BANCO CENTRAL DO BRASIL
Administration Management
Accounting and Financial Department

Financial Statements

June 30, 2013

BANCO CENTRAL DO BRASIL

CONDENSED INTERIM BALANCE SHEET

In thousands of Reais

A S S E T S	Notes	Jun 30, 2013	Dec 31, 2012 (Restated - Note 4)
ASSETS IN FOREIGN CURRENCIES		**850,495,750**	**784,189,650**
Cash and Cash Equivalents	**5**	25,947,171	13,636,611
Time Deposits Placed with Financial Institutions	**6**	32,588,092	29,433,213
Funds Under External Management	**7**	13,905,759	13,092,735
Financial Assets Purchased Under Resale Agreements	**8.1**	5,501,864	11,826,109
Derivatives	**9.1**	2,109	67,998
Securities	**10.1**	748,523,191	692,023,006
Receivables	**12.1**	3,940,581	3,367,814
Gold	**13**	5,842,064	7,316,622
Investment in International Financial Organizations		14,244,919	13,425,542
ASSETS IN LOCAL CURRENCY		**953,998,979**	**1,024,758,273**
Cash and Cash Equivalents	**5**	-	20,483
Deposits		1,466,080	1,428,823
Financial Assets Purchased Under Resale Agreements	**8.2**	-	61,849,997
Derivatives	**9.2**	-	15,197
Federal Government Securities	**10.2**	914,047,176	910,222,934
Receivables from the Federal Government	**11**	10,438,354	9,900,636
Receivables	**12.2**	26,370,381	39,787,656
Property and Equipment		778,224	778,264
Other		898,764	754,283
TOTAL ASSETS		**1,804,494,729**	**1,808,947,923**

L I A B I L I T I E S A N D E Q U I T Y	Notes	Jun 30, 2013	Dec 31, 2012 (Restated - Note 4)
LIABILITIES IN FOREIGN CURRENCIES		**37,672,215**	**19,341,850**
Items in the Course of Collection	**14**	15,512,301	76,880
Deposits Received from Financial Institutions	**15**	1,575	1,453
Financial Assets Sold Under Repurchase Agreements	**8.1**	1,722,494	636,357
Derivatives	**9.1**	1,611	9,097
Accounts Payable		9,620,364	9,067,027
Deposits Received from International Financial Organizations		10,806,845	9,547,147
Other		7,025	3,889
LIABILITIES IN LOCAL CURRENCY		**1,584,458,866**	**1,583,437,994**
Items in the Course of Collection	**14**	13,730	32,811
Deposits Received from Financial Institutions	**15**	335,718,521	320,097,305
Financial Assets Sold Under Repurchase Agreements	**8.2**	665,269,421	597,214,923
Derivatives	**9.2**	712,946	-
Payables to the Federal Government	**11**	552,148,153	636,328,424
Accounts Payable		963,058	839,300
Deposits Received from International Financial Organizations		5,892	4,578
Provisions		29,591,915	28,895,337
Other		35,230	25,316
CURRENCY IN CIRCULATION	**16**	**166,507,946**	**187,434,736**
EQUITY	**17**	**15,855,702**	**18,733,343**
Capital		24,675,451	24,675,451
Revenue Reserve		6,624,205	1,606,019
Revaluation Reserve		444,441	447,584
Gains (Losses) Recognized Directly in Equity		(15,888,395)	(7,995,711)
TOTAL LIABILITIES AND EQUITY		**1,804,494,729**	**1,808,947,923**

(The accompanying notes are an integral part of these condensed interim financial statements)

BANCO CENTRAL DO BRASIL
CONDENSED INTERIM INCOME STATEMENT
In thousands of Reais

	Notes	1st half/2013	1st half/2012 (Restated - Note 4)
Interest income		48,467,315	46,318,951
Interest expenses		(59,949,861)	(64,880,199)
Net interest result	**18**	(11,482,546)	(18,561,248)
Gains (losses) on financial instruments classified as At fair value through profit or loss, held for trading	**19**	28,681,230	25,442,092
Gains (losses) on financial instruments classified as At fair value through profit or loss, by designation of the management	**20**	(338,233)	3,142,663
Gains (losses) from foreign currencies	**21**	2,756,020	2,428,533
Other income	**22**	1,649,627	1,436,769
Other expenses	**22**	(3,578,027)	(1,389,667)
NET INCOME FOR THE SEMESTER	**23.1**	**17,688,071**	**12,499,142**

(The accompanying notes are an integral part of these condensed interim financial statements)

In thousands of Reais

	Notes	1st half/2013	1st half/2012 (Restated - Note 4)
NET INCOME FOR THE SEMESTER	**23.1**	**17,688,071**	**12,499,142**
OTHER COMPREHENSIVE INCOME	**23.2**	**(7,892,684)**	**7,137,964**
Items which will not be reclassified to results		**819,376**	**758,785**
Investment in International Financial Organizations		819,376	801,633
Remeasurements of Defined Benefit Plans		-	(42,848)
Items which may be reclassified to results		**(8,712,060)**	**6,379,179**
Federal Government Securities		(8,712,060)	6,379,179
COMPREHENSIVE INCOME FOR THE SEMESTER	**23.2**	**9,795,387**	**19,637,106**

(The accompanying notes are an integral part of these condensed interim financial statements)

In thousands of Reais

	Note	CAPITAL	REVENUE RESERVE	REVALUATION RESERVE	GAINS (LOSSES) RECOGNIZED DIRECTLY IN EQUITY	TOTAL EQUITY
At December 31, 2012 - Restated	**17**	**24,675,451**	**1,606,019**	**447,584**	**(7,995,711)**	**18,733,343**
Realization of Revaluation Reserves		3,143	-	(3,143)	-	-
Gains (losses) recognized directly in Equity		-	-	-	(7,892,684)	(7,892,684)
Net income for the 1st half of 2013		17,688,071	-	-	-	17,688,071
Constitution of Revenue Reserve	**17**	(5,018,186)	5,018,186	-	-	-
Result to be transferred to the National Treasury		(12,673,028)	-	-	-	(12,673,028)
At June 30, 2013	**17**	**24,675,451**	**6,624,205**	**444,441**	**(15,888,395)**	**15,855,702**
At December 31, 2011 - Restated	**17**	**24,675,451**	**1,606,019**	**453,869**	**(10,516,339)**	**16,219,000**
Realization of Revaluation Reserves		3,142	-	(3,142)	-	-
Gains (losses) recognized directly in Equity		-	-	-	7,137,964	7,137,964
Net income for the 1st half of 2012		12,499,142	-	-	-	12,499,142
Result to be transferred to the National Treasury		(12,502,284)	-	-	-	(12,502,284)
At June 30, 2012 - Restated	**17**	**24,675,451**	**1,606,019**	**450,727**	**(3,378,375)**	**23,353,822**

(The accompanying notes are an integral part of these condensed interim financial statements)

CONDENSED INTERIM STATEMENT OF FOREIGN CURRENCIES CASH FLOWS

In thousands of Reais

	1st half/2013	1st half/2012
Net Cash Flow from Operating Activities	**11,557,928**	**5,483,871**
Interest received	5,579,030	6,182,949
Interest paid	(3,318)	(6,327)
Purchase of securities	(7,240,783)	(17,141,167)
Purchase of foreign currencies	356,187	32,279,940
Redemptions of repurchase and reverse repurchase transactions	7,633,790	282,621
Redemptions (placement) of time deposits	3,659,028	(7,985,765)
Placement of funds under external management	(6,184)	(10,424,448)
Formation of passive deposits	262,494	1,265,586
Receipts on behalf of the National Treasury	4,913	8,179
Receipt of receivables	1,097,611	1,005,243
Receipts (payments) resulting from operations with derivatives	207,624	(5,269)
Other receipts	7,536	22,329
Net Cash Flow	**11,557,928**	**5,483,871**
Change in Cash and Cash Equivalents	**11,557,928**	**5,483,871**
Cash and cash equivalents at the beginning of the semester	13,636,611	12,808,011
Cash and cash equivalents at the end of the semester	25,947,171	20,183,125
Effect of exchange rate changes on cash and cash equivalents	752,632	1,891,243

(The accompanying notes are an integral part of these condensed interim financial statements)

1 - THE BANK AND ITS ATTRIBUTIONS

Banco Central do Brasil (BCB), established through the enactment of Law 4,595 of December 31, 1964, is an autonomous federal government institution that is part of the Brazilian financial system and its mission is to ensure the stability of the purchasing power of the Brazilian currency and a solid and efficient financial system. The BCB's head office is in Brasília, Federal District, in Setor Bancário Sul, quadra 3, bloco B and it has offices in nine other states of Brazil.

These condensed interim financial statements were analyzed by the Deputy Governor of Administration, who recommended a favorable vote for their approval on August 8, 2013. As established in Law 4,595 of 1964, the National Monetary Council (CMN) authorized the publication of these statements on September 4, 2013 and they are available on the BCB's Internet website (www.bcb.gov.br).

2 - PRESENTATION

The BCB's condensed interim financial statements for the half-year six-month period ended June 30, 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and follow the provisions of the International Accounting Standard (IAS) 34 – Interim Financial Reporting. Therefore, they do not include all the disclosures required for a complete set of financial statements and should be read along with the financial statements as of December 31, 2012.

3 - SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies used by the BCB, which were applied consistently to the comparative financial information, is presented below.

3.1. Determination of profit and loss

The BCB's profit or loss is determined semi-annually on an accrual basis and is transferred to the National Treasury in the event of net income, after the recording or reversal of reserves, or covered by it in the event of a net loss (Notes 23.1 and 25.a).

3.2. Recognition of interest income and expenses

Interest income and expenses are recognized using the effective interest yield of the operations, which discounts the future receipts and payments of financial assets or liabilities to their net carrying amount, according to their contractual terms. This calculation considers all the material amounts paid or received between the parties, such as fees, commissions, discounts and premiums.

Interest income and expenses presented in the income statement include interest income and expenses of the BCB's financial assets and liabilities not classified as At Fair Value through Profit or Loss.

