

MANAGEMENT REPORT

We present the Management Report and the individual and consolidated financial statements of BANESTES S.A. - Banco do Estado do Espírito Santo, for 2009, in accordance with standards set forth by the National Monetary Council, the Central Bank of Brazil, the Brazilian Securities and Exchange Commission, and the Superintendence of Private Insurance.

1 - SUMMARY OF THE YEAR

The consolidated financial statements of BANESTES in 2009 showed net income of R\$131,16 million, which met its management's expectations considering the economic recovery process. This result consolidates the solidity of the Institution in the financial and bank market of the State of Espírito Santo, considering all the difficulties which the Bank has been through in the period, such as the effects of the global crisis and the process of acquisition of the Bank's controlling interest by Banco do Brasil S.A.

Our lending portfolio, including Lease, Advances on Exchange Contracts and Other Receivables from Credit Granting, increased 23.17% and amount to R\$3,42 billion by the end of 2009.

Shareholders' equity amounts to R\$665,11 million in the period, 17.23% higher than shareholders' equity in 2008. The return on equity was 23.12%, calculated by the Net Income as of 12/31/2009 on Shareholders' equity as of 12/31/2008.

In this period the solidity of the Bank's performance was tested by publications specialized in the financial sector and high rated among Brazilian financial institutions; as the 36th company within a list of the 50 largest banks in the country (Revista Exame/ Maiores e Melhores, July 2009 edition). The Additionally, the Bank is rated as the 6th largest company of the Brazilian financial area in return on equity, within a list of the 20 best companies in the area; holds the 9th place among the Banks leaders in number of clients and savings deposits; 11th place among the Banks leaders in number of branches and demand deposits; 14th place among the Banks leaders in rural credit and issue of credit cards; 7th place among the 20 most important small and medium size Banks in lending operations; 13th place among the 20 largest banks in total number of deposits; 24th place among the 100 largest banks in total assets; and other recognitions.

2 - HIGHLIGHTS

2.1 - Banescard

Banescard remains steady in its trend of success and consolidation in the card market. The product that made BANESTES the first commercial bank in the country to

have a debit and credit card with its own flag, Banescard finished 2009 with 19,500 accredited establishments. It is the largest card flag operating in the State of Espírito Santo. To achieve this result, we highlight some actions implemented by the Bank, such as the introduction of the card "Banescard - Meu Salário", the card "Banescard - INSS", and the promotional campaign "Super Compra premiada Banescard".

Banescard has already crossed the borders of the State of Espírito Santo, with the presence of Banestes now in neighbouring states; the card has arrived to Nanuque - State of Minas Gerais, and to Teixeira de Freitas - State of Bahia.

The product, which has no membership or annual fees, has the potential to bring opportunities of new businesses with the clients' portfolio, and also counts with the large network of BANESTES' services, present in all municipalities of the State of Espírito Santo, and the great acceptance from clients and commercial establishments.

2.2 - Payroll loans

The government of the State of Espírito Santo, through Decree No. 2415-R of 12/04/2009, decided that payroll loans made to state civil servants, militarys, and pensioners, from now on, will be offered exclusively by the official financial institutions acting in the State of Espírito Santo: BANESTES, Banco do Brasil, and Caixa Econômica Federal.

BANESTES, which is the leader in this kind of lending operation to state civil servants, expects to significantly increase the volume of new operations, given that it is one of the most demanded products of its portfolio.

2.3 - Banes Auto

Other credit line started in 2009 was Banes Auto, a product intended for the acquisition of vehicles (motorcycles, cars, and SUVs). The product originated from the CDC Vehicles (direct consumer credit) was totally reformulated. It currently works using a system of credit approval through the web allowing more agility in operations.

BANESTES offers Banes Auto in partnership with car dealers and authorized resellers in the State. The product is intended to individuals, account-holder clients or not, for the financing of new and used vehicles. The financing value ranges from R\$3 thousand to R\$100 thousand, with payment terms from 12 to 60 months.

2.4 - Personnel Management

In 2009, BANESTES hired 261 new employees through civil service examination to supply the increasing demands

of the Bank for personnel. The investment in employees' training and development amounted to R\$833,57 thousand, invested in the conduction of 276 events with 5,809 employees participating in 2,144 hours/class.

By the end of 2009, BANESTES' staff includes 2,523 employees, 616 trainees and 192 apprentices.

Internally, BANESTES has implemented institutional projects aiming business sustainability such as: "*Querer Aprender*" a project that aims to qualify and promote the personal and professional development of the Bank's employees; and "*Carreira e Sucesso*" that aims to train talented employees to assume strategic positions in the Bank.

