	-	-	-	-	1,189	3,193	-	-	-	(4,382)	-
Balances at June 30, 2010	413,131	3,369	2,696	2,069	70,571	178,122	166	-	(21,059)	-	649,065
Changes in the period	-	-	-	-	1,189	3,193	(304)	(1)	(12,919)	-	(8,842)

	In thousands of R\$			
	Bank		Operational consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Cash flow from operating activities:				
Net income	23,779	60,668	23,779	60,668
Adjustments to net income	(10,386)	(33,026)	1,304	(38,532)
Allowance for loan losses	13,960	50,202	13,960	50,202
Depreciation and amortization	17,784	13,456	17,817	13,536
Expenses with provisions for civil, labor and tax suits	9,273	4,820	9,409	3,589
Equity pickup	(33,817)	(88,533)	(22,359)	(75,235)
Deferred income and social contribution taxes	(19,113)	(31,494)	(19,168)	(30,944)
Unrealized gain/loss on marketable securities and derivatives	1,516	12,707	1,516	12,709
Restatement of membership certificates	(305)	15,255	(306)	15,255
Equity adjustments	316	(9,439)	435	(27,644)
Adjusted net income	13,394	27,642	25,083	22,136
(Increase) / decrease in short-term interbank investments	(1,442,763)	328,805	(1,433,804)	502,557
(Increase) / decrease in marketable securities and derivatives	6,424,882	(4,470,707)	6,382,246	(4,392,992)
(Decrease) in interbank and interbranch accounts	14,823	(93,344)	14,823	(93,344)
(Increase) / decrease in loans and lease operations	331,480	916,888	336,342	1,024,578
Increase (decrease) in deposits	(714,126)	(295,820)	(504,338)	(721,239)
Increase / (decrease) in open market funding	(4,843,699)	4,180,726	(4,849,071)	4,180,726
(Decrease) in funds from issue of securities	78	(58,211)	78	(54,278)
Increase /(decrease) in borrowings and onlending	(30,392)	(783,268)	(30,392)	(784,795)
(Increase) in deferred income	190	(613)	190	(613)
Decrease in other receivables and assets	300,865	5,938,486	268,830	5,953,889
(Decrease) in other liabilities	(195,416)	(5,730,088)	(142,314)	(5,789,224)
Net cash from (used in) operating activities	(154,078)	(67,146)	42,590	(174,735)
Cash flow from investing activities:				
Increase / (decrease) in investments	167,168	-	25,353	-
Disposal of property and equipment and leased assets	121	-	121	-
Acquisition of property and equipment and leased assets	(340)	(202)	(342)	(202)
Acquisition of deferred charges	(124)	(2,728)	(125)	(2,728)
Disposal of deferred charges	765	-	765	-
Receipt of dividends and interest on equity capital	1,600	73,891	1,701	132,581
Net cash from (used in) investing activities	169,190	70,961	27,473	129,651
Cash flow from financing activities:				
Payment of dividends and interest on equity capital	(19,397)	(52,705)	(19,397)	(52,705)
Acquisition of treasury stock	(12,919)	-	(12,919)	-
Net cash from (used in) financing activities	(32,316)	(52,705)	(32,316)	(52,705)
Net increase/decrease in cash and cash equivalents	(3,810)	(21,248)	62,830	(75,653)
At beginning of period	8,152	34,294	5,054	99,075
At end of period	4,342	13,046	67,884	23,422
Net increase/decrease in cash and cash equivalents	(3,810)	(21,248)	62,830	(75,653)

1 Operations

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

- Commercial
- Investment
- Loan, financing and investment
- Foreign exchange
- Lease

The Bank's and the Financial Group's operations are carried out in the context of a group of institutions which operate together in the financial market and certain operations have co-participation or intermediation of associated institutions which are part of the 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. 11.638 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. 11.638 has not generated any significant adjustments to the Bank's and the Financial Group's financial statements, as the major changes from the new legislation which impact their operations had already been adopted according to current accounting standards set forth by the Central Bank of Brazil (BACEN).

The authorization for conclusion of these financial statements was given by the Bank's Board of Directors on August 20, 2010.

3 Significant accounting practices

(a) Profit and loss

Profit and loss are recorded on an accrual basis.

(b) Marketable securities and derivative financial instruments

In accordance with BACEN Circular No. 3.068, securities are classified into the following categories:

I- Trading securities;

II- Available for sale securities; and

III- Held to maturity securities;

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

(c) Current and non-current assets

These are stated at realization values, including, when applicable, earnings and monetary (on a daily pro-rata basis) and foreign exchange variations, less unearned income and/or allowance for losses.

Balances maturing within 12 months (or 360 days) are classified as current assets.

(d) Permanent assets

Stated at cost combined with the following aspects:

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

In accordance with Resolution No. 3.617/08 issued by the National Monetary Council (CMN), financial institutions must record as deferred charges only the pre-operating expenses and restructuring costs that will actually contribute to increasing net income for more than one fiscal year and that do not represent only a reduction in costs or an increase in operational efficiency. This Resolution also allows institutions to keep those balances existing as of September 30, 2008 until their write-off.

(e) Current and non-current liabilities

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

(f) Income and social contribution taxes

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

The deferred tax assets and liabilities arising from temporary differences were recognized in accordance with Resolution No. 3059 issued by the National Monetary Council (CMN) on December 20, 2002, and Resolution No. 3.355, issued by the CMN on March 31, 2006, and take into account the history of profits and the expectation of future taxable income supported by technical feasibility studies. The deferred taxes were recognized based on the expected income and social contribution tax rates of 25% and 15% respectively

(g) Swaps, futures, forward and options

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

(h) Earnings per share

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

(i) Impairment of assets

In accordance with CPC 01, as approved by CMN Resolution 3.566, of May 29, 2008, and based on management analysis, an impairment loss is recognized in the income statement if the book value of the Bank's and its subsidiaries' assets exceeds the related recoverable value.

(j) Contingent assets and liabilities and legal, tax and social security 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.

4 Consolidated financial statements
(Operational consolidated)

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

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



Banco BBM S.A.
and Banco BBM Financial Group

Notes to Financial Statements as of June 30, 2010 and 2009

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

The Operational Consolidated comprises the financial statements at June 30, 2010 and 2009 of the following institutions:

Banco BBM S.A. and the Nassau branch

BBM Bank Ltd. **(a)**

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

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

- (a)** Banco BBM S.A. holds directly 15.15%, and indirectly 84.85% of the capital stock of this institution. Together these direct and indirect interests aggregate 100%, and are eliminated in the consolidation process (Note 9).
- (b)** Banco BBM S.A. holds directly 100% of the capital stock of these entities.

5 Short-term interbank investments

Short-term interbank investments are as follows:

	In thousands of R\$			
	Bank		Operational consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Open market investments	2,973,996	1,219,755	2,973,996	1,219,755
Own Portfolio	455,645	709,607	455,645	709,607
National Treasury Bills	81,942	320,522	81,942	320,522
Financial Treasury Bills	359,703	-	359,703	-
National Treasury Notes – B series (a)	-	389,085	-	389,085
National Treasury notes – F series	14,000	-	14,000	-
Financed position	2,518,351	510,148	2,518,351	510,148
National Treasury Bills	418,070	-	418,070	-
Financial Treasury Bills	2,100,281	-	2,100,281	-
National Treasury Notes – B series	-	510,148	-	510,148
Interbank deposits	2,567	15,103	2,567	15,103
Foreign currency investments	1,017	254,922	141,203	215,904
	2,977,580	1,489,780	3,117,766	1,450,762
Current assets	2,977,580	1,489,780	3,117,766	1,450,762
Non-current assets	-	-	-	-
	2,977,580	1,489,780	3,117,766	1,450,762

(a) At June 30, 2009 federal government securities in the amount of R\$ 363,583 thousand were received to back such repurchase agreements, and were linked to guarantees provided by the Bank.