3.3. Assets and liabilities in foreign currencies

The functional and reporting currency of these condensed interim financial statements is the Real, which represents the currency of the main economic environment in which BCB operates. Transactions in foreign currency are translated into Reais at the prevailing exchange rate on the date of the transactions. The foreign exchange restatement referring to monetary assets and liabilities denominated in foreign currencies is calculated on a daily basis, using the closing rate of the free exchange market, with the related gains and losses recognized monthly in profit or loss. The following table presents the exchange rates used on the balance sheet closing date:

(All amounts expressed in thousands of Reais, unless otherwise stated) 7

	Reais / currency	
	Jun 30, 2013	**Dec 31, 2012**
U.S. Dollar	2.2153	2.0432
Euro	2.8822	2.6949
Canadian Dollar	2.1075	2.0542
Pound Sterling	3.3691	3.3025
Australian Dollar	2.0313	2.1192
SDR	3.3319	3.1402
Gold (troy ounces)	2,704.0838	3,386.6040

The exchange rates used are those freely fixed by the market agents and published by the BCB, except for the quotation for gold, which is the PM Fixing, published by the London Stock Exchange, translated into Reais at the U.S. dollar rate on the balance sheet date. The exchange rates are estimated based on the average of the transaction quotations in the spot interbank market effectively provided by institutions accredited to carry out the purchase and sale of foreign currency with the BCB (dealers), excluding the two highest and the two lowest quotations.

The Special Drawing Right (SDR) is the accounting unit adopted by the International Monetary Fund (IMF) and its rate is pegged to a basket of currencies that are freely used in international transactions, currently the euro (EUR), the yen (JPY), the pound sterling (GBP) and the U.S. dollar (USD).

3.4. Financial assets and liabilities

3.4.1 Recognition

Financial assets and liabilities are recognized at their fair values at the time they are contracted, i.e. on the date on which the entity undertakes to purchase or sell them, and for those that are not classified as At Fair Value through Profit or Loss, this amount includes all the costs incurred in the transaction.

The BCB conducts operations in which it neither receives nor transfers substantially all the risks and benefits of financial assets traded, as in resale agreements. In this situation, the assets traded are not recognized in the accounting and the amounts invested are recorded in the balance sheet at the amounts advanced.

3.4.2 Derecognition

Financial assets are derecognized when:

a) the rights to receive their cash flows expire, due to financial settlement, lack of expected settlement or in the event of loss of the right of realization; or

b) the BCB transfers the rights to receive the cash flows, substantially transferring all the risks and benefits of ownership. Where it is not possible to determine if there is substantial retention or transfer of all the risks and benefits of ownership, the financial assets are derecognized only when there is no retention of control over the transferred financial assets.

Financial liabilities are derecognized when the obligations are settled, cancelled or have expired.

The BCB carries out operations in which it transfers the assets recognized on its balance sheet, but it remains with control through risks retention and the right to income and expenses. The main transactions with these characteristics are repurchase agreements and securities lending operations.

3.4.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and recorded at net value when there is the legal right and the intention to settle the resulting payments and receipts on a net basis. Transactions with these characteristics are carried out in the Local Currency Payment System (SML) and the Reciprocal Credit

Payment Agreement (CCR), presented in credits receivable or payables, according to the balance determined on the balance sheet closing date.

3.4.4 Classification of financial instruments

On the date of the contracting, financial assets are classified into one of the following categories: At Fair Value through Profit or Loss, Held-to-maturity, Loans and Receivables or Available-for-sale. After the initial recognition, assets are valued in accordance with the classification made:

a) At Fair Value through Profit or Loss

A financial instrument is classified in the category At Fair Value through Profit or Loss, with gains and losses resulting from changes in the fair value recognized in the income statement, in the event of one of the following situations:

- if there is the intention to trade it in the short-term;
- if it is a financial derivative;
- through Management's decision, when this classification presents more relevant information and provided that these assets are part of a portfolio that is valued and managed based on their fair value;

b) Held-to-maturity

This category comprises the non-derivative financial assets which the entity has the intention and ability to hold until maturity. These assets are carried at amortized cost and the interest, calculated using the effective interest rate, is recognized in the income statement on an accrual basis;

c) c) Loans and Receivables

This category includes non-derivative financial instruments with fixed or calculable payments that are not quoted in an active market. These assets are carried at amortized cost and the interest, calculated using the effective interest rate, is recognized in the income statement on an accrual basis; and

d) Available-for-sale

This category records the non-derivative financial assets that are not classified in the other categories, since Management does not have a specific intention to sell them. These assets are measured at fair value, with gains and losses recorded in equity – they are recognized in profit or loss upon their effective realization –, while interest, calculated using the effective interest rate, is recognized in the income statement on an accrual basis.

3.4.5 Measurement

The fair value is the market value published by the main depository trust companies (custodian) and providers of economic information. For instruments with no active market, the fair value is calculated using pricing models which include the value of the most recent tradings, the discounted cash flow and the fair value of similar financial instruments. The models used are assessed by a multi-departmental committee, which is also responsible for suggesting new methodologies or improvements.

The amortized cost is the value on the date of recognition, adjusted by the contractual interest using the effective interest rate, less any payments and impairment losses.

The following table presents a summary of the main financial instruments and their classifications:

Assets in Foreign Currencies	Category	Measurement Basis / Source of Information
Cash and Cash Equivalents	Loans and Receivables	Amortized cost
Time Deposits Placed with Financial Institutions	Loans and Receivables	Amortized cost
Funds Under External Management	At Fair Value through Profit or Loss	Fair value - Manager
Financial Assets Purchased Under Resale Agreements	Loans and Receivables	Amortized cost
Derivatives - Futures	At Fair Value through Profit or Loss	Fair value - Stock exchanges
Derivatives - Forward	At Fair Value through Profit or Loss	Fair value - Internal Models/Bloomberg
Securities	At Fair Value through Profit or Loss	Fair value - Bloomberg
Receivables	Loans and Receivables	Amortized cost
Investment in International Financial Organizations	Available-for-sale	Fair value - Redemption value in Reais

Assets in Local Currency	Category	Measurement Basis / Source of Information
Cash and Cash Equivalents	Loans and Receivables	Amortized cost
Deposits	Loans and Receivables	Amortized cost
Financial Assets Purchased Under Resale Agreements	Loans and Receivables	Amortized cost
Derivatives - Swap	At Fair Value through Profit or Loss	Fair value - Stock, Futures and Commodities Exchange
Derivatives - Foreign Exchange Equalization	At Fair Value through Profit or Loss	Fair value - BCB
Federal Government Securities - part of the LTN	Available-for-sale	Fair value - Anbima
Federal Government Securities - LFT, NTN-B, NTN-F, NTN-P and part of the LTN	Held-to-maturity	Amortized cost
Receivables from the Federal Government	Loans and Receivables	Amortized cost
Receivables - Institutions Under Extrajudicial Liquidation	At Fair Value through Profit or Loss	Fair value - Discounted cash flow
Receivables - Other	Loans and Receivables	Amortized cost

Liabilities in Foreign Currencies	Category	Measurement Basis / Source of Information
Items in the Course of Collection	Other liabilities	Amortized cost
Deposits Received from Financial Institutions	Other liabilities	Amortized cost
Financial Assets Sold Under Repurchase Agreements	Other liabilities	Amortized cost
Derivatives - Futures	At Fair Value through Profit or Loss	Fair value - Stock exchanges
Derivatives - Forward	At Fair Value through Profit or Loss	Fair value - Internal Models/Bloomberg
Accounts Payable	Other liabilities	Amortized cost
Deposits Received from International Financial Organizations	Other liabilities	Amortized cost

Liabilities in Local Currency	Category	Measurement Basis / Source of Information
Items in the Course of Collection	Other liabilities	Amortized cost
Deposits Received from Financial Institutions	Other liabilities	Amortized cost
Financial Assets Sold Under Repurchase Agreements	Other liabilities	Amortized cost
Derivatives - Swap	At Fair Value through Profit or Loss	Fair value - Stock, Futures and Commodities Exchange
Derivatives - Foreign Exchange Equalization	At Fair Value through Profit or Loss	Fair value - BCB
Payables to the Federal Government	Other liabilities	Amortized cost
Accounts Payable	Other liabilities	Amortized cost
Deposits Received from International Financial Organizations	Other liabilities	Amortized cost

3.4.6 Impairment of financial assets

The BCB conducts an evaluation, at least every six months, in order to verify if there is evidence of impairment of its financial assets.

The BCB considers as objective evidence of impairment only the events occurring after the initial recognition of the asset that had an impact on the estimated cash flow and only when this impact can be reliably estimated. The BCB considers, for example, the following events:

a) financial difficulties of the obligor;

b) default of any payment, whether related to the principal or interest;

c) renegotiation or discounts granted;

d) extrajudicial liquidation, bankruptcy and financial reorganization;

e) disappearance of an active market, due to financial difficulties of the issuer.

If there is objective evidence of impairment for assets carried at amortized cost, the amount of the loss is calculated as the difference between the carrying value of the asset on the date of measurement and the value that is expected to be received, adjusted to present value by the contractual rates. The carrying amount of the asset is adjusted through the use of an allowance account and the amount of the loss is recognized in the income statement.

The impairment of financial assets is assessed individually by a multi-departmental committee, which is responsible for verifying the appropriateness of the values and the methodologies used.

For the assets classified as Available-for-sale, when there is objective evidence of impairment, the accumulated loss recognized in equity is transferred to the income statement, even if the asset has not been effectively realized.

When an asset is considered uncollectible, it is written off against the allowance account. Any subsequent recoveries of amounts previously written-off are recognized as income.

If, in subsequent periods, there is a change in the conditions of receipt of the asset and this change results in a reversal of an impairment loss recognized previously, the amount of the reversal is recorded as a gain, except for equity investments, where previously recognized impairment cannot be reversed.

3.4.7 Derivatives

Derivatives are recognized at fair value as from the date they are contracted and are presented as assets when the fair value is positive and as liabilities when the fair value is negative.

The BCB does not apply hedge accounting as established in IAS 39 – Financial Instruments: Recognition and Measurement and, accordingly, recognizes all gains and losses in the income statement.

3.5. Gold

Since the IFRS do not establish an accounting treatment for investments in monetary gold held by central banks, the BCB understands that the most appropriate treatment for this type of asset would be the one arising from the application of the Conceptual Framework for Financial Reporting issued by the IASB.

Accordingly, the investments in monetary gold are recognized at fair value upon their contracting, that is, on the date on which the entity undertakes to make the purchase or sale. After initial recording, the gains and losses arising from the changes in fair value, calculated by the PM Fixing quotation of the London Stock Exchange, are recognized in the income statement on an accrual basis.