2.5 - Beyond Espírito Santo

Aligned with BANESTES' Strategic Planning for 2008-2010, BANESTES started 2009 continuing expanding and improving its bank service network. The project for the improvement and expansion of the bank service network has included the opening of two new branches outside Espírito Santo (one in Nanaque - Minas Gerais, and other in Teixeira de Freitas - Bahia), and the opening of a branch in Vitória (branch "Orla"), its second unit specialized in corporate services. Ten other branches in several locations in Espírito Santo have also been expanded and modernised.

3 - ECONOMIC SCENARIO

2009 started under the fear of worsening of the international economic crisis, a more significant slowdown in economic activity, and of negative surprises from financial institutions in Europe and the United States. However, the adoption of expansion monetary and tax policies has brought relief to those economies which initiated the recovery of its main industries, after hitting the bottom.

Through heavy public investments and inventory accumulation, China shall announce a growth rate of almost 8.00% in 2009, which has definitely contributed to reduce crisis effects. Expectations have improved and currently the strategies to interrupt the tax and monetary incentives created is what causes concern.

Internally, the adoption of tax incentives through the reduction in federal taxes, mainly in IPI (Federal VAT), and the high credit offer by public banks maintained economy growing in important industries such as the automotive and household appliances industries, which contributed to maintain income rates and improve consumers' and entrepreneurs' expectations.

Economy in Espírito Santo, strongly affected by activities slowdown and mainly by the reduction in commodities price, considering its strong relation with foreign market, shall have a sharp increase in 2010, in view of the improvement in mining, steel, and cellulose industries, fostered by the recovery of prices in the foreign market and the increase in Brazilian market.

Lending operations of Brazilian finance system have confirmed the growth trend observed during the year, and reflect the recovery of economic activity. In this scenario, total credits reached R\$1,41 billion, increasing by 14.90% between January and December 2009. As a result, the total balance of loans now represents 45.00% of GDP, in comparison to 39.70% in December 2008. The participation of public banks in total credits reached 41.40%, while Brazilian and foreign private banks' participation reached 40.40% and 18.20%, respectively. By the end of 2008, those participations corresponded to 36.20%, 42.80% and 21.00%, respectively.

According to a research conducted by FEBRABAN (Brazilian Federation of Bank Associations), the expected growth in total credit transactions for 2010 is 19.20%, with 19.80% growth estimated for free funds, and 17.40% growth estimated for earmarked funds.

In the State of Espírito Santo, lending operations reached R\$10,73 billion in September 2009, up 20.37% in comparison with the same period in 2008. BANESTES' volume of lending operations increased 33.65% which amounts to R\$3,23 billion, and corresponds to a share of 30.10 p.p. in the market.

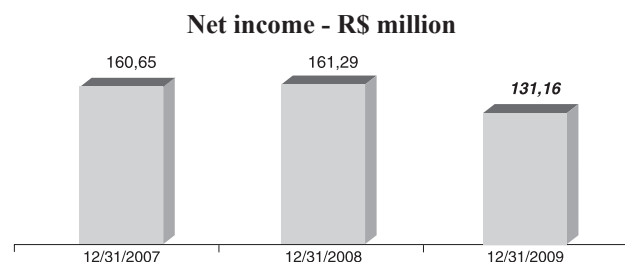
4 - BANESTES FINANCIAL SYSTEM PERFORMANCE

In 2009, in addition to the positive result that points to its solidity, BANESTES Financial System has established important strategic actions that will foster better results in a recovering economic and financial environment.

4.1 - Economic and Financial Performance

4.1.1 - Net income

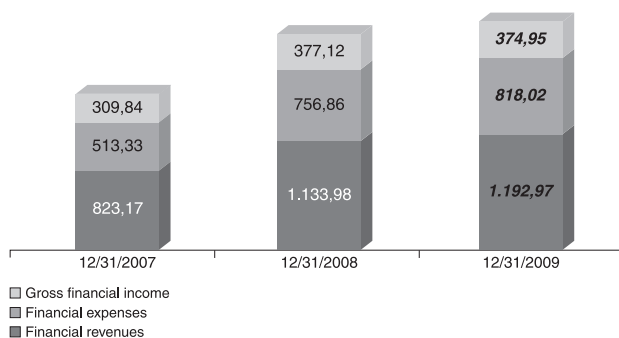
The consolidated net income of BANESTES Financial System in 2009 was R\$131,16 million. Considering the circumstances of the economic and financial environment in 2009, that result was satisfactory. However, in comparison with 2008's results, there was a drop by 18.68%.



4.1.2 - Financial Income

The financial Income of BANESTES, which amounts to R\$374,95 million in 2009, decreased 0.57% in comparison with the R\$377,12 million in 2008. This result was practically the same of 2008.