6 Marketable securities and derivative financial instruments

	In thousands of R\$							
	Bank				Operational consolidated			
	Cost 6/30/2010	Market 6/30/2010	Cost 6/30/2009	Market 6/30/2009	Cost 6/30/2010	Market 6/30/2010	Cost 6/30/2009	Market 6/30/2009
I-Marketable securities	496,479	496,397	6,621,557	6,660,400	566,066	565,985	6,645,573	6,684,418
Trading securities	407,157	406,800	2,260,988	2,274,567	476,743	476,385	2,284,190	2,297,769
Own portfolio	107,265	107,312	249,530	248,254	175,995	176,042	271,946	270,670
Fixed income securities	95,604	95,502	238,952	240,341	95,604	95,503	238,952	240,341
Financial Treasury Bills	8,974	8,975	8,247	8,248	8,974	8,975	8,247	8,248
National Treasury Bills	77,855	77,744	-	-	77,855	77,745	-	-
National Treasury Notes – B series	7,492	7,467	229,916	231,282	7,492	7,467	229,916	231,282
National Treasury Notes – F series	1,283	1,316	789	811	1,283	1,316	789	811
Variable income securities	11,661	11,809	10,578	7,913	11,660	11,809	10,578	7,913
Public company stock	11,661	11,809	3,022	2,378	11,660	11,809	3,022	2,378
Stock loan	-	-	7,556	5,535	-	-	7,556	5,535
Foreign securities	-	-	-	-	68,731	68,730	22,416	22,416
Variable income securities	-	-	-	-	68,104	68,104	2,833	2,833
Other foreign securities	-	-	-	-	627	626	19,583	19,583
Related to repurchase agreements	53,067	52,992	1,622,781	1,632,421	53,068	52,992	1,622,781	1,632,421
National Treasury Bills	53,067	52,992	-	-	53,068	52,992	-	-
National Treasury Notes – B series	-	-	1,622,781	1,632,421	-	-	1,622,781	1,632,421
Guarantees provided	246,825	246,497	388,677	393,892	247,680	247,351	389,463	394,678
Financial Treasury Bills	-	-	-	-	855	855	786	786
National Treasury Bills	246,821	246,491	-	-	246,821	246,490	-	-
National Treasury Notes – B series	-	-	358,794	360,926	-	-	358,794	360,926
National Treasury Notes – F series	-	-	477	486	-	-	477	486
Public company stock	4	6	29,406	32,480	4	6	29,406	32,480
Securities available for sale	89,322	89,597	4,360,569	4,385,833	89,323	89,600	4,361,383	4,386,649
Own portfolio	82,365	82,591	78,509	79,444	82,366	82,594	79,323	80,260
Fixed income securities (*)	82,287	82,312	77,309	78,066	82,288	82,312	77,309	78,066
National Treasury Notes – B series	44,969	44,929	39,584	39,659	44,969	44,929	39,584	39,659
National Treasury Notes – C series	2,995	3,014	-	-	2,996	3,014	-	-
Debentures	-	-	7,055	7,055	-	-	7,055	7,055
Securities issued by the Intern. Finance Corporation	34,323	34,369	30,670	31,352	34,323	34,369	30,670	31,352
Variable income securities	78	279	1,200	1,378	78	282	2,014	2,194
Public company stock	78	279	1,200	1,378	78	282	2,014	2,194
Related to repurchase agreements	-	-	4,217,549	4,241,511	-	-	4,217,549	4,241,511
National Treasury Notes – B series (b)	-	-	4,217,549	4,241,511	-	-	4,217,549	4,241,511
Guarantees provided	6,957	7,006	64,511	64,878	6,957	7,006	64,511	64,878
National Treasury Notes – B series (b)	6,957	7,006	64,511	64,878	6,957	7,006	64,511	64,878
Derivative financial instruments	1,925	794	17,417	12,343	24,464	23,333	27,172	22,098
Swap operations	1,471	793	10,467	8,915	9,747	9,068	18,929	17,377
Forward operations	-	-	-	-	11,695	11,695	-	-
Option premiums	454	1	6,950	3,428	3,022	2,570	8,243	4,721
Total marketable securities and derivative financial instruments	498,404	497,191	6,638,974	6,672,743	590,530	589,318	6,672,745	6,706,516
Segregation by maturity :								
No maturity	11,743	12,094	41,184	41,771	79,847	80,201	44,831	45,420
Up to 3 months	396,300	395,334	12,561	10,403	409,917	408,950	16,734	14,576
From 3 to 12 months	50,126	49,313	8,861	6,110	54,384	53,570	32,722	29,971
Over 12 months	40,235	40,450	6,576,368	6,614,459	46,382	46,597	6,578,458	6,616,549
To t al	498,404	497,191	6,638,974	6,672,743	590,530	589,318	6,672,745	6,706,516
Current assets	456,741		2,292,458		542,722		2,324,927	
Non-current assets	40,450		4,380,285		46,596		4,381,589	
Total	497,191		6,672,743		589,318		6,706,516	

6. Marketable securities and derivative financial instruments (Continued)

	In thousands of R\$							
	Bank				Operational consolidated			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	6/30/2010		6/30/2009		6/30/2010		6/30/2009	
III-Derivative financial instruments								
Liability position	105	408	10,231	31,293	97,576	97,879	18,522	39,584
Swap operations	105	408	9,432	30,309	105	408	12,066	32,943
Forward	-	-	794	984	87,862	87,862	5,165	5,355
Option premiums	-	-	5	-	9,609	9,609	1,291	1,286
Segregation by maturity:								
Up to 3 months	50	102	4,262	4,311	88,953	89,004	11,245	11,293
From 3 to 12 months	55	306	728	1,385	7,035	7,287	2,036	2,694
Over 12 months	-	-	5,241	25,597	1,588	1,588	5,241	25,597
Total	105	408	10,231	31,293	97,576	97,879	18,522	39,584
Current liabilities		408		5,696		96,291		13,987
Non-current liabilities		-		25,597		1,588		25,597
Total		408		31,293		97,879		39,584

The market values of securities are determined based on quoted market prices at the balance sheet date, when available, or using price valuation techniques.

(*) At June 30, 2010, trading securities maturing after 12 months are classified as current assets in accordance with BACEN Circular 3068/01 and totaled R\$ 10,291 thousand, Bank and Consolidated (June 30, 2009 - R\$ 2,234,174 thousand, Bank, and R\$ 2,235,478 thousand, Consolidated). Securities available for sale maturing after 12 months are classified as non-current assets irrespective of their liquidity, in accordance with BACEN Circular 3068/01, and amounted to R\$ 40,037 thousand at June 30, 2010, Bank and Consolidated (June 30, 2009 - R\$ 4,377,400 thousand, Bank and Consolidated). The effect of this classification in the working capital is shown in Note 21 - Liquidity risk.

7 Loans, lease, sureties and guarantees

At June 30, 2010 and 2009, loans, lease and guarantees provided through sureties or guarantee agreements by the Bank and the Operational Consolidated, classified according to the clients' economic activities, are as follows:

In thousands of R\$								
	Bank				Operational consolidated			
	6/30/2010		6/30/2009		6/30/2010		6/30/2009	
Economic activity								
Sugar and alcohol	211,493	25.79%	333,699	17.39%	211,493	25.79%	333,699	17.39%
Individuals	135,044	16.47%	170,701	8.90%	135,044	16.47%	170,701	8.90%
Metal industry	96,966	11.83%	129,024	6.72%	96,966	11.83%	129,024	6.72%
Food	95,960	11.70%	300,861	15.68%	95,960	11.70%	300,861	15.68%
Agriculture	95,501	11.64%	174,311	9.08%	95,501	11.64%	174,311	9.08%
Electric energy	36,956	4.51%	202,566	10.56%	36,956	4.51%	202,566	10.56%
Construction and engineering	24,314	2.96%	103,280	5.38%	24,314	2.96%	103,280	5.38%
Vehicles and parts	23,885	2.92%	87,271	4.55%	23,885	2.92%	87,271	4.55%
Chemical and petrochemical	15,664	1.91%	31,424	1.64%	15,664	1.91%	31,424	1.64%
Financial	11,868	1.45%	48,026	2.50%	11,868	1.45%	48,026	2.50%
Paper, plastic and packages	11,746	1.43%	49,389	2.57%	11,746	1.43%	49,389	2.57%
Mining	11,003	1.34%	13,103	0.68%	11,003	1.34%	13,103	0.68%
Pharmaceutical	10,701	1.30%	22,657	1.18%	10,701	1.30%	22,657	1.18%
Specialized services	8,701	1.06%	71,016	3.70%	8,701	1.06%	71,016	3.70%
Beverages and tobacco	8,488	1.03%	24,030	1.25%	8,488	1.03%	24,030	1.25%
Retail	7,534	0.92%	12,226	0.64%	7,534	0.92%	12,226	0.64%
Textile, leather and clothing	6,825	0.83%	34,209	1.78%	6,825	0.83%	34,209	1.78%
Transportation and logistics	5,319	0.65%	12,604	0.66%	5,319	0.65%	12,604	0.66%
Foreign trade	2,147	0.26%	88,542	4.61%	2,147	0.26%	88,542	4.61%
Construction material and decoration	-	-	5,017	0.26%	-	-	5,017	0.26%
Steel industry	-	-	4,429	0.25%	-	-	4,429	0.25%
Electric-electronics	-	-	192	0.01%	-	-	192	0.01%
Telephone	-	-	105	0.01%	-	-	105	0.01%
Total	820,115	100%	1,918,682	100%	820,115	100%	1,918,682	100%