3.6. Property and equipment

This group of accounts consists of land, buildings and equipment acquired by the BCB for its own use, as well as the collection of works of art and precious metals, except monetary gold, which is recorded at cost, less accumulated depreciation, when applicable. All the expenses directly attributable to the acquisition or construction of the asset are included in the cost. Further expenditures are capitalized only when it is probable that future economic benefits associated with the item will flow to the BCB and these can be reliably estimated. Other expenditures for maintenance and repair are recognized in the income statement.

Land, works of art and precious metals are not depreciated. The other assets are depreciated according to the straight line method, recognizing their cost over the estimated useful life of the assets, as follows:

a) buildings: 62.5 years;

b) equipment and furniture: 5 years for computer equipment and vehicles and 10 years for other fixed assets.

3.7. Provisions

3.7.1 Litigation

The BCB recognizes a provision when an outflow of economic resources is probable and this amount can be estimated reliably. When an outflow of economic resources is not probable, but only possible, no provision is recognized.

3.7.2 Post-employment benefits

The BCB sponsors post-employment plans with respect to retirement, pension and health care benefits, all in the form of defined benefits.

(All amounts expressed in thousands of Reais, unless otherwise stated) 11

A defined benefit plan is one where the value of the benefits to which the employees have the right upon retirement is previously established, considering one or more factors, such as age and time of contribution.

The provision recognized in the balance sheet is the present value of the obligations less the fair value of the assets of the plans. The value of the obligations is calculated annually by independent actuaries. When the fair value of the plan assets exceeds the present value of the obligations, resulting in an actuarial surplus, a corresponding asset is recognized in the balance sheet, to the extent of the expected benefits.

Actuarial gains and losses resulting from adjustments based on experience and on changes in actuarial assumptions are fully recognized in equity.

3.8. Tax immunity

Pursuant to the Brazilian Federal Constitution, the BCB is exempt from taxes on its equity and on the income and services related to its activities. However, it is obliged to collect fees and contributions and make tax withholdings referring to the payments of services provided by third parties.

3.9. Statement of cash flows

The purpose of the Statement of Cash Flows is to present an entity's capacity to generate cash in order to meet its liquidity requirements. Considering that the BCB is the institution responsible for the liquidity of the financial system and, therefore, the holder of the right to issue currency, the BCB's Management understands that the statement of cash flows referring to its operations should be limited to the transactions in foreign currencies, since these are outside its prerogative to issue.

For purposes of the Statement of Cash Flows, cash and cash equivalents include cash, demand deposits and very short-term time deposits, in foreign currencies (Note 5).

4 - CHANGES IN ACCOUNTING POLICIES WITH RETROACTIVE EFFECTS

As from January 1, 2013, the BCB made some changes in accounting policies with retroactive effects with respect to employee benefits (IAS 19) and gold operations.

4.1. Employee benefits (IAS 19)

This refer to the implementation of changes to IAS 19 – Employee Benefits, approved by the IASB in June 2011, namely: the elimination of the option for postponing recognition of gains and losses from defined benefit plans (corridor method); the elimination of options for the presentation of gains and losses with respect to these plans; and the calculation of the expected return on the plan's assets based on the rate used for discounting the defined benefit obligation.

Due to the terms of the change to IAS 19, the application of the new provisions should be carried out retrospectively, except with regard to entities that do not need to adjust the carrying amount of assets beyond the date of initial application – defined as the beginning of the period immediately preceding that of the first financial statements presented in accordance with the revised standard.

Therefore, the changes implemented as from January 1, 2013 caused retroactive effects on the financial statements for the period beginning January 1, 2012. The effects of this change focus especially on the reversal of the amounts recorded as "other comprehensive income on actuarial gains (losses) arising from defined benefit plans" disclosed, which are now included in interest income and expenses in the income statement, as follows:

	1st half	2nd half	Year
2012	42,848	42,849	85,697
		Total	**85,697**

(All amounts expressed in thousands of Reais, unless otherwise stated) 12

4.2. Investments in monetary gold

This refer to the change in the policy adopted for the recording of investments in monetary gold, which was treated as a financial instrument classified as Available-for-sale, therefore, due to similarity, IAS 39 was applied. Considering the specific characteristics of these assets and the accounting treatment adopted by other central banks, the BCB opted to measure them at fair value, no longer according to IAS 39, but following the Conceptual Framework for Financial Reporting issued by IASB (Note 3.5).

This change is due to the fact that the conceptual framework of the IASB establishes that gains and losses are attributable to results, unless permitted or required by a specific standard. Since this matter does not apply to monetary gold (the application of IAS 39 was due to similarity), the BCB concluded that the allocation of the changes in fair value of these assets to the income statement of each year would be the most appropriate for the recognition and disclosure of these operations.

Since, according to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, this type of change in accounting policies should be made retrospectively, it affected, retroactively, the financial statements of December 31, 2004, when IAS 39 was adopted, due to similarity, for gold operations.

Accordingly, the effects of this change are specially focused on the reversal of amounts recognized as "other comprehensive income with gold" disclosed, which are now included in the income statements of the respective periods, according to the following distribution:

	1st half	2nd half	Year
2004	-	457,569	457,569
2005	(14,805)	182,307	167,502
2006	223,758	44,264	268,022
2007	49,439	361,724	411,163
2008	179,947	(61,624)	118,323
2009	151,146	301,927	453,073
2010	306,368	296,908	603,276
2011	175,329	(42,742)	132,587
2012	138,048	(44,444)	93,604
		Total	**2,705,119**

4.3. Cumulative effects of the retroactive application

Considering the cumulative effects of the application of the changes in accounting policies in relation to the employee benefits (IAS 19) and gold operations, the result for the period and other comprehensive income of the interim and annual financial statements, as from 2004, are restated as follows:

(All amounts expressed in thousands of Reais, unless otherwise stated) 13

		Net Income for the Period		Other Comprehensive Income	
		Originally published	Restated	Originally published	Restated
2004	Year	2,709,689	3,167,258	2,620,852	2,163,283
2005	Interim	(11,626,465)	(11,641,270)	(3,961,959)	(3,947,154)
	Year	(10,494,963)	(10,327,461)	(3,453,477)	(3,620,979)
2006	Interim	(12,871,727)	(12,647,969)	(55,410)	(279,168)
	Year	(13,392,761)	(13,124,739)	3,942,776	3,674,754
2007	Interim	(30,304,910)	(30,255,471)	4,505,203	4,455,764
	Year	(47,514,139)	(47,102,976)	(6,764,883)	(7,176,046)
2008	Interim	3,172,740	3,352,687	(929,487)	(1,109,434)
	Year	13,345,393	13,463,716	2,724,885	2,606,562
2009	Interim	(941,601)	(790,455)	(396,362)	(547,508)
	Year	5,609,044	6,062,117	(5,731,984)	(6,185,057)
2010	Interim	10,803,195	11,109,563	(809,922)	(1,116,290)
	Year	15,729,970	16,333,246	(4,133,728)	(4,737,004)
2011	Interim	12,230,706	12,406,035	(307,942)	(483,271)
	Year	23,471,410	23,603,997	2,878,165	2,745,578
2012	Interim	12,318,246	12,499,142	7,318,860	7,137,964
	Year	24,614,729	24,794,030	2,699,928	2,520,627

Due to the rules of transfer of results between the BCB and the National Treasury, detailed in Notes 23.1 and 25.a, the effects of these adjustments are reflected not only in income and other comprehensive income accounts (Notes 18, 22 and 23), but also in the accounts representing the Gains (Losses) Recognized Directly in Equity (Note 17) and of Payables to the Federal Government (Note 11).

5 - CASH AND CASH EQUIVALENTS

	Jun 30, 2013	Dec 31, 2012
In Foreign Currencies	**25,947,171**	**13,636,611**
Cash	336,558	125,747
Demand deposits	15,692,144	8,973,168
Very short-term time deposits	9,918,469	4,537,696
In Local Currency	**-**	**20,483**
Total	**25,947,171**	**13,657,094**

The amounts in foreign currencies correspond to the portion of international reserves held by the BCB as demand deposits and very short-term time deposits, in accordance with its risk management policy. International reserves are the monetary assets available for coverage of imbalances in payments and, in some situations, for other financial requirements of the monetary authorities of a country.

The variation in the period is mainly due to the higher amount of investments in demand deposits and very short-term time deposits, as a result of the actions regarding the rebalancing of the portfolio of investments of reserves, as well as the effects of the foreign exchange variations arising from the depreciation of the Real against the U.S. dollar (Note 3.3).

(All amounts expressed in thousands of Reais, unless otherwise stated) 14

6 - TIME DEPOSITS PLACED WITH FINANCIAL INSTITUTIONS

These comprise the portion of international reserves held by the BCB as fixed time deposits in financial institutions, in accordance with its risk management policy. The variation in the balance of these deposits is basically due to the effects of the depreciation of the Real against the U.S. dollar (Note 3.3) verified in the period.

7 - FUNDS UNDER EXTERNAL MANAGEMENT

	Jun 30, 2013	Dec 31, 2012
Funds managed by the BIS	536,539	522,720
External Management Program	13,369,220	12,570,015
Securities	**11,725,698**	**10,827,842**
Up to 1 year	2,962,095	3,115,504
1 - 5 years	6,489,038	6,251,463
> 5 years	2,274,565	1,460,875
Index funds	**1,241,213**	**1,152,615**
Equity instruments	1,032,838	879,282
Fixed income	208,375	273,333
Cash/receivables	**402,309**	**589,558**
Total	**13,905,759**	**13,092,735**

The fund managed by the Bank for International Settlements (BIS) refers to the investment placed in the Bank for International Settlements Investment Pool Inflation-linked Government Bond Fund (BISIP ILF1), a fund exclusively for the investment of international reserves of central banks.

The Program for External Management of International Reserves (PGER) corresponds to the outsourcing of the management of a portion of the reserves to international institutions specialized in portfolio management (external managers), with the main objective of transferring know-how to the BCB.

These institutions receive a management fee, established in the contract, and are evaluated based on the benchmark portfolio defined by the BCB, which also defines guidelines for the investment of the funds. The assets of the PGER are held on behalf of the BCB, under the responsibility of a global custodian selected for this specific purpose, therefore without the credit risk of the manager.

