

ASSETS		LIABILITIES AND EQUITY	
ASSETS IN FOREIGN CURRENCIES	<u>882,566,397</u>	LIABILITIES IN FOREIGN CURRENCIES	<u>39,088,277</u>
Cash and Cash Equivalents	26,313,877	Items in the Course of Collection	13,113,486
Time Deposits Placed with Financial Institutions	39,737,258	Deposits Received from Financial Institutions	1,609
Funds Under External Management	14,829,257	Financial Assets Sold Under Repurchase Agreements	3,820,641
Financial Assets Purchased Under Resale Agreements	39,294,684	Accounts Payable	10,098,799
Derivatives	240	Deposits Received from International Financial Organizations	12,051,172
Securities	736,957,053	Other	2,570
Receivables	4,184,632		
Gold	6,297,330		
Investment in International Financial Organizations	14,952,066		
ASSETS IN LOCAL CURRENCY	<u>1,061,803,360</u>	LIABILITIES IN LOCAL CURRENCY	<u>1,703,683,945</u>
Cash and Cash Equivalents	5,437,760	Items in the Course of Collection	27,511
Deposits	1,539,573	Deposits Received from Financial Institutions	390,304,562
Derivatives	40,997,403	Financial Assets Sold Under Repurchase Agreements	688,134,266
Federal Government Securities	973,913,518	Derivatives	11,692,132
Receivables from the Federal Government	1,354	Payables to the Federal Government	584,688,516
Receivables	37,742,182	Accounts Payable	892,230
Property and Equipment	782,863	Deposits Received from International Financial Organizations	6,425
Other	1,388,707	Provisions	27,873,233
		Other	65,070
		CURRENCY IN CIRCULATION	<u>181,861,508</u>
		EQUITY	<u>18,331,464</u>
		Capital	24,675,451
		Revenue Reserve	6,624,205
		Revaluation Reserve	441,299
		Gains (Losses) Recognized Directly in Equity	(13,409,491)
		INCOME ACCOUNTS	<u>1,404,563</u>
		Creditor	147,223,958
		(Debtor)	(145,819,395)
TOTAL ASSETS	<u>1,944,369,757</u>	TOTAL LIABILITIES AND EQUITY	<u>1,944,369,757</u>

INCOME STATEMENT - PERIOD FROM JANUARY TO MARCH 2014

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In thousands of Reais

Interest income	27,053,112
Interest expenses	<u>(39,508,872)</u>
Net interest result	(12,455,760)
Gains (losses) on financial instruments classified as At fair value through profit or loss, held for trading	16,818,808
Gains (losses) on financial instruments classified as At fair value through profit or loss, by designation of the management	(209,725)
Gains (losses) from foreign currencies	(2,954,147)
Gains (losses) from monetary gold	225,302
Other income	702,934
Other expenses	(722,849)
NET INCOME FOR THE PERIOD	<u>1,404,563</u>



EXPLANATORY NOTE TO THE FINANCIAL STATEMENTS – March 31, 2014

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 December 31, 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 Banco Central, 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 Banco Central do Brasil, calculated after the recording 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 Banco Central and will be consigned in a specific budget allocation account.”

Pursuant to Clause II of Article 2 of Provisional Measure 2,179-36, 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 National Monetary Council (CMN).

Accordingly:

- I - the Banco Central do Brasil's result considers the revenues and expenses related to all its operations;
- 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 budget in the National Treasury account.

The Banco Central do Brasil presented a positive result of R\$1,404,563 thousand in the first quarter of 2014 and, together with the result to be determined in the second quarter, will compose the result of the first half of 2014, which will be transferred to or covered by the National Treasury. In conformity with paragraph 5 of Article 9 of the Fiscal Responsibility Law, within 90 days of the closing of the semester, the Banco Central do Brasil shall present, in a joint meeting of the pertinent thematic committees of the National Congress, 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 2014, the cost corresponding to the remuneration of the deposits of the National Treasury was R\$14,079,175 thousand.

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 daily 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 Banco Central do Brasil.



BANCO CENTRAL DO BRASIL

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At March 31, 2014, 90.38% of the reserve assets were composed of securities, as published in the Press Release of the External Sector (table 49), available on the Banco Central do Brasil's website (www.bcb.gov.br).

In the first quarter of 2014, the international reserves had a negative return of 3.17%, totaling 4.61% negative (R\$40,979,129 thousand) 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/2014	888,162,788	(3.17)	(1.44)	(4.61)	(40,979,129)

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 2014, the international reserves presented a positive return of 0.24%, which is composed by accrued interest (0.12%) and the mark-to-market adjustment of the assets (0.12%). After deducting the funding costs, the net result of the reserves was negative by 1.20% (R\$10,653,837 thousand).

	International Reserves		Cost of Funding (%)	Cost of Maintaining International Reserves	
	Average Balance (R\$ thousand)	Profitability, excluding exchange variation (%)		(%)	(R\$ thousand)
1st quarter/2014	888,162,788	0.24	(1.44)	(1.20)	(10,653,837)

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 Banco Central do Brasil's securities portfolio, composed exclusively of securities issued by the Federal Government, was R\$26,852,644 thousand in the first quarter of 2014.

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
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