Loan operations are presented in the Bank and Operational Consolidated balance sheets as follows:

	In thousands of R\$			
	Bank		Operational consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Current assets				
Loans	272,084	861,339	306,799	925,959
Private sector	271,831	846,554	306,546	911,174
Public sector	253	14,785	253	14,785
Lease operations (c)	5,853	3,624	5,853	3,624
Lease and sublease receivable	31,014	30,184	31,014	30,184
Unearned lease income	(25,161)	(26,560)	(25,161)	(26,560)
Other receivables	25,475	55,725	25,475	55,725
Foreign exchange portfolio – income receivable (a)	11,614	20,966	11,614	20,966
Securities and credits receivable (d)	13,861	34,759	13,861	34,759
Non-current assets				
Loans	129,429	281,902	215,754	318,024
Private sector	129,429	281,652	215,754	317,774
Public sector		250		250
Lease operations (c)	6,838	6,595	6,838	6,595
Lease and sublease receivable	28,107	54,912	28,107	54,912
Unearned lease income	(21,269)	(48,317)	(21,269)	(48,317)
Other receivables	6,245	-	6,245	-
Securities and credits receivable	6,245	-	6,245	-
Permanent assets (c)	44,540	70,145	44,540	70,145
Leased assets	44,540	70,145	44,540	70,145
Current liabilities				
Other liabilities	144,915	395,214	144,915	395,214
Foreign exchange portfolio – advances on foreign exchange contracts (a)	144,915	395,214	144,915	395,214
Sub-total	635,379	1,674,544	756,419	1,775,286
Guarantees and risks (b)	184,736	244,138	63,696	143,396
Total	820,115	1,918,682	820,115	1,918,682

- (a) The advances on foreign exchange contracts and the related income receivable are classified as reduction accounts of Other Liabilities - Foreign exchange portfolio and Other Receivables - Foreign exchange portfolio, respectively, as shown in Note 8.
- (b) Refer to guarantees provided through sureties, guarantee agreements and import letter of credit. Guarantees provided are recorded in memorandum accounts and the related income is recorded in Deferred Income and recognized in net income according to their maturity terms. The Bank's balances also include guarantees provided for loans from Bank Limited, which are eliminated in the Operational Consolidated.
- (c) The lease receivables were calculated using internal rate of return for each contract, in accordance with BACEN Circular 1.429/1.989 and in order to share specific accounting principles such as present value of future cash flows of the lease portfolio.
- (d) These refer also to purchase of real estate portfolios.

The leased assets are committed to be sold to the lessees for the amount of R\$ 514 thousand (June 30, 2009 - R\$ 514 thousand). The lease receivables are guaranteed by the leased assets, and the contracts contain compulsory insurance clause in favor of the lessor.

At June 30, 2010 and 2009, loans, lease and guarantees provided through sureties and guarantee agreements, Bank and the Operational Consolidated, were segregated by the following payment terms, grouped according to the due date of the installments:

In thousands of R\$				
	Bank		Operational consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Maturities				
Falling due within 90 days	169,368	670,777	177,383	691,473
Falling due between 91 and 180 days	144,724	321,246	153,308	321,531
Falling due between 181 and 360 days	119,916	332,653	105,351	334,192
Falling due over 360 days	299,757	494,326	297,440	470,333
Overdue by up to 14 days	4,907	2,267	4,907	2,267
Overdue between 15 and 60 days	26,759	27,175	27,042	28,127
Overdue between 61 and 90 days	3,715	14,142	3,715	14,141
Overdue between 91 and 180 days	36,724	55,470	36,724	55,867
Overdue between 181 and 360 days	14,245	626	14,245	751
Total	820,115	1,918,682	820,115	1,918,682

The allowance for loan and lease losses was calculated according to the criteria established by Resolutions 2.682 and 2.697 of the National Monetary Council, based on the risk classification of the transactions and the amounts in arrears.

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

Risk levels	In thousands of R\$				
	Balance		Provision %	Provision	
	6/30/2010	6/30/2009		6/30/2010	6/30/2009
AA	123,494	214,419	-	-	-
A	140,927	555,272	0.50%	705	2,776
B	211,952	611,529	1%	2,119	6,115
C	108,824	362,030	3%	3,265	10,861
D	33,450	14,056	10%	3,345	1,406
E	43,416	7,944	30%	13,025	2,383
F	28,740	89,838	50%	14,370	44,919
G	202	17,892	70%	141	12,525
H	129,110	45,702	100%	129,110	45,702
Total	820,115	1,918,682		166,080	126,687

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

	6/30/2010	6/30/2009
Percentage of allowance for loan losses/Total loan portfolio	20.25%	6.60%
Percentage of allowance for loan losses/Shareholders' equity	25.59%	16.66%
Percentage of D-H loans/Total loan portfolio	28.64%	9.14%
Percentage of D-H loans/Shareholders' equity	36.19%	23.07%
Percentage of (D-H loans – allowance for loan losses)/Total loan portfolio	8.39%	2.54%
Percentage of (D-H loans – allowance for loan losses)/Shareholders' equity	10.60%	6.41%
Leverage (Total loan portfolio/Shareholders' equity)	1.26	2.52

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

	In thousands of R\$	
	6/30/2010	6/30/2009
Allowance for loan losses	42,585	94,869
Current assets	31,091	90,397
Non-current assets	11,494	4,472
Allowance for lease losses	-	78
Current assets	-	31
Non-current assets	-	47
Allowance for other receivables		
Allowance for advances on foreign exchange contracts	40,513	28,177
Current assets	40,510	28,159
Non-current assets	3	18
Allowance for guarantees and risks	82,982	3,563
Current assets	664	2,520
Non-current assets	82,318	1,043
Total	166,080	126,687

The changes in allowance are as follows:

	In thousands of R\$	
	6/30/2010	6/30/2009
Balance at January 1	176,008	78,184
Set up / (reversal)	5,861	50,203
Write-off to loss	(15,789)	(1,905)
Other	-	205
Total	166,080	126,687

In the six-month period ended June 30, 2010, renegotiated loans at the Bank and in Operational Consolidated amounted to R\$ 10,823 thousand (six-month period ended June 30, 2009 - R\$ 9,166 thousand).

In the six-month period ended June 30, 2010, there were no recovered loans in the Bank and Operational Consolidated (six-month period ended June 30, 2009, there were no recovered operations).

During the six month period ended June 30, 2010 and 2009, the Bank transferred loan agreements with no guarantees, as follows:

	In thousands of R\$	
	Related party	
	6/30/2010	6/30/2009
Number of agreements	-	36
Transferred amount (a)	-	7,249
Book value net of allowance	-	33,965
Loss from transfers	-	(26,716)

- (a) For the six-month period ended June 30, 2009, this includes transfer of 20 agreements providing for Bank participation in the recovery credits in of up to the amount of R\$ 2,423 thousand.