8 - FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS/SOLD UNDER REPURCHASE AGREEMENTS

These are transactions in which assets are purchased under an agreement to be sold on a future date (reverse repo) or are sold under an agreement to be repurchased at a future date (repo). On the foreign market, the BCB normally trades with the same counterparty a repo along with a reverse repo, where the cash settlement of these operations occurs independently.

In these operations, considering their characteristics, the assets traded are recorded as collaterals. The exceptions are in the event of purchases (sales) in cash of foreign currency combined with the forward resale (repurchase), since cash settlement occurs only against payment on the date agreed upon, that is, the actual receipt/delivery of the traded currency settles the operation.

(All amounts expressed in thousands of Reais, unless otherwise stated) 15

8.1. In foreign currencies

	Jun 30, 2013	Dec 31, 2012
Financial Assets Purchased Under Resale Agreements	**5,501,864**	**11,826,109**
Foreign Market	**1,720,347**	**637,546**
Currencies	1,720,347	637,546
Domestic Market	**3,781,517**	**11,188,563**
Currencies	3,781,517	11,188,563
Financial Assets Sold Under Repurchase Agreements	**1,722,494**	**636,357**
Foreign Market	**1,722,494**	**636,357**
Currencies	1,722,494	636,357

In the period, the most significant variation in balances was due to transactions carried out in the domestic market, associated to the BCB in the interbank foreign exchange market. The decrease in the balance at June 30, 2013 in relation to December 31, 2012 is due to a higher concentration of transactions at the end of the previous year.

8.2. In local currency

	Jun 30, 2013	Dec 31, 2012
Financial Assets Purchased Under Resale Agreements	**-**	**61,849,997**
Securities	-	61,849,997
Assets granted as collateral	**-**	**62,691,711**
Financial Assets Sold Under Repurchase Agreements	**665,269,421**	**597,214,923**
Securities	661,407,256	585,844,844
Foreign Currencies	3,862,165	11,370,079
Assets granted as collateral	**631,619,558**	**559,244,695**
Freely tradable	381,084,452	285,351,503
Not freely tradable	250,535,106	273,893,192

The variation in the balance of repo operations reflects the increase of liquidity obtained by the BCB, mainly due to the net redemption of federal government securities in the market by the National Treasury, including payment of interest.

With regard to reverse repos, the variation in relation to the balance at the end of 2012 is due to the reversal of the transactions carried out in the last week of that year to cover the need to offer liquidity to the market, as a result of the concentration of factors such as: collection of taxes; transfer of funds from the Brazilian Sovereign Wealth Fund to the National Treasury; and settlement of the usual BCB's auction of six-month repo operations.

9 - DERIVATIVES

9.1. In foreign currencies

In the management of the international reserves, the BCB uses derivatives in its routine operations for the purpose of implementing the investment strategy previously established by the Committee on Investment Strategy or to manage exposure to market risk, aiming to achieve security, liquidity and profitability, and also hedging the country's short-term sovereign debt.

(All amounts expressed in thousands of Reais, unless otherwise stated) 16

The notional amounts of the agreements in force and their respective fair values per type of operation and per maturity are presented in the tables below. There is no adjustment balance, positive or negative, for futures transactions, since they are settled daily through a margin account.

Jun 30, 2013

Derivative/Currency	Long Position	Short Position	Positive Adjustment	Negative Adjustment
Forward				
1 - 6 months			2,109	1,611
Euro	132,052	-	-	809
Pound Sterling	50,536	-	-	678
Swiss Franc	-	263,729	-	-
New Zealand Dollar	-	103,773	5	36
Swedish Krona	45,516	-	-	-
U.S. Dollar	369,109	229,690	2,104	88
Commodities futures				
No stated maturity			-	-
U.S. Dollar	-	608,711	-	-
Securities futures				
5 - 10 years			-	-
U.S. Dollar	802,150	-	-	-
Euro	4,997,455	9,105,004	-	-
> 10 years			-	-
U.S. Dollar	106,387	-	-	-
Total			**2,109**	**1,611**

(All amounts expressed in thousands of Reais, unless otherwise stated) 17

Dec 31, 2012

Derivative/Currency	Long Position	Short Position	Positive Adjustment	Negative Adjustment
Forward				
1 - 6 months			67,998	9,097
Canadian Dollar	-	210,800	-	-
Euro	145,869	-	-	-
Pound Sterling	-	194,574	-	-
Yen	-	160,382	-	-
Norwegian Krone	154,435	-	-	-
New Zealand Dollar	-	241,588	-	-
Singapore Dollar	163,119	-	-	-
Swedish Krona	147,533	-	-	-
U.S. Dollar	817,280	612,960	67,998	9,097
Index futures				
1 - 5 years			-	-
Euro	588,890	-	-	-
U.S. Dollar	-	583,937	-	-
Commodities futures				
1 - 5 years			-	-
U.S. Dollar	17,120	337,692	-	-
Securities futures				
1 - 5 years			-	-
U.S. Dollar	18,980,827	-	-	-
Australian Dollar	-	3,302,132	-	-
> 5 years			-	-
U.S. Dollar	684,688	1,441,681	-	-
Australian Dollar	1,162,948	-	-	-
Euro	-	9,610,493	-	-
Total			**67,998**	**9,097**

9.2. In local currency

9.2.1 Swaps

In the execution of the monetary and foreign exchange policy, the BCB may perform swaps, referenced in interest rates and in foreign exchange variation, for the purpose of providing foreign exchange hedges for financial institutions and other economic agents.

These operations are contracted through holding auctions in the BCB's electronic system and are recorded in the Securities, Commodities and Future Exchange (BM&FBovespa), in the form of a standard agreement.

During the first half of 2013, all the foreign exchange swap agreements of the Exchange Swap with Periodic Adjustments (SCC) type – whose object of negotiation is the difference between the effective interest rate of Interbank Deposits (ID) and the variation of the exchange rate in relation to the U.S. dollar – which were outstanding at the end of 2012, matured. As from June 2013, the BCB started to enter into foreign exchange swap agreements of the Exchange Swap with Periodic Adjustments based on One-Day Repurchase Agreements (SCS) type, in which the object of negotiation is the difference between the effective interest rate of daily financing calculated at the Special System for Settlement and Custody (Selic) rate and the variation of the exchange rate in relation to the U.S. dollar.

(All amounts expressed in thousands of Reais, unless otherwise stated) 18

In practice, this new instrument is very similar to the previous one, except for the fact that it uses the Selic rate instead of the ID rate as a reference for domestic interest rate. In the long position of these agreements, the BCB is on the asset side in a domestic interest rate (Selic or ID rate), and on the liability side in foreign exchange variation plus exchange coupon, which is a representative interest rate in U.S. dollars. Inversely, in the short positions, the BCB is on the asset side in foreign exchange variation plus exchange coupon and on the liability side in a domestic interest rate (Selic or ID). These contracts have a notional value equivalent to US$50 thousand and daily financial adjustment. The amount of collateral is stipulated by BM&FBovespa.

The notional values and the related fair values per type of operation and per maturity are presented in the table below:

Jun 30, 2013

	Notional value			Fair value	
	Long Position	Short Position	Net Position	Assets	Liabilities
1 month	7,377,948	-	7,377,948	-	97,870
1 - 6 months	44,400,624	-	44,400,624	-	540,844
6 - 12 months	1,429,062	-	1,429,062	-	26,428
1 - 5 years	2,703,032	-	2,703,032	-	47,804
Total	**55,910,666**	**-**	**55,910,666**	**-**	**712,946**

Dec 31, 2012

	Notional value			Fair value	
	Long Position	Short Position	Net Position	Assets	Liabilities
1 month	4,270,915	(3,831,563)	439,352	1,470	-
1 - 6 months	3,780,475	-	3,780,475	13,727	-
Total	**8,051,390**	**(3,831,563)**	**4,219,827**	**15,197**	**-**

9.2.2 Foreign exchange equalization

The foreign exchange equalization operation between the National Treasury and the BCB was established under Law 11,803, of November 5, 2008, for the purpose of providing greater transparency to the results of the operations of the monetary authority and reducing the volatility of its results, arising from the mismatch between the foreign currency assets and liabilities.

Through exchange equalization, which presents characteristics similar to a swap, the carrying cost of international reserves (represented by the difference between the profitability of the reserves and the BCB's average funding cost) and the result of the foreign exchange swaps made on the domestic market are transferred to the federal government through the National Treasury. These amounts are calculated daily and the balance payable or receivable is calculated on the last working day of the semester, and will be settled financially according to the same rules established for the transfer or coverage of the results (Notes 23.1 and 25.a).

a) Equalization of the carrying cost of the international reserves

The BCB assumes an asset position with respect to the funding cost of the international reserves, represented by the funding rate of the total liabilities, against a liability position in foreign exchange and interest of the international reserves. As a result, the equalization operates as a foreign exchange and interest rate economic hedge for the BCB, reducing the BCB's exposure in foreign currency and assuring coverage of the maintenance cost of the reserves.

(All amounts expressed in thousands of Reais, unless otherwise stated) 19

b) Equalization of the foreign exchange swaps conducted on the domestic market

The BCB performs with the National Treasury, within the mechanism of foreign exchange equalization, an operation with characteristics opposite to the foreign exchange swaps made on the domestic market, attaining a perfect economic hedge, since the notional amounts and the rates are identical, but with opposite positions.

Through this operation, the exchange swaps carried out in the domestic market do not represent foreign exchange or interest rate exposure for the BCB.

10 - SECURITIES

10.1. In foreign currencies

	Jun 30, 2013	Dec 31, 2012
Uncommitted securities	**742,104,602**	**692,023,006**
1 month	4,158,590	428,080
1 - 6 months	42,431,133	29,296,823
6 - 12 months	9,934,718	14,387,175
1 - 5 years	633,798,163	597,579,722
> 5 years	51,781,998	50,331,206
Securities subject to definitive sale operations pending settlement	**6,418,589**	**-**
1 - 6 months	336,138	-
6 - 12 months	157,568	-
1 - 5 years	4,317,481	-
> 5 years	1,607,402	-
Total	**748,523,191**	**692,023,006**

These are fixed rate securities and securities remunerated by the variation in price indexes plus interest, issued by national treasuries, supranational or multilateral organizations and agencies, acquired by the BCB pursuant to its investment policy. They form part of the international reserves and their main purposes are to diversify the types of investments and risks, to increase profitability and to maintain different levels of liquidity.

