

ASSETS		LIABILITIES	
ASSETS IN FOREIGN CURRENCIES	<u>689,579,515</u>	LIABILITIES IN FOREIGN CURRENCIES	<u>32,125,145</u>
Cash and Cash Equivalents	24,257,915	Items in the Course of Collection	11,631,463
Time Deposits Placed with Financial Institutions	26,144,197	Deposits Received from Financial Institutions	1,295
Funds under External Management	11,334,694	Financial Assets Sold Under Repurchase Agreement	3,811,463
Financial Assets Purchased Under Resell Agreement	3,841,743	Derivatives	3,863
Derivatives	6,173	Accounts Payable	8,149,761
Securities	606,420,844	Deposit Received from International Financial Organizations	8,525,345
Receivables	2,235,753	Other	1,955
Gold	3,272,435		
Investments in International Financial Organizations	12,065,758		
Other	3		
ASSETS IN LOCAL CURRENCY	<u>884,380,383</u>	LIABILITIES IN LOCAL CURRENCY	<u>1,370,852,900</u>
Deposits	625,114	Items in the Course of Collection	380,123
Derivatives	28,354,917	Deposits Received from Financial Institutions	386,717,345
Federal Government Securities	814,576,194	Financial Assets Sold Under Repurchase Agreement	479,865,727
Receivables from the Federal Government	42	Derivatives	86,707
Receivables	38,712,565	Payables to the Federal Government	479,775,118
Property and Equipment	782,965	Accounts Payable	987,560
Other	1,328,586	Deposit Received from International Financial Organizations	1,979
		Provisions	23,015,640
		Other	22,701
		CURRENCY IN CIRCULATION	<u>145,223,965</u>
		NET EQUITY	<u>20,944,060</u>
		Capital	24,675,451
		Income Reserve	1,606,019
		Revaluation Reserve	453,869
		Gains (Losses) Recognized Directly in Equity	(5,791,279)
		INCOME ACCOUNTS	<u>4,813,828</u>
		Creditor	135,555,805
		(Debtor)	(130,741,977)
TOTAL	<u>1,573,959,898</u>	TOTAL	<u>1,573,959,898</u>

INCOME STATEMENT - PERIOD FROM JANUARY TO MARCH 2012**In thousands of Reais****2**

Interest income	24,268,849
Interest expenses	<u>(33,916,079)</u>
Net interest result	(9,647,230)
Gains (losses) on financial instruments classified as At fair value through profit or loss, held for trading	15,216,855
Gains (losses) on financial instruments classified as At fair value through profit or loss, by designation of the management	115,787
Gains (losses) on foreign exchange	(905,692)
Other income	639,311
Other expenses	(605,203)
NET INCOME (LOSS)	<u>4,813,828</u>



EXPLANATORY NOTE TO THE FINANCIAL STATEMENTS – March 31, 2012

FISCAL RESPONSABILITY 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 4595, of 1964, with the wording given by Decree Law 2376, of November 25, 1987, establishes that "as from January 1, 1988, the results obtained by the Bank, considering the income and expenses of all its operations, will be calculated according to the accrual basis and transferred to the National Treasury, after offsetting any losses from prior years."

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

"Article 7. The result of the Central Bank, calculated after the recording or reversal of reserves, constitutes revenue of the National Treasury and will be transferred not later than the 10th working day subsequent to approval of the half-yearly balance sheets.

Paragraph 1. The negative result will constitute a liability of the Treasury to the Central Bank 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 not later than the 10th working day of the year subsequent to the year of approval of the balance sheet by the CMN.

Accordingly:

- I - the Bank's result considers the revenues and expenses related to all its operations;
- II - the positive results are transferred as income to the National Treasury and the negative results are paid as expenses of the National Treasury;
- III - these results are included in the Fiscal Budget in the National Treasury account.

The Bank presented a positive result of R\$4,813,828 thousands in the first quarter of 2011 that, with the result of the second quarter, will compose the result of the first semester of 2012 to be transferred to or covered by the National Treasury. In conformity with paragraph 5 of article 9 of the Fiscal Responsibility Law, within ninety days of the closing of the semester, the Bank shall present in a joint meeting of the pertinent thematic committees of the National Congress (including the Economic Affairs, Finances and Taxation and Public Budget Commissions), 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 2012, the cost corresponding to the remuneration of the deposits of the National Treasury was R\$11,044,231 thousands.

c) Cost of maintaining the foreign exchange reserves – Fiscal Responsibility Law, Paragraph 3 of article 7

The cost of maintaining the foreign exchange reserve is calculated daily by the difference between the yield on the international reserves, including foreign exchange variation, and the average rate of funding calculated by the Bank.

In the first quarter of 2012, the international reserves presented negative returns of 2.37%. After deducting the Bank's funding costs, the net result of the reserves was negative by 4.51% (R\$28,354,917 thousands).



BANCO CENTRAL DO BRASIL

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	International Reserves		Funding	Maintaining Cost of the International Reserves	
	Average Balance	Return	Cost	(%)	(R\$ '000)
	(R\$ '000)	(%)	(%)	(%)	(R\$ '000)
1st quarter/2012	629,200,277	(2.37)	(2.14)	(4.51)	(28,354,917)

It should be pointed out that the foreign exchange adjustment presents a difference resulting from the translation of the amounts of the reserve assets into Reais, and does not configure as a realized result from the financial point of view. Therefore, after excluding this adjustment, in the first quarter of 2012 the international reserves presented a positive return of 0.20%, which is composed by the accruals of interest (0.34%) and the negative result of the mark-to-the market of the assets (0.14%). After deducting the Bank's funding costs, the net result of the reserves was negative by 1.94% (R\$12,235.011 thousands).

	International Reserves		Funding	Maintaining Cost of the International Reserves	
	Average Balance	Return, excluding foreign exchange (%)	Cost	(%)	(R\$ '000)
	(R\$ '000)	(%)	(%)	(%)	(R\$ '000)
1st quarter/2012	629.200.277	0,20	(2,14)	(1,94)	(12.235.011)

At March 31, 2012, 91.46% of the reserve assets were composed of securities, as published in the International Reserves and Liquidity in Foreign Currencies table, prepared in accordance with the Special Data Dissemination Standard – SDDS of the International Monetary Fund – IMF, available on the Bank's website (www.bcb.gov.br).

d) Return from the securities portfolio, emphasizing the securities issued by the Federal Government – Fiscal Responsibility Law, paragraph 3 of article 7:

The return from the Bank's securities portfolio, composed exclusively of securities issued by the Federal Government, was R\$23,271,588 thousands in the first quarter of 2012.

Governor: Alexandre Antonio Tombini

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

Head of the Accounting and Financial Department: Eduardo de Lima Rocha

Accountant – CRC-DF 12.005/O-9