The credit risk concentration in Operational Consolidated is as follows:

	In thousands of R\$			
	6/30/2010	%	6/30/2009	%
Largest debtor	87,386	10.7%	84,368	4.4%
10 largest debtors	312,174	38.1%	516,883	26.9%
20 largest debtors	436,716	53.3%	787,354	41.0%
50 largest debtors	625,965	76.3%	1,231,806	64.2%
100 largest debtors	721,214	87.9%	1,588,805	82.8%

The portfolio composition by type in Consolidated Operations is as follows:

	In thousands of R\$	
	6/30/2010	6/30/2009
Working capital	266,200	801,262
Trade finance	331,404	607,954
Onlending from Res. 2770 and Res. 3221	2,254	95,742
BNDES onlending	15,633	69,488
Lease	57,231	80,364
Guarantees and risks	14,573	143,396
Payroll deduction loan	94,798	40,354
Other	38,022	80,122
Total	820,115	1,918,682

8 Foreign exchange portfolio (Bank and Operational Consolidated)

		In thousands of R\$	
		6/30/2010	6/30/2009
Other receivables – Foreign exchange portfolio			
Foreign exchange receivable		236,808	694,611
Foreign exchange sales rights		124,396	292,418
Income receivable from advances on foreign exchange contracts	(a)	11,614	20,966
Total		372,818	1,007,995
Other liabilities – foreign exchange portfolio			
Foreign exchange payable		124,248	294,571
Liabilities for foreign exchange purchases		238,539	707,810
Advances on foreign exchange contracts granted	(a)	(144,915)	(395,214)
Other		79	190
Total		217,951	607,357

(a) See Note 7.

At June 30, 2010, federal government securities deposited as guarantees for foreign exchange transactions in the Foreign Exchange Clearing House of the Brazilian Securities, Commodities and Futures Exchange (BM&F Bovespa S.A.) in the amount of R\$ 54,854 thousand (June 30, 2009 – R\$ 75,112 thousand).

9 Investments in subsidiaries

Banco BBM S.A.

	BBM Adm. Recusos DTVM S.A. (a)	BBM CCVM S.A. (a)	The Southern Atlantic Investment s Lt d. (a)	BBM Bank Lt d. (a) (b)	Other (c)	Total
At June 30, 2010:						
Number of shares issued	5,849,278	127,374	471,541,838	5,000,000	-	-
Common registered shares	2,924,639	63,687	471,541,838	5,000,000	-	-
Preferred registered shares	2,924,639	63,687	-	-	-	-
Direct interest	100%	100%	100%	15.15%	-	-
Capital - R\$ thousand	2,950	33,755	471,542	9,004	-	-
Shareholders'/members' equity - R\$ thousand	4,578	40,981	500,906	449,106	-	-
Net income (loss) for the six-month period - R\$ thousand	1,898	956	29,088	9,498	-	-
Dividends and interest on equity capital paid - R\$ thousand	1,600	-	-	-	-	-
Book value of investments - R\$ thousand						
June 30, 2010	4,578	40,981	500,906	19,755	-	566,220
Equity pickup - R\$ thousand						
1 st half of 2010	1,898	956	29,088	1,558	317	33,817
At June 30, 2009:						
Number of shares issued	5,849,278	127,374	471,541,838	5,000,000	-	-
Common registered shares	2,924,639	63,687	471,541,838	5,000,000	-	-
Preferred registered shares	2,924,639	63,687	-	-	-	-
Direct interest	100%	100%	100%	15.15%	-	-
Capital - R\$ thousand	2,950	33,755	471,542	9,754	-	-
Shareholders'/members' equity - R\$ thousand	8,477	36,711	710,480	652,883	-	-
Net income (loss) for the six-month period - R\$ thousand	45,562	1,954	52,595	15,554	-	-
Dividends and interest on equity capital paid - R\$ thousand	70,000	3,891	-	-	-	-
Book value of investments - R\$ thousand						
June 30, 2010	8,477	36,711	710,480	20,594	-	776,262
Equity pickup - R\$ thousand						
1 st half of 2010	45,562	1,954	52,505	(2,049)	(9,439)	88,533

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

(b) Similarly to the Nassau branch, the business purpose of BBM Bank Ltd., located in the Bahamas, is to facilitate operations of the Banco BBM Financial Group in the international financial market.

In addition to the direct interest, Banco BBM S.A. has an indirect interest in BBM Bank Ltd. of 84.85% through the subsidiary The Southern Atlantic Investments Ltd.

The direct interest of Banco BBM S.A. in BBM Bank Ltd. does not comprise all of its subsidiary's equity accounts. Therefore, the book value of the investment does not correspond, directly, to the participation in the adjusted shareholders' equity balance as of June 30, 2010 and 2009.

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

Operational Consolidated

	In thousands of R\$					
	Investment book value		Equity pickup		Dividends and interest on equity capital	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009	6/30/2010	6/30/2009
The Southern Atlantic Investments Ltd. (a) (b)	71,555	78,192	21,029	39,308	-	-
BBM Gestão de Recursos S.A. (a) (d)	-	3,277	-	40,618	-	40,000
BBM Investment Management Services (c) (e)	932	679	895	9,154	1,708	18,690
Other (d)	-	-	435	(13,845)	-	-
Total	72,487	82,148	22,359	75,235	1,708	58,690

- (a) Financial statements reviewed by our independent auditors.
- (b) The indirect interest of 84.85% held by Banco BBM S.A. in the capital of BBM Bank Ltd. has been eliminated in the Operational Consolidated in the line "Subsidiaries - The Southern Atlantic Investment Ltd". In the six-month period ended June 30, 2010, such elimination produced the following effects in the Operational Consolidated: reduction of permanent investments by R\$ 429,351 thousand (June 30, 2010 and 2009 - 632,288 thousand), and reduction in equity pickup of R\$ R\$ 8,059 thousand (June 30, 2009 - R\$ 29,443 thousand).
- (c) Equity variations of subsidiaries, such as the effects of foreign exchange variations on offshore investments, restatement of membership certificates and prior-year adjustments, when applicable, are mostly shown as "Other" in the Operational Consolidated, and are not eliminated.
- (d) At December 31, 2009, BBM Gestão de Recursos Ltda. was merged by Banco BBM S.A. in order to reduce operating costs generated by keeping an independent corporate entity, as well as simplification of the corporate structure. At present, the merger operation is at the registration stage with the relevant authorities.
With the merger of this corporate entity, fund management activities began to be carried out directly by Banco BBM S.A. In our interpretation of the segregation regulations ("Chinese wall") of the CVM, which regulates asset management, independence is considered to be the effective physical and business segregation of the management business as regards Proprietary Treasury, so that the referred to merger is not in any way in contravention of these standards.
- (e) BBM Investment Management Services, based in the Cayman Islands, was set up in March 2006 through a capital payment of US\$ 50 thousand, in order to provide investment fund management services on the international market.

10 Deposits

Maturity	In thousands of R\$							
	Time deposits		Interbank deposits		Total 6/30/2010		Total 6/30/2009	
	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated
Up to 1 month	291,459	55,239	113,956	84,440	405,415	139,679	897,309	267,855
From 1 to 3 months	62,133	62,133	23,170	23,170	85,303	85,303	483,564	492,279
From 3 to 6 months	32,289	32,290	4,954		37,243	32,290	252,937	253,479
From 6 to 12 months	58,720	60,889	34,786	32,596	93,506	93,485	298,107	300,143
Over 12 months	128,291	126,557	6,736		135,027	126,557	220,986	305,119
Sub-total	572,892	337,108	183,602	140,206	756,494	477,314	2,152,903	1,618,875
Demand and other deposits					40,322	166,867	94,099	157,000
Total					796,816	644,181	2,247,002	1,775,875

The average term for issuance of interbank and time deposits for outstanding operations at June 30, 2010, Operational Consolidated, is of 500 and 750 days (June 30, 2009 - 360 and 475 days), respectively. The segregation by the original maturities upon issuance is as follows:

Maturities upon issuance	In thousands of R\$							
	Time deposits		Interbank deposits		Total 6/30/2010		Total 6/30/2009	
	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated
Up to 1 month	236,220				236,220		636,645	3,951
From 1 to 3 months	21	21			21	21	84,678	78,352
From 3 to 6 months	54,528	54,528	20,521	20,521	75,049	75,049	264,276	282,558
From 6 to 12 months	261	262	28,332	21,188	28,593	21,449	405,810	406,353
Over 12 months	281,862	282,297	134,749	98,497	416,611	380,794	761,494	847,661
Sub-total	572,892	337,108	183,602	140,206	756,494	477,314	2,152,903	1,618,875
Demand and other deposits					40,322	166,867	94,099	157,000
Total					796,816	644,181	2,247,002	1,775,875