These securities are classified as At Fair Value through Profit or Loss. The table below presents the amortized cost and the fair value of these assets:

	Jun 30, 2013	Dec 31, 2012
Amortized cost	746,317,459	679,952,149
Fair value adjustment	2,205,732	12,070,857
Carrying amount	**748,523,191**	**692,023,006**

The difference in the portfolio of securities in foreign currencies was due mainly to the effects of the depreciation of the Real against the U.S. dollar (Note 3.3), the currency in which a significant part of this portfolio is denominated.

(All amounts expressed in thousands of Reais, unless otherwise stated) 20

10.2. In local currency

At Jun 30, 2013

	Up to one month	1 - 6 months	6 - 12 months	1 - 5 years	> 5 years	Total
Uncommitted securities	**32,080,679**	**-**	**40,475,082**	**174,189,616**	**30,798,873**	**277,544,250**
National Treasury Bills (LTN)	32,080,679	-	5,263,068	43,321,936	-	80,665,683
Financial Treasury Bills (LFT)	-	-	31,016,569	93,227,480	-	124,244,049
National Treasury Notes - Series B (NTN-B)	-	-	-	12,022,097	24,706,750	36,728,847
National Treasury Notes - Series F (NTN-F)	-	-	4,195,445	25,618,103	6,092,123	35,905,671
Securities subject to repurchase agreements	**-**	**-**	**80,159,663**	**313,768,113**	**237,691,782**	**631,619,558**
National Treasury Bills (LTN)	-	-	64,169,914	177,725,256	-	241,895,170
Financial Treasury Bills (LFT)	-	-	-	22,758,169	-	22,758,169
National Treasury Notes - Series B (NTN-B)	-	-	-	79,257,416	192,166,279	271,423,695
National Treasury Notes - Series F (NTN-F)	-	-	15,989,749	34,027,272	45,525,503	95,542,524
Securities granted as collateral	**-**	**-**	**-**	**4,883,136**	**-**	**4,883,136**
Financial Treasury Bills (LFT)	-	-	-	4,883,136	-	4,883,136
Untradeable securities	**-**	**-**	**-**	**100**	**132**	**232**
National Treasury Notes - Series P (NTN-P)	-	-	-	100	132	232
Total	**32,080,679**	**-**	**120,634,745**	**492,840,965**	**268,490,787**	**914,047,176**

At Dec 31, 2012

	Up to one month	1 - 6 months	6 - 12 months	1 - 5 years	> 5 years	Total
Uncommitted securities	**16,772,893**	**9,959,671**	**7,767,281**	**149,594,858**	**166,393,029**	**350,487,732**
National Treasury Bills (LTN)	-	9,959,054	7,767,281	62,820,686	-	80,547,021
Financial Treasury Bills (LFT)	-	16	-	19,108,117	-	19,108,133
National Treasury Notes - Series B (NTN-B)	-	601	-	34,112,374	134,310,789	168,423,764
National Treasury Notes - Series F (NTN-F)	16,772,893	-	-	33,553,681	32,082,240	82,408,814
Securities subject to repurchase agreements	**-**	**78,887,431**	**23,260,983**	**353,054,867**	**104,041,414**	**559,244,695**
National Treasury Bills (LTN)	-	21,124,842	23,260,983	146,470,699	-	190,856,524
Financial Treasury Bills (LFT)	-	41,129,309	-	126,977,352	-	168,106,661
National Treasury Notes - Series B (NTN-B)	-	16,633,280	-	53,846,431	75,017,941	145,497,652
National Treasury Notes - Series F (NTN-F)	-	-	-	25,760,385	29,023,473	54,783,858
Securities granted as collateral	**-**	**-**	**-**	**490,281**	**-**	**490,281**
Financial Treasury Bills (LFT)	-	-	-	490,281	-	490,281
Untradeable securities	**-**	**-**	**-**	**97**	**129**	**226**
National Treasury Notes - Series P (NTN-P)	-	-	-	97	129	226
Total	**16,772,893**	**88,847,102**	**31,028,264**	**503,140,103**	**270,434,572**	**910,222,934**

The BCB seeks to manage its portfolio so as to have adequate instruments available for the execution of its monetary policy, i.e. the carrying out of purchase and sales operations for securities either definitively or as a firm commitment. The breakdown of this portfolio, therefore, tends to accompany the profile of the federal government debt securities held by the market, where, for this, the BCB, as the securities in its portfolio fall due, recomposes its portfolio through purchases in public offerings by the National Treasury, where these operations are always made at the average price paid by the other market players.

The characteristics of the securities held in the BCB's portfolio are as follows:

- National Treasury Bills (LTN): fixed interest rate set by a discount on the face value;
- Financial Treasury Bills (LFT): floating interest rate set by the adjusted average rate of the daily financing obtained in the Selic (Selic rate);
- National Treasury Notes – Series B (NTN-B): floating interest rate set by the Amplified National Consumer Price Index (IPCA), with semiannual payment of a coupon interest rate of 6% p.a.;

(All amounts expressed in thousands of Reais, unless otherwise stated) 21

- National Treasury Notes – Series F (NTN-F): fixed interest rate set by a discount on the face value, with semiannual payment of a coupon interest rate of 10% p.a.;

- National Treasury Notes – Series P (NTN-P): registered, non-negotiable securities, adjusted by the referential rate, plus interest of 6% p.a. upon redemption.

The following table presents the amortized cost and the fair value of these securities, when applicable:

	Jun 30, 2013			Dec 31, 2012		
	Amortized cost	Fair value adjustment	Carrying amount	Amortized cost	Fair value adjustment	Carrying amount
Available-for-sale	**228,388,366**	**1,777,919**	**230,166,285**	**234,491,730**	**10,416,863**	**244,908,593**
National Treasury Bills (LTN)	228,388,366	1,777,919	230,166,285	234,491,730	10,416,863	244,908,593
Held-to-maturity	**683,880,891**	**-**	**683,880,891**	**665,314,341**	**-**	**665,314,341**
National Treasury Bills (LTN)	92,394,568	-	92,394,568	26,494,951	-	26,494,951
Financial Treasury Bills (LFT)	151,885,354	-	151,885,354	187,705,075	-	187,705,075
National Treasury Notes - Series B (NTN-B)	308,152,542	-	308,152,542	313,921,417	-	313,921,417
National Treasury Notes - Series F (NTN-F)	131,448,195	-	131,448,195	137,192,672	-	137,192,672
National Treasury Notes - Series P (NTN-P)	232	-	232	226	-	226
Total	**912,269,257**	**1,777,919**	**914,047,176**	**899,806,071**	**10,416,863**	**910,222,934**

The variation in the BCB's portfolio of federal government securities is due, basically, to the accrual of interest in the period (Note 18), offset partially by the net redemptions and the adjustment at the negative fair value of securities classified as Available-for-sale.

11 - TRANSACTIONS WITH THE FEDERAL GOVERNMENT

Receivables from the Federal Government	Jun 30, 2013	Dec 31, 2012
Foreign exchange equalization result	10,432,267	9,900,595
Other	6,087	41
Total	**10,438,354**	**9,900,636**

Payables to the Federal Government	Jun 30, 2013	Dec 31, 2012
National Treasury Operating Account	520,186,169	620,401,291
Foreign exchange equalization result	15,766,502	-
Result to be transferred to the National Treasury	15,463,844	15,090,442
Other	731,638	836,691
Total	**552,148,153**	**636,328,424**

Due to legal provisions, the BCB has a financial relationship with the National Treasury. The main transactions are described in greater detail in Note 24.1.

The receivables from the Federal Government basically correspond to the result receivable obtained in the exchange equalization operation referring to the second half of 2012, whose variation occurred through the incorporation of interest in the period. With regard to payables to the Federal Government, the variations are associated to the behavior of the balance of the National Treasury Operating Account and the result of the first half of 2013, including the exchange equalization, to be transferred to the National Treasury.

In relation to payables to the Federal Government, the balance of the position at December 31, 2012 – comparative information – was subject to a retroactive adjustment, due to the application of changes in accounting policies in relation to employee benefits (IAS 19) and gold operations, as detailed in

(All amounts expressed in thousands of Reais, unless otherwise stated) 22

Note 4. The repercussion of these effects in the payables to the Federal Government is due to the rules of transfer of results between the BCB and the National Treasury (Notes 23.1 and 25.a).

Payables to the Federal Government	Dec 31, 2012 (originally published)	Adjustment - IAS 19	Adjustment - Gold	Dec 31, 2012 (restated)
National Treasury Operating Account	620,401,291	-	-	620,401,291
Result to be transferred to the National Treasury	12,299,626	85,697	2,705,119	15,090,442
Other	836,691	-	-	836,691
Total	**633,537,608**	**85,697**	**2,705,119**	**636,328,424**

12 - RECEIVABLES

12.1. In foreign currencies

	Jun 30, 2013	Dec 31, 2012
New Arrangements to Borrow	3,728,003	3,239,477
Other receivables	212,578	128,337
Total	**3,940,581**	**3,367,814**

The balance of receivables in foreign currencies refers mainly to the BCB's participation in New Arrangements to Borrow (NAB), under the responsibility of the IMF.

The variation in the balance arose mainly from the additional contribution of SDR205.1 million made by the BCB in the six-month period.

