

ASSETS		LIABILITIES AND EQUITY	
ASSETS IN FOREIGN CURRENCIES	<u>942,752,621</u>	LIABILITIES IN FOREIGN CURRENCIES	<u>32,186,937</u>
Cash and Cash Equivalents	27,180,301	Items in the Course of Collection	3,731,727
Time Deposits Placed with Financial Institutions	40,207,840	Deposits Received from Financial Institutions	1,742
Funds Under External Management	16,423,405	Financial Assets Sold Under Repurchase Agreements	4,988,691
Financial Assets Purchased Under Resale Agreements	5,487,535	Derivatives	21,442
Derivatives	13,290	Accounts Payable	10,491,251
Securities	827,029,398	Deposits Received from International Financial Organizations	12,947,930
Receivables	4,485,003	Other	4,154
Gold	6,391,476		
Investment in International Financial Organizations	15,534,373		
ASSETS IN LOCAL CURRENCY	<u>1,087,905,053</u>	LIABILITIES IN LOCAL CURRENCY	<u>1,775,031,301</u>
Deposits	1,595,228	Items in the Course of Collection	12,914
Derivatives	17,544,488	Deposits Received from Financial Institutions	344,631,187
Federal Government Securities	987,713,891	Financial Assets Sold Under Repurchase Agreements	824,801,273
Receivables from the Federal Government	52,529,042	Derivatives	53,814,336
Receivables	26,148,366	Payables to the Federal Government	522,038,214
Property and Equipment	797,212	Accounts Payable	992,991
Other	1,576,826	Deposits Received from International Financial Organizations	7,947
		Provisions	28,688,164
		Other	44,275
		CURRENCY IN CIRCULATION	<u>192,199,816</u>
		EQUITY	<u>18,688,257</u>
		Capital	24,675,451
		Revenue Reserve	6,624,205
		Revaluation Reserve	438,156
		Gains (Losses) Recognized Directly in Equity	(13,049,555)
		INCOME ACCOUNTS	<u>12,551,363</u>
		Creditor	168,116,758
		(Debtor)	(155,565,395)
TOTAL ASSETS	<u>2,030,657,674</u>	TOTAL LIABILITIES AND EQUITY	<u>2,030,657,674</u>

BANCO CENTRAL DO BRASIL
INCOME STATEMENT - PERIOD FROM JULY TO SEPTEMBER 2014
In thousands of Reais

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Interest income	26,266,138
Interest expenses	<u>(41,893,057)</u>
Net interest result	(15,626,919)
Gains (losses) on financial instruments classified as At fair value through profit or loss, held for trading	21,860,138
Gains (losses) on financial instruments classified as At fair value through profit or loss, by designation of the management	1,757,495
Gains (losses) from foreign currencies	4,477,460
Gains (losses) from monetary gold	117,412
Other income	669,419
Other expenses	(703,642)
NET INCOME FOR THE PERIOD	<u>12,551,363</u>



BANCO CENTRAL DO BRASIL

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EXPLANATORY NOTE TO THE FINANCIAL STATEMENTS – September 30, 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 revenues and expenses related to 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 semiannual 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\$12,551,363 thousand in the third quarter of 2014 and, together with the result to be determined in the fourth quarter, will compose the result of the second 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 after the half-year end, 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:

The cost corresponding to the remuneration of the deposits of the National Treasury was R\$12,551,349 thousand in the third quarter of 2014.

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, on a daily basis, 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 September 30, 2014, 90.88% of the reserve assets were comprised 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 third quarter of 2014, the international reserves presented a positive return of 9.44%, totaling 6.25% positive (R\$53,814,337 thousand) when taking into account the funding cost.

	International Reserves		Cost of Funding (%)	Cost of Maintaining International Reserves	
	Average Balance (R\$ thousand)	Profitability (%)		(%)	(R\$ thousand)
3rd quarter/2014	861,721,342	9.44	(3.19)	6.25	53,814,337

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 third quarter of 2014, the international reserves presented a positive return of 0.01%, which is composed by accrued interest (0.19%) and the negative mark-to-market adjustment of the assets (0.18%). After deducting the funding costs, the net result of the reserves was negative by 3.18% (R\$27,414,542 thousand).

	International Reserves		Cost of Funding (%)	Cost of Maintaining International Reserves	
	Average Balance (R\$ thousand)	Profitability, excluding exchange variation (%)		(%)	(R\$ thousand)
3rd quarter/2014	861,721,342	0.01	(3.19)	(3.18)	(27,414,542)

d) Profitability of the securities portfolio – 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\$24,870,633 thousand in the third 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
Accountant – CRC-DF 12,005/O-9