Breakdown by segment in Operational Consolidated is as follows:

	In thousands of R\$							
	Demand deposits		Time deposits		Interbank deposits		Total	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Assets	127,270	91,058	34,202	415,170			161,472	25.1%
Corporate entities	21,288	53,979	53,763	190,060			75,051	11.6%
Financial institutions	92	2,422	690	16,014	140,206	577,350	140,988	21.9%
Institutional clients			75,552	223,043			75,552	11.7%
Individuals	2,425	9,541	134,227	197,238			136,652	21.2%
Group	15,792		38,674				54,466	8.5%
Total	166,867	157,000	337,108	1,041,525	140,206	577,350	644,181	100.0%

Concentration of major clients in Operational Consolidated is as follows:

	In thousands of R\$			
	6/30/2010		6/30/2009	
Major depositor	69,579	10.80%	128,806	7.25%
10 largest depositors	399,966	62.09%	837,607	47.17%
20 largest depositors	511,293	79.37%	1,133,238	63.81%
50 largest depositors	591,532	91.82%	1,487,571	83.77%
100 largest depositors	627,305	97.38%	1,682,671	94.75%

11 Liabilities for repurchase agreements

Liabilities for repurchase agreements, Bank and Operational Consolidated, are as follows:

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Own portfolio	52,926	5,805,262	52,926	5,805,262
National Treasury Bills	52,926	-	52,926	-
National Treasury Notes - B series	-	5,805,262	-	5,805,262
Third-party portfolio	2,518,570	513,071	2,518,570	513,071
Financial Treasury Bills	2,100,179	-	2,100,179	-
National Treasury Bills	418,391	-	418,391	-
National Treasury Notes - B series	-	513,071	-	513,071
	2,571,496	6,318,333	2,571,496	6,318,333

12 Funds from acceptance and issue of securities

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

In the six-month period ended June 30, 2010, the volume available relating to this program amounts to US\$ 350,000 thousand.

13 Borrowings and onlending

a) Borrowings abroad

Borrowings abroad in the Bank and the Operational Consolidated are comprised as follows:

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Borrowings abroad	497,686	522,787	497,686	522,787
Export credit line	4,825	120,155	4,825	120,155
Import credit line	71,709	178,597	71,709	178,597
	574,220	821,539	574,220	821,539
Current liabilities	77,763	232,388	77,763	232,388
Non-current liabilities	496,457	589,151	496,457	589,151
	574,220	821,539	574,220	821,539

The amount of R\$ 496,457 thousand, Bank and Operational Consolidated (June 30, 2009 - R\$ 589,151 thousand, Bank and Consolidated), classified as non-current liabilities, comprise the following operations:

The amount of R\$ 215,855 thousand, Bank and Operational Consolidated (June 30, 2009 - R\$ 215,855 thousand), refers to two funding operations in Reais, obtained from the International Finance Corporation (IFC), a World Bank agency, maturing in July 2013 and January 2014, indexed to the CDI. The amount of R\$ 269,036 thousand, Bank and Operational Consolidated, (June 30 2009 - R\$ 290,514 thousand) refers to funding of US\$ 150,000 thousand, obtained from the International Finance Corporation, indexed to the Libor, plus 1.75% per year, maturing in June 2011.

The amount of R\$ 11,566 thousand, Bank and Operational Consolidated (June 30, 2009 - R\$ 82,782 thousand, Bank and Operational Consolidated), refers to funding for import loan operations maturing up to October 2011, subject to interest rate between 4.22% and 6.42% per year (June 30, 2009 - maturing up to October 2011 and subject to interest rate between 1.70% and 4.78% per year).

b) Local onlending

Liabilities for local onlending, in the amount of R\$ 15,617 thousand (June 30, 2009 - R\$ 63,488 thousand), of which R\$ 7,051 thousand (June 30, 2009 - R\$ 14,241 thousand) is classified as non-current liabilities, refer to credit lines obtained from BNDES, FINAME and FINEM, maturing up to June 2015, with R\$ 7,587 thousand indexed to the TJLP (June 30, 2009 - maturing up to May 2015, with R\$ 57,941 thousand indexed to the TJLP and R\$ 5,547 thousand indexed to the US dollar).

14 Securities trading

	In thousands of R\$			
	Other receivables			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Registration and clearing house	94,812	59,433	94,811	59,433
Debtors – accounts pending settlement	10,110	2,946	10,184	2,994
Unsettled adjustments – Futures market	-	-	-	18,233
Total	104,922	62,379	104,995	80,660

	In thousands of R\$			
	Other liabilities			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Registration and clearing house	94,783	56,186	94,783	56,186
Creditors – accounts pending settlement	8,020	455	8,020	455
Creditors – loan stock	4,356	46,033	4,356	46,033
Short position of securities	-	819	-	819
Unsettled adjustments – futures market	4,087	4,602	4,087	30,858
Other	25	32	25	32
Total	111,271	108,127	111,271	134,383

15 Shareholders' equity

- (a) Capital is of 257,560,034 registered shares with par value of R\$ 1.60 each, represented by 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 Bank's articles of incorporation, this reserve represents the remaining balance of net income at each balance sheet date, after the legal allocations.

- (d) Treasury stock

At June 30, 2010, Banco BBM has 8,241,636 shares held in treasury, in the amount of R\$ 21,059 thousand. On January 29, 2010, Banco BBM purchased 5,794,816 PN shares at the unit value of R\$2.23, held in treasury.

- (e) Interest on equity capital

In accordance with article 9 of Law 9.249/95 and subsequent regulations, Banco BBM S.A., at June 30, 2010, declared the amount of R\$ 19,397 thousand (June 30, 2009 - R\$ 22,705 thousand) for purposes of interest on equity, with Withholding Income Tax of R\$ 2,910 thousand (1st half of 2009 - R\$ 3,406 thousand), calculated at 15%. The amount was determined in accordance with the legal limits in force, and recorded as "Other operating expenses".

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

The interest on equity capital proposed in the first half of 2010 reduced the tax burden by R\$ 7,759 thousand (1st half of 2009 - R\$ 9,082 thousand).

- (f) Dividends

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

16 Financial intermediation expenses and foreign exchange gains/losses

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Market funding operations				
Interest-bearing deposits abroad	(217)	(238)	(71)	(289)
Interbank deposits	(11,783)	(42,414)	(9,788)	(40,369)
Time deposits	(28,394)	(57,720)	(28,476)	(58,464)
Repurchase agreements	(175,367)	(215,730)	(175,376)	(215,730)
Expenses with marketable securities abroad	(17,726)	(12,416)	(17,729)	(11,387)
Credit guarantor fund	(877)	(965)	(877)	(965)
Foreign exchange variation (a)	67	155,799	67	155,799
	(234,297)	(173,684)	(232,250)	(171,405)
Borrowings and onlending				
Onlending expenses - BNDES	(705)	(350)	(705)	(350)
Expenses with borrowings abroad	(18,943)	(44,684)	(18,943)	(44,689)
Foreign exchange variation (b)	(9,030)	129,041	(9,030)	129,041
Income (expenses) on stock loans	(309)	(3,957)	(309)	(3,957)
Other expenses	-	(1,698)	-	(1,698)
	(28,987)	78,352	(28,987)	78,347
Foreign exchange				
Income from advances on foreign exchange contracts	8,301	17,566	8,301	17,566
Rate variations and differences	12,307	(99,789)	12,307	(99,789)
Other expenses	(463)	(839)	(463)	(839)
	20,145	(83,062)	20,145	(83,062)

- (a) These refer substantially to the foreign exchange effects on borrowings obtained by the Bank from its Branch abroad, through onlending of funds raised in foreign currency, which, at June 30, 2010 and 2009, were reclassified for purposes of preparation of the financial statements, from "Other operating income" to "Market funding expenses".
- (b) The balance of expenses with Borrowings, Assignments and Onlending is negative in the first half of 2010 mainly due to negative foreign exchange variation on the foreign borrowings balance (Note 13), reclassified from "Other operating income" for publication purposes.