Financial income - R\$ million



Note: In compliance with Law No. 11,638/07 and for comparative purposes Lease Expenses were reclassified in the Statement of Income with a deduction of Lease Revenues in the year 2007.

Treasury revenues decreased 18.24%, affected by the reduction in Selic (Central Bank overnight rate) and mainly by the use of these funds for personal and corporate credit and for the acquisition of portfolios, amounting to R\$484,41 million by the end of the year in comparison with R\$592,50 million of 2008. They correspond to 40.60% of the total financial revenues of 2009.

Financial income from lending operations amounts to R\$633,58 million, up 39.75% in comparison with the R\$453,37 million in 2008. Loans and Financing, up 50.95% and 68.92%, respectively, stand out. Income from Rural financing in 2009 increased by 52.02% in comparison with 2008.

As for loans, Payroll loans, Working Capital, and Overdraft Protections have increased 28.92%, 60.24%, and 28.26%, respectively. Revenues from Banescard and Credit Granting were responsible for 23.50% of total revenues from loans. We point out that the last two products were launched in the 2nd half of 2008.

Among the financing products, BANESTES Financeira - Bens e Serviços, FINAME through the agreement signed with BNDES (National Bank for Social and Economic Development), and Financing of Assets, which increased 97.22%, 81.77% and 57.27%, respectively, stand out.

Revenues from Lease operations amount to R\$26,16 million, up 27.30% in comparison with the 2008 result of R\$20,55 million.

Expenses on Money Market funding amount to R\$611,55 million, down 12.45% in comparison with R\$698,55 million in 2008.

In the year, affected by the expansion of the Bank's portfolio and the increase in default observed in the bank market, expenses on Allowance for Losses on Lending Operations, Lease and Other Receivables from Lending Operations amount to R\$196,18 million, in comparison with R\$51,93 million earned in 2008.

4.1.3 - Other Operating Revenues (Expenses)

Revenues from services amount to R\$161,64 million in the year. From that total, revenues from Investment Fund Management represent 17.05%, while Revenues from Collections represent 12.20%.

Revenues from Bank Fees amount to R\$17,89 million in the year, which represents an increase by 72.85% in comparison with 2008, amounting to R\$10,35 million.

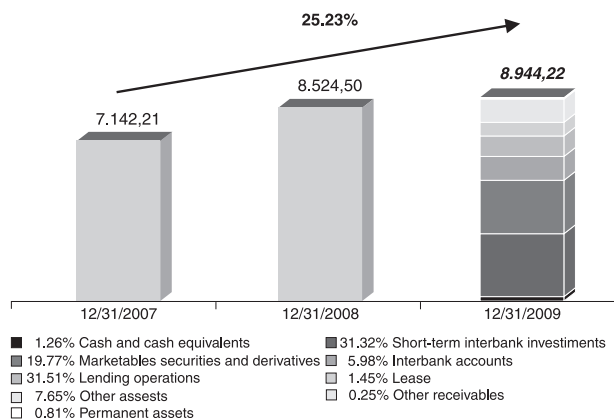
Expenses on Personnel amount to R\$177,65 million, a reduction of 4.35% in comparison with 2008. Other Administrative expenses increased 11.32% and amount to R\$166,83 million in the year, mainly due to the increase in the Bank's operating activities.

4.2 - Assets Performance

4.2.1 - Assets

Total Assets, as of 12/31/2009, amount to R\$8,94 billion, up 4.92% in comparison with 2008, and 25.23% in comparison with 2007. This result was due to the expansion of the lending portfolio, mainly through the products of loans such as Payroll loans, Working Capital, Credit Granting and Debts Renegotiation; and through the products of financing such as Financing of Assets - Individuals and Legal Entities, Industrial Financings - FINAME; and Rural Financing.

Total assets and composition - R\$ million



Note: In compliance with Law No. 11,638/07 and for comparative purposes Guaranteed Residual Value classified under Current and Long-term Liabilities was reclassified to Lease in 2007, changing Total Assets and Total Liabilities.

4.2.1.1 - Total Funds Applied

As of 12/31/2009, the balance of total Funds Applied, including Short-term Interbank Investments, Marketable Securities, and Lending Portfolio amount to R\$7,60 billion, up 8.73% in comparison with the amount as of 12/31/2008, when R\$6,99 billion were applied.

4.2.1.2 - Marketable Securities

Marketable Securities amount to R\$1,77 billion in the year, up 1.72% in comparison with 2008, amounting to

R\$1,74 billion. R\$998,08 million of which correspond to the Bank's own portfolio, R\$714,61 million Linked to Repurchase Agreements, and the remaining Linked to Guarantees and Derivatives.