12.2. In local currency

At Jun 30, 2013

	Amortized cost	Fair value adjustment	Carrying amount
At Fair Value through Profit or Loss - Designation	**42,328,601**	**(17,399,453)**	**24,929,148**
Receivables in installments	**42,328,601**	**(17,399,453)**	**24,929,148**
Banco Nacional - Under Extrajudicial Liquidation	29,094,214	(12,379,020)	16,715,194
Banco Econômico - Under Extrajudicial Liquidation	10,514,943	(3,961,916)	6,553,027
Banco Banorte - Under Extrajudicial Liquidation	472,757	(184,016)	288,741
Banco Bamerindus - Under Extrajudicial Liquidation	2,246,687	(874,501)	1,372,186
Loans and Receivables	**1,441,233**	**-**	**1,441,233**
Loans related to rural credit	151,406	-	151,406
Centrus	1,067,285	-	1,067,285
Other	222,542	-	222,542
Total	**43,769,834**	**(17,399,453)**	**26,370,381**

(All amounts expressed in thousands of Reais, unless otherwise stated) 23

At Dec 31, 2012

	Amortized cost	Fair value adjustment	Carrying amount
At Fair Value through Profit or Loss - Designation	**70,435,090**	**(32,111,082)**	**38,324,008**
Original receivables	**67,611,719**	**(31,026,105)**	**36,585,614**
Banco Nacional - Under Extrajudicial Liquidation	33,589,521	(14,254,525)	19,334,996
Banco Econômico - Under Extrajudicial Liquidation	34,022,198	(16,771,580)	17,250,618
Receivables in installments	**2,823,371**	**(1,084,977)**	**1,738,394**
Banco Banorte - Under Extrajudicial Liquidation	490,824	(188,616)	302,208
Banco Bamerindus - Under Extrajudicial Liquidation	2,332,547	(896,361)	1,436,186
Loans and Receivables	**1,463,648**	**-**	**1,463,648**
Loans related to rural credit	151,406	-	151,406
Centrus	1,208,301	-	1,208,301
Other	103,941	-	103,941
Total	**71,898,738**	**(32,111,082)**	**39,787,656**

12.2.1 At air Value through Profit or Loss – Designation

This refers basically to the BCB's receivables from institutions under liquidation originating from financial assistance (Program of Incentives to the Restructuring and Strengthening of the National Financial System – Proer) and other operations, such as overdrafts in the Banking Reserves account, negative balance in CCR operations, time deposit and fines.

With the publication of Law 12,249, of June 11, 2010, the BCB's credits with the institutions under liquidation became payable in cash or in installments, at the request of the debtor, with discounts from 25% to 45% on the charges.

Based on this legal instrument, the banks under extrajudicial liquidation Nacional and Econômico, in June 2013, entered into an agreement for payment in installments or cash of their debts with the BCB. Nacional divided the payment of its debt in 180 months, whereas Econômico amortized R$12,732,177 of the debit balance of its operations, dividing the rest in 180 monthly installments.

For Proer contracts, the amount of installments is restated according to the contractual charges, as established in the Program's legislation, that is, it is subject to a cost equal to the average cost of securities and credit rights pledged in guarantee, plus 2% per annum. As regards the contracts related to the remaining debt, the amount of each monthly installment is restated exclusively through the application of the accumulated monthly referential rate (TR), according to Article 9, main clause, of Law 8,177, of March 1, 1991, with the wording given by Law 8,218, of August 29, 1991. In case the extrajudicial liquidation scheme is terminated, there is surplus bankrupt estate or there are other legal grounds for removing the incidence of the TR, the monthly installments will be adjusted by the Selic rate.

The term entered into for payment in installments does not imply novation of the debt, and it should be stressed that default by the debtor may result in the rescission of the term, with the debt returning to the original situation. This agreement does not imply automatic closing of the special regime, which may be evaluated at an opportune moment, if it is the case, in accordance with the conditions established in Law 6,024, of March 13, 1974.

These credits are classified as At Fair Value through Profit or Loss by designation of the Management. The fair value of the receivables corresponds to the present value of the contracted cash flows, calculated through the use of equivalent market rates.

12.2.2 Loans and Receivables

Loans and receivables are mainly represented by receivables from Centrus, due to changes in the regulation of the benefit plan, allocation of surplus and reversal of tax contingencies. The variation in balances in the period is mainly due to the receipt of a portion of receivables referring to the reversal of tax contingencies.

(All amounts expressed in thousands of Reais, unless otherwise stated) 24

13 - GOLD

	Jun 30, 2013	Dec 31, 2012
Cost	4,824,737	4,449,918
Fair value adjustment	1,017,327	2,866,704
Carrying amount	**5,842,064**	**7,316,622**

The BCB, like other central banks, maintains part of Brazil's international reserves in gold, which is readily and unconditionally available for the monetary authorities. In spite of the change in the policy for recording gold (Note 4), there was no change in the value of assets, since they were already measured at fair value.

The variation in the balance during the first half of 2013 is basically due to the negative fair value adjustment of gold in the period.

14 - ITEMS IN THE COURSE OF COLLECTION

These refer basically to contracted operations pending settlement on the balance sheet date, whose financial settlement will occur within three days.

The variation in the balance is due to a higher concentration of operations pending settlement at the end of June 2013, in comparison with the end of 2012.

15 - DEPOSITS RECEIVED FROM FINANCIAL INSTITUTIONS

	Jun 30, 2013	Dec 31, 2012
In Foreign Currencies	**1,575**	**1,453**
In Local Currency	**335,718,521**	**320,097,305**
Demand Deposits	48,059,561	45,936,716
Time Deposits	68,010,822	64,600,897
Savings Deposits	103,048,622	95,569,420
Additional Requirements	115,076,093	111,649,700
Other	1,523,423	2,340,572
Total	**335,720,096**	**320,098,758**

The deposits of financial institutions in local currency comprise mainly reserve requirements, a traditional monetary policy mechanism that acts as a stabilizer for the liquidity of the economy.

These deposits are calculated on the average daily balance of the amounts obtained by the banks and may be required in cash or in federal government securities. The deposits made in cash are recognized as demand liabilities of the BCB.

The change in the balance of deposits received from financial institutions is associated basically with the fluctuation in the amounts subject to collection in the period.

16 - CURRENCY IN CIRCULATION

The Currency in Circulation represents the balance of bank notes and coins in circulation, held by the general public and financial institutions, recorded at the issuing amount.

The change in the balance in the first half of 2013 is due mainly to the usual behavior of the demand for currency in this period, which is the reversal of a typical end of year seasonal movement, where there is an increase in demand for currency as a result of the payment of the 13th Salary and end-of-year festivities.

(All amounts expressed in thousands of Reais, unless otherwise stated) 25

17 - EQUITY

	Jun 30, 2013	Dec 31, 2012
Capital	**24,675,451**	**24,675,451**
Revenue Reserve	**6,624,205**	**1,606,019**
Revaluation Reserve	**444,441**	**447,584**
Gains (Losses) Recognized Directly in Equity	**(15,888,395)**	**(7,995,711)**
Investment in International Financial Organizations	(2,862,890)	(3,682,266)
Federal government securities	3,565,616	12,277,676
Remeasurements of defined benefit plans	(16,591,121)	(16,591,121)
Total	**15,855,702**	**18,733,343**

In equity accounts, the main variations were due to: the recording of the revenue reserve of R$5,018,186, according to Law 11,803, of 2008; and the effects arising from the negative fair value adjustment of securities classified as Available-for-sale, which is recognized directly in equity.

In relation to Gains (Losses) Recognized Directly in Equity, the balance of the position at December 31, 2012 – comparative information – was subject to a retrospective adjustment, due to the application of changes in accounting policies in relation to employee benefits (IAS 19) and gold operations, as detailed in Note 4.

	Dec 31, 2012 (originally published)	Adjustment - IAS 19	Adjustment - Gold	Dec 31, 2012 (restated)
Gains (Losses) Recognized Directly in Equity	**(5,204,895)**	**(85,697)**	**(2,705,119)**	**(7,995,711)**
Investment in International Financial Organizations	(3,682,266)	-	-	(3,682,266)
Federal government securities	12,277,676	-	-	12,277,676
Gold	2,705,119	-	(2,705,119)	-
Remeasurements of defined benefit plans	(16,505,424)	(85,697)	-	(16,591,121)

18 - NET INTEREST RESULT

This refers to interest income and expenses on the BCB's financial assets and liabilities not classified as At Fair Value through Profit or Loss.

(All amounts expressed in thousands of Reais, unless otherwise stated) 26

	1st half/2013	1st half/2012
Interest income	**48,467,315**	**46,318,951**
In foreign currencies	**45,128**	**49,016**
Cash and Cash Equivalents (Note 5)	12,194	16,563
Time Deposits Placed with Financial Institutions (Note 6)	21,933	16,523
Reverse Repo (Note 8)	4,150	12,242
Loans	1,239	1,285
Other	5,612	2,403
In local currency	**48,422,187**	**46,269,935**
Securities (Note 10)	47,688,248	45,255,413
Federal Government (Note 11)	531,675	698,894
Other	202,264	315,628
Interest expenses	**(59,949,861)**	**(64,880,199)**
In foreign currencies	**(97,396)**	**(5,327)**
Repo (Note 8)	(93,217)	(679)
Loans	(3,318)	(4,161)
Other	(861)	(487)
In local currency	**(59,852,465)**	**(64,874,872)**
Deposits Received from Financial Institutions (Note 15)	(8,713,595)	(14,349,556)
Repo (Note 8)	(23,947,054)	(22,669,337)
Federal Government (Note 11)	(26,116,247)	(26,635,473)
Other	(1,075,569)	(1,220,506)
Net interest result	**(11,482,546)**	**(18,561,248)**

The variation in this group of accounts is mainly due to the decrease in expenses with the remuneration of deposits received from financial institutions, derived from the decrease in the Selic rate, in comparison with the same period of the previous year, associated to the reduction of the average balance of deposits subject to remuneration in the semester.

Due to the changes in accounting policies relating to employee benefits (IAS 19), detailed in Note 4, the amounts related to Interest income and Interest expenses in local currency referring to the first half of 2012 – comparative information – were adjusted retrospectively, as summarized in the following table:

(All amounts expressed in thousands of Reais, unless otherwise stated) 27

	1st half/2012 (originally published)	Adjustment - IAS 19	1st half/2012 (restated)
Interest income	**46,494,709**	**(175,758)**	**46,318,951**
In foreign currencies	**49,016**	**-**	**49,016**
Cash and Cash Equivalents	16,563	-	16,563
Time Deposits Placed with Financial Institutions	16,523	-	16,523
Reverse Repo	12,242	-	12,242
Loans	1,285	-	1,285
Other	2,403	-	2,403
In local currency	**46,445,693**	**(175,758)**	**46,269,935**
Securities	45,255,413	-	45,255,413
Federal Government	698,894	-	698,894
Other	491,386	(175,758)	315,628
Interest expenses	**(65,098,805)**	**218,606**	**(64,880,199)**
In foreign currencies	**(5,327)**	**-**	**(5,327)**
Repo	(679)	-	(679)
Loans	(4,161)	-	(4,161)
Other	(487)	-	(487)
In local currency	**(65,093,478)**	**218,606**	**(64,874,872)**
Deposits Received from Financial Institutions	(14,349,556)	-	(14,349,556)
Repo	(22,669,337)	-	(22,669,337)
Federal Government	(26,635,473)	-	(26,635,473)
Other	(1,439,112)	218,606	(1,220,506)
Net interest result	**(18,604,096)**	**42,848**	**(18,561,248)**

19 - GAINS (LOSSES) ON FINANCIAL INSTRUMENTS CLASSIFIED AS AT FAIR VALUE THROUGH PROFIT OR LOSS – HELD FOR TRADING

These refer to the changes in price of the financial instruments classified in this category and include foreign exchange variation, interest and mark-to-market adjustments.