17 Income from services rendered

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Investment fund management and performance fees (a)	34,560	21,316	38,718	22,671
Other services	1,212	2,549	776	2,153
	35,772	23,865	39,494	24,824

(a) As described in Note 25, income from investment fund management and performance fees in the first-half of 2010 also includes the amount of R\$ 921 thousand, determined by subsidiaries not included in the Operational Consolidated, totaling income from investment fund management and performance fees of R\$ 39,639 thousand and R\$ 40,415 thousand relating to total Income from services rendered.

18 Other administrative expenses

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Other administrative expenses				
Water, electric energy and gas	(615)	(710)	(630)	(710)
Rent	(2,537)	(2,415)	(2,637)	(2,514)
Communications	(2,512)	(4,047)	(2,753)	(4,152)
Asset maintenance and upkeep	(471)	(504)	(473)	(507)
Materials	(96)	(151)	(103)	(158)
Data processing	(1,763)	(1,719)	(2,005)	(1,969)
Promotion/advertising/publications	(600)	(802)	(703)	(896)
Financial System Services (a)	(5,446)	(6,357)	(5,621)	(6,747)
Third-party services	(4,744)	(551)	(5,151)	(1,188)
Surveillance and security services	(208)	(157)	(208)	(157)
Specialized technical services	(4,751)	(20,284)	(4,791)	(20,409)
Transportation	(156)	(2,181)	(204)	(2,197)
Travel	(682)	(1,212)	(685)	(1,216)
Other administrative expenses	(2,359)	(4,441)	(2,612)	(4,612)
Amortization and depreciation	(3,863)	(2,781)	(3,895)	(2,825)
	(30,803)	(48,312)	(32,471)	(50,257)

(a) This includes brokerage expenses, fees and commissions regarding stock and derivative financial instrument trading in amounting to R\$ 4,404 thousand, Bank, R\$ 4,412 thousand, Operational Consolidated, in the first half of 2010 (1st half of 2009 - R\$ 4,899 thousand, Bank, and R\$ 5,150 thousand, Operational Consolidated).

19 Significant transactions with related parties

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Assets				
Short-term interbank investments				
Foreign currency investments	2	239,106	-	-
Other receivables				
Securities trading	-	61	-	109
Sundry debtors abroad	-	-	3,084	-
Sundry	304	68	231	40
Liabilities				
Demand deposits	19,063	68,300	19,059	41,023
Interbank deposits	43,397	39,298	-	5
Time deposits	286,578	713,235	50,793	197,644
Derivative financial instruments	-	-	789	-
Dividends and bonus payable	19,712	-	19,712	-
Other				
Social and statutory	-	12	-	12
Sundry	38	285	7	305
P&L				
Income from investments abroad	-	-	-	238
Income from derivative financial instruments	-	-	1,090	-
Market funding operations				
Expenses with marketable securities	(17,725)	-	(17,725)	-
Expenses with interbank deposits	(1,995)	(2,140)	-	(95)
Expenses with 30-day resignation notice deposits	(217)	(238)	(1)	(230)
Expenses with time deposits	(2,407)	(5,070)	(73)	(968)
Other administrative expenses				
Services rendered	(17)	(44)	-	(16)
Other operating income				
Income from services rendered	461	569	-	83
Income from marketable securities abroad	260	-	260	-
Management fees	15,757	-	15,757	-

20 Derivative financial instruments

The Bank and the other Operational Consolidated institutions participate in operations involving derivative financial instruments to meet their own needs 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 3.082, 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 shareholders' equity account "Market value adjustment - marketable securities and derivative financial instruments", up to realization of the hedged item. The non-effective portion of the hedge is recognized directly in P&L for the period.

In addition, there are "macro hedging" operations to hedge all or part of the net exposure of Operational Consolidated to interest rate and foreign exchange risks, and also operations with directional positions. Management of these risks is carried out through policies that define the operation's strategy, as well as controls to monitor and define position limits. These operations do not comply with the definition of "hedge accounting" as established by Circular 3.082 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 - or the OTC Clearing House - CETIP. In the Operational Consolidated, 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;
- Swaps 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.

The guarantees involved in the operations with derivative financial instruments are represented mainly by sureties and government securities in the total amount of R\$ 147,338 thousand (June 30, 2009 - R\$ 229,611 thousand).

The commitments assumed as a result of these financial instruments, as recorded in memorandum accounts at June 30, 2010, mature up January 2017 (June 30, 2009 - up to January 2017), and may be summarized as follows:

Swaps and Forward - Bank

	Bank									Market value		
	Values by the contracted rates and indexes											
	6/30/2010			6/30/2009			6/30/2010			6/30/2009		
	Assets	Liabilities	Net position	Assets	Liabilities	Net position	Assets	Liabilities	Net position	Assets	Liabilities	Net position
A) Referenced in												
Currency	-	-	-	23,063	68,515	(45,452)	-	-	-	23,700	70,104	(46,404)
Interest rate	88,805	87,688	1,117	565,561	1,353,763	(788,202)	88,822	88,850	(28)	565,463	1,370,917	(805,454)
Other	6,476	6,227	249	1,321,384	487,489	833,895	6,640	6,227	413	1,321,509	492,029	829,480
	95,281	93,915	1,366	1,910,008	1,909,767	241	95,462	95,077	385	1,910,672	1,933,050	(22,378)
B) Counterparties												
Institutional clients	11	10	1	1,802,409	1,806,816	(4,407)	11	10	1	1,802,600	1,828,357	(25,757)
Financial institutions	6,476	6,227	249	51,473	53,883	(2,410)	6,640	6,227	413	51,601	54,028	(2,427)
Related parties	31,699	31,335	364	16,109	13,082	3,027	31,699	31,794	(95)	16,109	13,605	2,504
Legal entities	57,095	56,343	752	40,017	35,986	4,031	57,112	57,046	66	40,362	37,060	3,302
	95,281	93,915	1,366	1,910,008	1,909,767	241	95,462	95,077	385	1,910,672	1,933,050	(22,378)
C) Maturities												
Up to 3 months	14,602	14,298	304	104,597	104,401	196	14,620	14,373	247	104,662	1,749,589	(1,644,927)
From 3 to 6 months	38,575	38,303	272	23,617	20,678	2,939	38,574	38,759	(185)	23,517	104,765	(81,248)
From 6 to 12 months	3,929	3,752	177	56,060	56,763	(703)	3,929	3,924	5	56,191	21,268	34,923
Over 12 months	38,175	37,562	613	1,725,734	1,727,925	(2,191)	38,339	38,021	318	1,726,302	57,428	1,668,74
	95,281	93,915	1,366	1,910,008	1,909,767	241	95,462	95,077	385	1,910,672	1,933,050	(22,378)
D) Traded at												
BM&F	6,476	6,227	249	18,282	17,416	866	6,640	6,227	413	18,119	17,562	557
CETIP	88,805	87,688	1,117	1,891,726	1,892,351	(625)	88,822	88,850	(28)	1,892,553	1,915,488	(22,935)
	95,281	93,915	1,366	1,910,008	1,909,767	241	95,462	95,077	385	1,910,672	1,933,050	(22,378)

	Operational Consolidated						Market value					
	Values by the contracted rates and indexes											
	6/30/2010	6/30/2009		6/30/2010	6/30/2009		6/30/2010	6/30/2009		6/30/2010	6/30/2009	
	Assets	Liabilities	Net position	Assets	Liabilities	Net position	Assets	Liabilities	Net position	Assets	Liabilities	Net position
A) Referenced in												
Currency (*)	2,245	8,683	(6,438)	835,422	865,845	(30,423)	91,056	97,524	(6,468)	836,059	867,434	(31,375)
Interest rate	88,805	87,688	1,117	22,028,670	22,830,444	(801,774)	6,651	6,237	414	22,028,572	22,847,598	(819,026)
Other	6,476	74,356	(67,880)	1,321,384	487,489	833,895		68,129	(68,129)	1,321,509	492,029	829,480
	97,526	170,727	(73,201)	24,185,476	24,183,778	1,698	97,707	171,890	(74,183)	24,186,140	24,207,061	(20,921)
B) Counterparties												
Institutional clients	1,697	68,983	(67,286)	1,874,032	22,538,184	(20,664,152)	1,697	68,983	(67,286)	1,874,223	22,559,725	(20,685,502)
Financial institutions	7,036	13,277	(6,241)	21,523,768	870,702	20,653,066	7,200	13,277	(6,077)	21,523,896	870,847	20,653,049
Related parties	31,699	32,124	(425)	747,659	738,906	8,753	31,699	32,584	(885)	747,659	739,429	8,230
Legal entities	57,094	56,343	751	40,017	35,986	4,031	57,111	57,046	65	40,362	37,060	3,302
	97,526	170,727	(73,201)	24,185,476	24,183,778	1,698	97,707	171,890	(74,183)	24,186,140	24,207,061	(20,921)
C) Maturities												
Up to 3 months	16,847	91,110	(74,263)	11,948,868	11,952,979	(4,111)	16,865	91,186	(74,321)	11,948,933	13,598,167	(1,649,234)
From 3 to 6 months	38,575	38,303	272	9,905,387	9,896,686	8,701	38,575	38,759	(184)	9,905,287	9,980,773	(75,486)
From 6 to 12 months	3,929	3,752	177	605,487	606,188	(701)	3,929	3,924	5	605,618	570,693	34,925
Over 12 months	38,175	37,562	613	1,725,734	1,727,925	(2,191)	38,338	38,021	317	1,726,302	57,428	1,668,874
	97,526	170,727	(73,201)	24,185,476	24,183,778	1,698	97,707	171,890	(74,183)	24,186,140	24,207,061	(20,921)
D) Traded at												
BM&F	6,476	6,227	249	18,282	17,416	866	6,640	6,227	413	18,119	17,562	557
CETIP	88,805	87,688	1,117	1,891,726	1,892,351	(625)	88,822	88,851	(29)	1,892,553	1,915,488	(22,935)
OTC	2,245	76,812	(74,567)	22,275,468	22,274,011	1,457	2,245	76,812	(74,567)	22,275,468	22,274,011	1,457
	97,526	170,727	(73,201)	24,185,476	24,183,778	1,698	97,707	171,890	(74,183)	24,186,140	24,207,061	(20,921)

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

Options

	Bank						Operational Consolidated					
	6/30/2010			6/30/2009			6/30/2010			6/30/2009		
	Cost value	Market value	Risk	Cost value	Market value	Risk	Cost value	Market value	Risk	Cost value	Market value	Risk
A) Rights over												
Currencies	453	1	41	6,950	3,428	40,628	7,537	7,085	41	8,243	4,721	37,496
	453	1	41	6,950	3,428	40,628	7,537	7,085	41	8,243	4,721	37,496
B) Liabilities for												
Currencies	-	-	-	5	-	-	7,084	7,084	-	1,291	1,286	(3,132)
	-	-	-	5	-	-	7,084	7,084	-	1,291	1,286	(3,132)
Total	453	1	41	6,945	3,428	40,628	453	1	41	6,952	3,435	40,628
C) Counterparties												
Exchanges	453	1	41	6,945	3,428	40,628	453	1	41	6,952	3,435	40,628
	453	1	41	6,945	3,428	40,628	453	1	41	6,952	3,435	40,628
D) Maturities												
Up to 3 months	425		14	1,047	187	3,939	425	-	14	1,054	194	3,939
From 3 to 6 months	28	1	27	3,113	1,689	20,938	28	1	27	3,113	1,689	20,938
From 6 to 12 months				2,785	1,552	15,751	-	-		2,785	1,552	15,751
Over 12 months	-	-	-	-	-	-	-	-	-	-	-	-
	453	1	41	6,945	3,428	40,628	453	1	41	6,952	3,435	40,628
E) Traded at												
Exchanges	453	1	41	6,945	3,428	40,628	453	1	41	6,952	3,435	40,628
	453	1	41	6,945	3,428	40,628	453	1	41	6,952	3,435	40,628

Futures

In thousands of R\$				
Bank		Operational Consolidated		
2010	2009	2010	2009	
Market value	Market value	Market value	Market value	
A) Referenced in				
Foreign exchange coupon				
Long position (DDI and SCC)	3,344,606	4,835,545	3,344,606	4,835,545
Short position (DDI and SCC)	(2,491,184)	(2,580,683)	(2,491,184)	(2,580,683)
Interest rates (DI1)				
Long position	916,650	5,210,272	916,650	5,210,272
Short Short position	(495,539)	(2,079,418)	(495,539)	(2,079,418)
External interest rate				
Long position	-	-	1,237,919	1,568
Short position	-	-	(573,860)	(13,197)
Foreign currency				
Long position	1,630,164	957,284	1,630,164	957,284
Short position	(721,411)	(2,024,704)	(725,546)	(2,024,823)
Commodities				
Long position	-	-	8,745	16,665
Short position	-	-	(8,745)	(12,941)
	2,183,286	4,318,296	2,843,210	4,310,272
B) Counterparties				
Exchanges	2,183,286	4,318,296	2,843,210	4,310,272
	2,183,286	4,318,296	2,843,210	4,310,272
C) Maturities				
Up to 3 months (I)	2,305,84	(1,650,758)	2,287,832	(1,651,942)
From 3 to 6 months (II)	1,382,92	1,766,766	1,382,638	1,767,714
From 6 to 12 months (III)	(448,150)	5,819,420	(401,265)	5,815,590
Over 12 months	(1,056,140)	(1,617,132)	(425,995)	(1,621,090)
	2,183,286	4,318,296	2,843,210	4,310,272
D) Traded at				
Exchanges	2,183,286	4,318,296	2,843,210	4,310,272
	2,183,286	4,318,296	2,843,210	4,310,272

(I) Includes futures contracts with maturities up to October 1, 2010.

(II) Includes futures contracts with maturities between October 2, 2010 and January 2, 2011.

(III) Includes futures contracts with maturities between January 3, 2011 and July 1, 2011.

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\$ 1,421,200 thousand (June 30, 2009 - long position in foreign exchange coupons (DDI) in the amount of R\$ 853,924 thousand);
- Long position in interest (DI1) in the amount of R\$ 916,649 thousand (June 30, 2009 - short position in interest (DI1) in the amount of R\$ 717,256 thousand);
- Short position in currency (DOL) in the amount of R\$ 721,411 thousand (June 30, 2009 - short position in currency (DOL) in the amount of R\$ 1,985,753 thousand);
- Long position in foreign exchange coupons (SCC) in the amount of R\$ 107,636 thousand (June 30, 2009 - short position in foreign exchange coupons (SCC) in the amount of R\$ 911,087 thousand).

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

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Futures contracts	(16,043)	(173,024)	(10,066)	(173,036)
Options contracts	(433)	(737)	(232)	(922)
Swap and forward contracts	(1,139)	(29,139)	(8,368)	(14,893)
Total	(17,615)	(202,900)	(18,666)	(188,851)

Hedge accounting

At June 30, 2010, derivative financial instruments classified as market risk hedge, adjusted, represented by future foreign exchange coupon contracts amount to R\$ 280,044 thousand, Bank and Operational Consolidated (June 30, 2009 - R\$ 297,983 thousand). Hedged items are liability transactions subject to foreign exchange coupon variation. These operations were adjusted to market value resulting in gains, net of taxes, in the amount of R\$ 360 thousand, Bank and Operational Consolidated (June 30, 2009 - loss, net of taxes, of R\$ 10,246 thousand), posted to P&L for the year.

The hedge effectiveness of the hedge has been tested, as required by the Central Bank of Brazil.

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 operational 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 Risk Officer, is responsible for identifying, measuring, monitoring and informing the Bank's market risk to the Board of Directors, on a daily basis, 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 departments.

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

Liquidity risk

Liquidity risk is managed based on cash flow forecasts, considering different scenarios of funding, loan and treasury operations. The management policy, as defined by the Management Committee, establishes scenarios in which: a) funding operations are considered only up to first-term liquidity; b) cash inflows consider each client's underlying risk; c) assumptions are made regarding additional cash requirements to meet compulsory deposits obligations, derivatives adjustments and other obligations. The general principle is to ensure that the Bank's commitments match net equity and current funding, loan and treasury policies.