	1st half/2013	1st half/2012
In Foreign Currencies	**44,972,391**	**56,842,472**
Securities (Note 10)	44,004,552	54,821,776
Funds Under External Management (Note 7)	813,313	1,422,335
Other	154,526	598,361
In Local Currency	**(16,291,161)**	**(31,400,380)**
Derivatives (Note 9)	(16,291,153)	(31,400,374)
Other	(8)	(6)
Total	**28,681,230**	**25,442,092**

The main amounts representing gains (losses) on financial instruments classified as At Fair Value through Profit or Loss – held for trading – arise from foreign exchange variations.

In comparison with the results obtained in the first half of 2012, the BCB verified a lower variation in the fair value of securities in foreign currencies, mainly due to the negative adjustment in the market value (in U.S. dollars) of the portfolio, whereas in the first half of the previous year these results had been positive. Another relevant variation was verified in derivatives in local currency, which can be explained by the behavior of the exchange equalization between the National Treasury and the BCB (Note 23.1).

(All amounts expressed in thousands of Reais, unless otherwise stated) 28

20 - GAINS (LOSSES) ON FINANCIAL INSTRUMENTS CLASSIFIED AS AT FAIR VALUE THROUGH PROFIT OR LOSS – BY DESIGNATION OF MANAGEMENT

These include interest and mark-to-market adjustments of the receivables from the institutions under extrajudicial liquidation. The variation in relation to the result verified in the same period of 2012 is due to negotiations with the banks under extrajudicial liquidation Nacional and Econômico when the discounts established by Law 12,249, of 2010, were granted, as detailed in Note 12.2.

21 - GAINS (LOSSES) FROM FOREIGN CURRENCIES

These represent the result of foreign exchange restatement of the assets and liabilities in foreign currencies and in local currency, pegged to changes in the foreign exchange rates and that are not classified as At Fair Value through Profit or Loss.

	1st half/2013	1st half/2012
Gains (losses) from foreign currencies		
Cash and Cash Equivalents	752,632	1,891,244
Time Deposits Placed with Financial Institutions	2,476,129	2,547,603
Repurchase operations	230,465	222,686
Receivables	223,996	187,149
Gold	465,412	250,112
Items in the Course of Collection	(178,108)	(1,576,588)
Accounts Payable	(553,338)	(541,376)
Deposits Received from International Financial Organizations	(658,229)	(547,954)
Other	(2,939)	(4,343)
Total	**2,756,020**	**2,428,533**

The result presented above arises mainly from the depreciation of the Real against the main foreign currencies (Note 3.3).

22 - OTHER INCOME AND EXPENSES

	1st half/2013	1st half/2012
Other Income	**1,649,627**	**1,436,769**
Fines	241,385	65,455
Transfer from the National Treasury	1,217,772	1,085,129
Court-ordered debts	9,061	-
Reversal of provision for lawsuits	29,391	24,578
Tariffs	104,509	91,186
Positive fair value adjustment of gold	-	138,048
Other	47,509	32,373
Other Expenses	**(3,578,027)**	**(1,389,667)**
Personnel	(827,209)	(827,540)
Production and distribution of cash	(518,082)	(329,410)
Provision for litigation	(63,070)	(115,914)
Depreciation	(17,623)	(17,435)
Other administrative expenses	(94,400)	(84,677)
Negative fair value adjustment of gold	(1,939,970)	-
Other	(117,673)	(14,691)

Due to the changes in accounting policies relating to gold operations, detailed in Note 4, the amounts related to Other Income referring to the first half of 2012 – comparative information – were adjusted retrospectively, as summarized in the following below:

(All amounts expressed in thousands of Reais, unless otherwise stated) 29

	1st half/2012 (originally published)	Adjustment - Gold	1st half/2012 (restated)
Other Income	**1,298,721**	**138,048**	**1,436,769**
Fines	65,455	-	65,455
Transfer from the National Treasury	1,085,129	-	1,085,129
Reversal of provision for lawsuits	24,578	-	24,578
Tariffs	91,186	-	91,186
Positive fair value adjustment of gold	-	138,048	138,048
Other	32,373	-	32,373

23 - INCOME STATEMENT

23.1. Net income for the semester

The result for the first half of 2013 was positive in R$17,688,071 (R$12,499,142 in the first half of 2012), as shown in the table below:

	1st half/2013	1st half/2012
International Reserves Operations and Swaps	**-**	**138,048**
Profitability of the foreign currency reserves	43,526,675	59,858,687
Foreign exchange derivatives - Swaps in local currency	(524,651)	809,627
Foreign exchange equalization of reserves and derivatives (Profitability)	(43,002,024)	(60,530,266)
Other transactions in foreign currencies	**2,209,498**	**(405,945)**
Transactions in local currency	**15,467,011**	**12,857,991**
Interest income	48,422,187	46,269,935
Interest expenses	(59,852,465)	(64,874,872)
Foreign exchange equalization (Funding cost)	27,235,522	28,320,265
Mark-to-market - Institutions under liquidation	(338,233)	3,142,663
Other transactions in local currency	**11,562**	**(90,952)**
Net income for the semester	**17,688,071**	**12,499,142**

Because the profitability obtained with the management of the international reserves and foreign exchange derivatives (swaps) (Note 9.2.1) is neutralized through the exchange equalization, the BCB result is basically explained by the operations in local currency, where the reimbursement of the funding cost of resources used in the international reserves is highlighted – the second leg of the exchange equalization mechanism. The interest income and expenses from operations in local currency and the mark-to-market of the credits receivable from the institutions in liquidation also contributed to the result.

Due to the changes in accounting policies relating to employee benefits (IAS 19) and gold operations, detailed in Note 4, the amounts related to Profitability of the foreign currency reserves and Other transactions in local currency, respectively, referring to the first half of 2012 – comparative information – were adjusted retrospectively, as summarized in the following table:

(All amounts expressed in thousands of Reais, unless otherwise stated) 30

	1st half/2012 (originally published)	Adjustment - IAS 19	Adjustment - Gold	1st half/2012 (restated)
International Reserves Operations and Swaps	**-**	**-**	**138,048**	**138,048**
Profitability of the foreign currency reserves	59,720,639	-	138,048	59,858,687
Foreign exchange derivatives - Swaps in local currency	809,627	-	-	809,627
Foreign exchange equalization of reserves and derivatives (Profitability)	(60,530,266)	-	-	(60,530,266)
Other transactions in foreign currencies	**(405,945)**	**-**	**-**	**(405,945)**
Transactions in local currency	**12,815,143**	**42,848**	**-**	**12,857,991**
Interest income	46,445,693	(175,758)	-	46,269,935
Interest expenses	(65,093,478)	218,606	-	(64,874,872)
Foreign exchange equalization (Funding cost)	28,320,265	-	-	28,320,265
Mark-to-market - Institutions under liquidation	3,142,663	-	-	3,142,663
Other transactions in local currency	**(90,952)**	**-**	**-**	**(90,952)**
Net income for the semester	**12,318,246**	**42,848**	**138,048**	**12,499,142**

According to the applicable legislation, the BCB recorded a revenue reserve of R$5,018,186 (Note 17), and realized the revaluation reserve of R$3,143 (R$ 3,142 in the first half of 2012). Consequently, the result to be transferred to the National Treasury referring to the first half of 2013 totaled R$12,673,028 (Note 24.1), which will be transferred no later than the 10th working day after the approval of these financial statements by the CMN (Note 1), together with the result arising from the retrospective adjustments detailed in Note 4.

23.2. Comprehensive income

The purpose of the Statement of Comprehensive Income is to disclose the economic results of an entity, increasing the level of disclosure of the results beyond the concept of accounting profit or loss, which is usually disclosed through the income statement.

For the purpose of providing greater transparency to the income statement, the statement of comprehensive income discloses the gains and losses recognized directly in equity.

Due to the changes in accounting policies relating to employee benefits (IAS 19) and gold operations, detailed in Note 4, the amounts related to Other comprehensive income for the first half of 2012 – comparative information – were adjusted retrospectively, as summarized in the following table:

	1st half/2012 (originally published)	Adjustment - IAS 19	Adjustment - Gold	1st half/2012 (restated)
Net income for the semester	**12,318,246**	**42,848**	**138,048**	**12,499,142**
Other comprehensive income	**7,318,860**	**(42,848)**	**(138,048)**	**7,137,964**
Items which will not be reclassified to results	**801,633**	**(42,848)**	**-**	**758,785**
Investment in International Financial Organizations	801,633	-	-	801,633
Actuarial Gains (Losses) in Defined Benefit Plans	-	(42,848)	-	(42,848)
Items which may be reclassified to results	**6,517,227**	**-**	**(138,048)**	**6,379,179**
Federal Government Securities	6,379,179	-	-	6,379,179
Gold	138,048	-	(138,048)	-
Comprehensive income for the semester	**19,637,106**	**-**	**-**	**19,637,106**

24 - RELATED PARTIES

24.1. Federal Government

The following table presents the main transactions that took place between the BCB and the Federal Government in the period:

(All amounts expressed in thousands of Reais, unless otherwise stated) 31

	1st half/2013	2nd half/2012
National Treasury Operating Account (Note 11)		
Opening balance	620,401,291	591,659,841
(+) remuneration	25,982,132	25,317,644
(+/-) deposits/withdrawals	(138,743,063)	(41,859,367)
(+) transfer of positive result	12,545,809	45,283,173
Closing balance	520,186,169	620,401,291
Securities issued by the National Treasury (Note 10.2)		
Opening balance	910,222,934	865,962,536
(+/-) net purchase (net redemption)	(35,151,948)	(190,403)
(+) remuneration	47,688,248	44,174,286
(+/-) fair value adjustment	(8,712,058)	276,515
Closing balance	914,047,176	910,222,934
Result to be transferred to the National Treasury (Note 11)		
Opening balance	15,090,442	15,113,798
(+) positive result to be transferred	12,673,028	12,298,033
(+) remuneration	246,183	208,010
(-) transfers	(12,545,809)	(12,529,399)
Closing balance	15,463,844	15,090,442
Foreign exchange equalization		
Opening balance	-	-
(+/-) adjustments	(15,766,502)	9,900,595
(+/-) transfers for credit payable (receivable)	15,766,502	(9,900,595)
Closing balance	-	-
Receivable due to foreign exchange equalization result (Note 11)		
Opening balance	9,900,595	-
(+) foreign exchange equalization result	-	9,900,595
(+) remuneration	531,672	-
Closing balance	10,432,267	9,900,595
Credit payable due to foreign exchange equalization result (Note 11)		
Opening balance	-	(32,210,001)
(-) foreign exchange equalization result	(15,766,502)	-
(-) remuneration	-	(543,773)
(+) payments	-	32,753,774
Closing balance	(15,766,502)	-
Transfer under budget law	1,217,772	1,231,801

Due to the changes in accounting policies relating to employee benefits (IAS 19) and gold operations, detailed in Note 4, the amounts related to Result to be transferred to the National Treasury for the second half of 2012 – comparative information – were adjusted retrospectively, as summarized in the following table:

	2nd half/2012 (originally published)	Adjustment - IAS 19	Adjustment - Gold	2nd half/2012 (restated)
Result to be transferred to the National Treasury				
Opening balance	12,321,388	42,848	2,749,562	15,113,798
(+) positive result to be transferred	12,299,627	42,849	(44,443)	12,298,033
(+) remuneration	208,010	-	-	208,010
(-) transfers	(12,529,399)	-	-	(12,529,399)
Closing balance	12,299,626	85,697	2,705,119	15,090,442

(All amounts expressed in thousands of Reais, unless otherwise stated) 32

24.2. Centrus

The main transactions occurring between the BCB and Centrus were the following:

	1st half/2013	2nd half/2012
Actuarial Surplus		
Opening balance	682,632	1,301,890
(+/-) remeasurements of definied benefits plans	-	(771,865)
(+) interest	84,114	152,607
Closing balance	766,746	682,632
Receivables		
Opening balance	1,208,301	1,005,460
(+) interest	44,486	53,243
(+) reversal of tax contingency	-	166,255
(-) amounts received	(185,502)	(16,657)
Closing balance	1,067,285	1,208,301

Due to the changes in accounting policies relating to employee benefits (IAS 19), detailed in Note 4, the amounts related to the Actuarial surplus for the second half of 2012 – comparative information – were adjusted retrospectively, as summarized in the following table:

	2nd half/2012 (originally published)	Adjustment - IAS 19	2nd half/2012 (restated)
Actuarial Surplus			
Opening balance	1,352,970	(51,080)	1,301,890
(+/-) remeasurements of definied benefits plans	(874,024)	102,159	(771,865)
(+) interest	203,686	(51,079)	152,607
Closing balance	682,632	-	682,632

25 - FISCAL RESPONSIBILITY LAW – MANDATORY INFORMATION

a) Impact and fiscal cost of operations – Fiscal Responsibility Law, paragraph 2 of Article 7:

The sole paragraph of Article 8 of Law 4,595, of 1964, with the wording given by Decree Law 2,376, of November 25, 1987, establishes that "as from January 1, 1988, the results obtained by the Banco Central do Brasil, considering the income and expenses of all its operations, shall be determined on an accrual basis and transferred to the National Treasury, after offsetting any losses from prior fiscal years".

This provision was partially amended by the Fiscal Responsibility Law (Complementary Law 101 of May 4, 2000):

"*Article 7. The result of the Banco Central do Brasil, calculated after the formation or reversal of reserves, constitutes revenue of the National Treasury and will be transferred no later than the 10th working day subsequent to the approval of the semi-annual balance sheets.*

Paragraph 1. The negative result will constitute a liability of the Treasury owed to the BCB and will be consigned in a specific budget allocation account."

Pursuant to Clause II of Article 2 of Provisional Measure 2179-36, of August 24, 2001, this negative result must be covered no later than the 10th working day of the year following the approval of the balance sheet by the CMN.

Accordingly:

I - the BCB's result considers the revenues and expenses related to all its operations;

(All amounts expressed in thousands of Reais, unless otherwise stated) 33

II - the positive results are transferred as revenues to the National Treasury and the negative results are covered as expenses of the National Treasury;

III - these results are included in the Fiscal Budget in the National Treasury account.

The BCB presented a positive result of R$ 10,311,120 in the first quarter and R$ 7,376,951 in the second quarter, giving a total result of R$ 17,688,071 in the first half of 2013 which, after the recording and realization of reserves, will be transferred to the National Treasury no later than the 10th working day after the approval of the financial statements by the CMN. In conformity with paragraph 5 of Article 9 of the Fiscal Responsibility Law, within 90 days of the closing of the semester, the BCB shall present in a public hearing, together with the Joint Committee on Planning, Public Budgets and Auditing (CMO), of the National Congress, the Finance and Taxation Commission (CFT), the Economic Development, Industry and Commerce Commission (CDEIC), Commission for Financial Inspection and Control (CFFC), of the House of Representatives, and the Commission on Economic Affairs (CAE) and Environment, Consumer Defense and Inspection and Control Commission (CMA), of the Federal Senate, an evaluation report on the fulfillment of the objectives and goals of the monetary, credit and foreign exchange policies, clearly showing the impact and the fiscal cost of its operations and the results presented in the balance sheets.

b) Cost of remunerating the deposits of the National Treasury – Fiscal Responsibility Law, paragraph 3 of Article 7:

In the first quarter of 2013, the cost corresponding to the remuneration of the deposits of the National Treasury was R$13,451,093 and R$12,418,971 in the second quarter, totaling R$25,870,064 in the first half of the year.

c) Cost of maintaining the foreign exchange reserves – Fiscal Responsibility Law, paragraph 3 of Article 7:

The cost of maintaining the foreign exchange reserves is calculated by the difference between the rate of profitability of the international reserves, including foreign exchange variation, and the average rate of funding calculated by the BCB.

At June 30, 2013, 92.57% of the reserve assets were composed of securities, as published in the Press Release of the External Sector (table 49), available on the BCB's website (www.bcb.gov.br).

In the first quarter of 2013, the international reserves had a negative return of 2.04%. Taking into consideration the BCB's funding costs, the net result of the reserves was negative by 3.68% (R$27,763,128). In the second quarter, the return of the reserves was 7.57% positive, totaling 5.66% (R$44,054,371) when taking into consideration the funding cost.

	International Reserves		Cost of Funding	Cost of Maintaining International Reserves	
	Average Balance (R$ thousand)	Profitability (%)	(%)	(%)	(R$ thousand)
1st quarter/2013	753,837,872	(2.04)	(1.64)	(3.68)	(27,763,218)
2nd quarter/2013	777,759,105	7.57	(1.91)	5.66	44,054,371
Total for the semester					**16,291,153**

It should be pointed out that the foreign exchange restatement presents a difference resulting from the translation of the amounts of the reserve assets into Reais, and it is not a realized result from a financial point of view. Therefore, after excluding this restatement, in the first quarter of 2013, the international reserves presented a positive return of 0.16%, which is composed by accrued interest (0.22%) and the mark-to-market of the assets (-0.06%). After deducting the funding costs, the net result of the reserves was negative by 1.48% (R$11,181,748). In the second quarter, the profitability of the reserves was negative by 1.51% (0.24% through the incorporation of interest and -1.75% through mark-to-market adjustments of the assets), totaling 3.42% negative (R$26,563,015) when considering the funding costs.

(All amounts expressed in thousands of Reais, unless otherwise stated) 34

	International Reserves		Cost of	Cost of Maintaining International Reserves	
	Average Balance (R$ thousand)	Profitability, excluding exchange variation (%)	Funding (%)	(%)	(R$ thousand)
1st quarter/2013	753,837,872	0.16	(1.64)	(1.48)	(11,181,748)
2nd quarter/2013	777,759,105	(1.51)	(1.91)	(3.42)	(26,563,015)
Total for the semester					**(37,744,763)**

d) Profitability of the securities portfolio, disclosing those issued by the Federal Government – Fiscal Responsibility Law, paragraph 3 of Article 7:

The profitability of the BCB's securities portfolio, composed exclusively of securities issued by the Federal Government, was R$24,502,044 in the first quarter and R$23,186,204 in the second quarter, totaling R$47,688,248 in the first half of 2013.

Governor: Alexandre Antonio Tombini

Deputy governors: Aldo Luiz Mendes, Altamir Lopes, Anthero de Moraes Meirelles, Carlos Hamilton Vasconcelos Araújo, Luiz Awazu Pereira da Silva, Luiz Edson Feltrim e Sidnei Corrêa Marques

Head of the Accounting and Financial Department: Eduardo de Lima Rocha
Accountant – CRC-DF 12.005/O-9

(A free translation of the original in Portuguese)

Banco Central do Brasil

Report on review of condensed interim financial statements at June 30, 2013

(A free translation of the original in Portuguese)

Report on review of condensed interim financial statements

To the Management
Banco Central do Brasil

Introduction

We have reviewed the accompanying condensed interim balance sheet of Banco Central do Brasil ("Bacen") as at June 30, 2013, and the condensed interim statements of income, comprehensive income, changes in equity and foreign currency cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the condensed interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements referred to above are not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers SHS Quadra 6, Cj. A, Bloco C, Ed. Business Center Tower, Salas 801 a 811, Brasília, DF, Brasil 70.322-915 Caixa Postal 08650 T: (61) 2196-1800, F: (61) 2196-1820, www.pwc.com/br

Banco Central do Brasil

Other matters

Supplementary information

We have also reviewed the supplementary information presented in Note 25 to the condensed interim financial statements, which is not required by IAS 34 but is being presented in compliance with the Fiscal Responsibility Law. This supplementary information has been subjected to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that it has not been prepared, in all material respects, in a manner consistent with the condensed interim financial statements taken as a whole.

Brasília, August 8, 2013

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F"DF

Geovani da Silveira Fagunde
Contador CRC 1MG051926/O-0 "S"DF