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Current assets	4,207,987	5,828,831	4,560,403	5,957,319
Current liabilities	(3,729,960)	(9,815,693)	(3,687,569)	(9,199,390)
Net working capital	478,027	(3,986,862)	872,834	(3,242,071)
Securities available for sale included in non-current assets	40,037	4,377,400	40,037	4,377,400
	518,064	390,538	912,871	1,135,329

Credit risk

The credit risk evaluation process of each company and/or economic group focuses on the ability to generate profits, market share, quality of its control, indebtedness level, and management strategy and commitment.

Credit limit recommendations are submitted to a formal approval process, by a credit committee which includes, among others, the Chief Risk Officer, at least one Executive Director and a member of the Board of Directors. Credit limits approved are mostly valid for up to 90 days.

Operational risk

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

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

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

22 Operational limits

In July 2008, the new rules related to capital measurement became effective. Financial institutions and similar entities are required to maintain minimum equity of 11% of their assets weighted by levels of risk to exposures in gold, foreign currency and operations subject to operational risk and changes in: exchange rates, interest rates, commodities prices and stock prices classified as trading securities, in accordance with rules established by BACEN. The Bank's Operational Consolidated statements fall into this operational limit at June 30, 2010.

	In thousands of R\$	
	Operational Consolidated	
	6/30/2010	6/30/2009
Tier I capital	639,743	735,176
Shareholders' equity	649,065	760,507
Deferred permanent assets	9,156	10,172
Market value adjustment – Marketable securities and derivative financial instruments	166	15,159
Tier II capital	166	15,159
Market value adjustment – Marketable securities and derivative financial instruments	166	15,159
Reference assets (RA)	639,909	750,335
Required Capital Base (RCB)	340,161	482,680
Portion referring to:		
Credit risk (PEPR)	131,068	254,636
Foreign exchange risk (PCAM)	107,425	
Interest rate risk (PJUR)	26,878	184,054
Equity risk (PACS)	1,892	6,897
Operational risk (POPR)	72,898	37,093
RBAN	1,084	5,171
Margin or deficit (RA - RCB)	298,664	262,484
Risk factor - 11% of PR	70,390	82,537
Basel index (Risk Factor / RCB)	20.69%	17.10%
Fixed asset investment ratio	3.83%	14.99%
Fixed asset investment margin	295,455	262,660

23 Income and social contribution taxes

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

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Tax credit receivable:				
Balance at January 1	117,299	60,974	117,999	62,051
Set up (reversal)				
- Effect on P&L	124	26,657	179	26,107
- Effect on shareholders' equity				
(Securities available for sale)	(8)	8	(8)	8
Balance at June 30	117,415	87,639	118,170	88,166
Provision for deferred taxes:				
Balance at January 1	23,802	23,337	23,802	23,337
Set up (reversal)				
- Effect on P&L	(18,793)	(4,837)	(18,793)	(4,837)
- Effect on shareholders' equity				
(Securities available for sale)	(204)	10,102	(204)	10,102
Balance at June 30	4,805	28,602	4,805	28,602

Tax credits and provision for deferred taxes are comprised as follows:

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Tax credit receivable:				
Temporary differences				
- Provision for loan operations	74,951	50,659	74,951	50,659
- Market value adjustment – Marketable securities and derivative financial	2,338	9,607	2,338	9,607
- PIS / COFINS (Note 24b)	23,848	18,769	24,476	19,170
- Other	16,278	8,604	16,405	8,730
Total	117,415	87,639	118,170	88,166
Provision for deferred taxes:				
Temporary differences				
- Market value adjustment – Marketable securities and derivative financial	223	24,167	223	24,167
- Other	4,582	4,435	4,582	4,435
Total	4,805	28,602	4,805	28,602

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

	In thousands of R\$			
	6/30/2010		6/30/2009	
	IRPJ	CSLL	IRPJ	CSLL
Income before income and social contribution taxes	13,305	13,305	37,040	37,040
Net income	23,779	23,779	60,668	60,668
(-) Interest on equity capital	(19,397)	(19,397)	(22,705)	(22,705)
(-/+) Income and social contribution taxes	(8,923)	(8,923)	923	923
Statutory rate (a)	25%	15%	25%	15%
Income and social contribution taxes				
At the statutory rate (a)	(3,326)	(1,996)	(9,260)	(5,556)
Permanent additions	48,914	34,968	77,679	74,737
Non-deductible expenses	14,124	178	3,522	580
Equity pickup – before elimination of income	4,176	4,176	17,171	17,171
Addition of foreign earnings	30,614	30,614	56,986	56,986
Permanent exclusions	36,688	36,688	106,665	106,665
Non-taxable income	52	52	340	340
Equity pickup – before elimination of income	36,636	36,636	106,325	106,325
Temporary additions/exclusions	49,764	49,764	41,579	41,579
Tax base	75,295	61,349	49,633	46,691
Income and social contribution taxes (a)	(18,812)	(9,202)	(12,396)	(7,004)
Use of tax incentives and taxes of foreign subsidiaries	129	0	1,519	
Income and social contribution taxes in P&L for the year	(18,683)	(9,202)	(10,877)	(7,004)
DIPJ adjustment	45		170	2,002
Deferred tax liabilities	11,746	7,047	(1,166)	(700)
Income and social contribution taxes in P&L for the year - Banco BBM	(6,892)	(2,155)	(11,873)	(5,702)
Income and social contribution taxes of other entities of the Operational Consolidated	(1,079)	(677)	(2,943)	(1,784)
Income and social contribution taxes in P&L for the year – Operational Consolidated	(7,970)	(2,832)	(14,816)	(7,486)

24 Provisions and liabilities for legal obligations

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

a) Breakdown of provisions

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

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Civil	510	510	510	510
Labor	5,133	2,940	5,133	2,940
Total – Provisions for contingencies	5,643	3,450	5,643	3,450

Provisions are registered as “Other Liabilities - Sundry” under non-current liabilities. During the six-month period ended June 30, 2010, a provision for contingencies of R\$ 1,628 thousand was set up in the Bank and Operational Consolidated.

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 and BBM CCVM have been paying said taxes calculated only on income from services rendered, recording a liability for the remaining balances until a final decision is handed down, recorded as “Other Liabilities - Sundry” under non-current liabilities as follows:

	In thousands of R\$			
	Bank		Operational Consolidated	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
PIS and COFINS	59,619	46,923	61,188	47,924
Total – Liabilities for legal obligations	59,619	46,923	61,188	47,924

In the first half of 2010, the total amount of R\$ 7,645 thousand was set up in the Bank, of which R\$ 1,988 thousand is restated based on the SELIC. In Operational Consolidated the amount of R\$ 7,781 thousand was set up, of which R\$ 2,041 is restated based on the SELIC.

25 Asset management

At June 30, 2010, assets under Banco BBM Financial Group's management totaled R\$ 6,604,199 thousand (June 30, 2009 - R\$ 4,246,328 thousand), of which R\$ 6,032,259 thousand (June 30, 2009 - R\$ 3,683,814 thousand) refers to funds, investment clubs and portfolios managed by the Group, and R\$ 571,940 thousand (June 30, 2009 - R\$ 562,514 thousand) to investment funds managed by third parties.

Income from management and performance fees are recorded in the account "Income from services rendered" except for those earned by BBM Gestão de Recursos S.A. (merged on December 31, 2009, as mentioned in Note 9.d) and BBM Investment Management Services, which is a subsidiary of BBM Administração de Recursos DTVM S.A., not included in the Operational Consolidated as it is not considered a financial institution, as described in Note 4. Income from asset management is as follows:

	In thousands of R\$	
	6/30/2010	6/30/2009
Income from management and performance fees of investment funds included in the Operational Consolidated (a)	38,718	22,671
Income from management and performance fees of investment funds included in related parties (b)	921	60,295
Total	39,639	82,966

(a) See Note 17.

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

* * *

Sérgio Freitas - Controller

Sérgio Fonseca - Accountant
CRC RJ 084.227/O-4-''S''-BA