From the total amount of R\$1,77 billion of this caption, R\$199,00 million were classified as Trading Securities, and R\$96,21 million as Available-for-sale Securities. This classification was based on cash flow analysis that checked BANESTES' capacity to hold securities under the caption Held-to-maturity Securities in the amount of R\$1,47 billion.

4.2.1.3 - Lending Portfolio

The Lending Portfolio including the balance of Lease, Advances on Exchange Contracts and Other Receivables from Credit Granting, increased 23.17% and amounted to R\$3,42 billion by the end of the year, of which 58.03% refer to Individuals and 41.97% to Legal Entities. As for the Lending Portfolio net of the provisions for credit, the year-end balance was R\$3,17 billion, up 19.62% in comparison with 2008.

We point out that the increase in our portfolio was mostly the result of our participation in the sector of payroll loan acquisition. As of 12/31/2009, the volume of funds invested in this product amount to R\$750,25 million, equivalent to 37.84% of the individual credit portfolio, and 21.94% of the Bank's total credit portfolio.

Loans portfolio is the most significant of these funds, representing 65.20% of total funds applied and volume of R\$2,23 billion. Rural Financing and Other Financings represent 10.97% and 9.39%, respectively, followed by Advances on Exchange Contracts, with 6.68%.

Lease portfolio amounts in 2009 to R\$137,15 million, up 6.89% in comparison with the volume in 2008.

4.2.1.4 - Risk Levels

As of 12/31/2009, the balance of the Allowance for Losses on Lending Operations, Lease and Other Receivables from Lending Operations amount to R\$245,62 million.

In regard to risk level rating by the end of 2009, 86.73% of BANESTES' lending operations had their risk levels rated as AA and B. 54.65% of these operations were rated AA, 18.93% were rated A and 13.15% were rated B. Only 13.27% of lending operations were rated between C and H.

4.2.1.5 - Special Products

Microcredit

From its creation to the end of 2009, BANESTES Microcredit Program had 10,497 clients and funds totalling R\$20,50 million were invested. In 2009, 3,733 clients with funds amounting to R\$10,40 million participated in the program. This credit facility aims to increase the economy's production capacity, generate jobs and income.

Rural Credit

BANESTES' investments in the rural area reinforce its role as an agent of public policies and partner of Espírito

Santo's rural producer. In line with the state government's policy of developing the interior of Espírito Santo, the Bank plays an important role in improving the production, productivity and competitiveness of Espírito Santo's agribusiness.

In 2009, funds of R\$235,60 million were invested, benefiting 8,257 rural producers. Considering the period from January 2003 to December 2009, R\$815 million was invested, covering more than 43,974 rural producers.

Nossocrédito

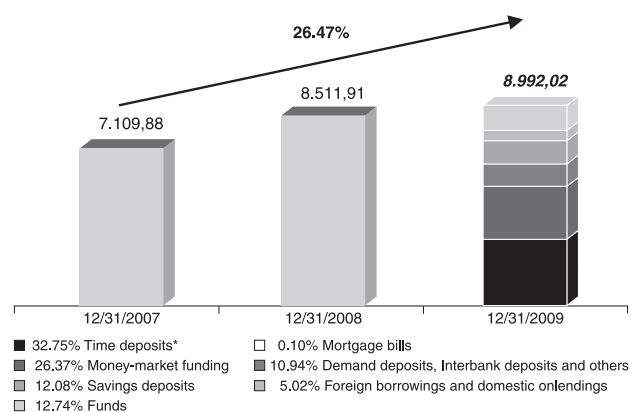
A program which is part of a set of public job and income generation and social inclusion policies, Nossocrédito Banestes has been fulfilling its social purpose. In 2009, the program's performance regarding the volume of loans was 16.63% higher than the volume of 2008, with funds amounting to R\$25,70 million and 5,749 small entrepreneurs served by the program. Since its implementation, on 10/02/2003, 27,058 transactions were analyzed and approved by the Municipal Credit Committee, totalling R\$90,90 million, with an average of R\$3,30 thousand per transaction.

4.2.2 - Liabilities

4.2.2.1 - Funds raised and managed by BANESTES

As of 12/31/2009, funds raised and managed by BANESTES totalled R\$8,99 billion, up 5.64% compared with the same period in 2008. This increase is due to the growth in fund raising through Time Deposits, up 18.01%, or R\$449,35 million, and through Savings Deposits, up 11.34%, or R\$110,63 million. We point out the increase in Third-party Funds by 17.11%, amounting to R\$1,14 billion in the period.

Funds managed/raised and composition - R\$ million

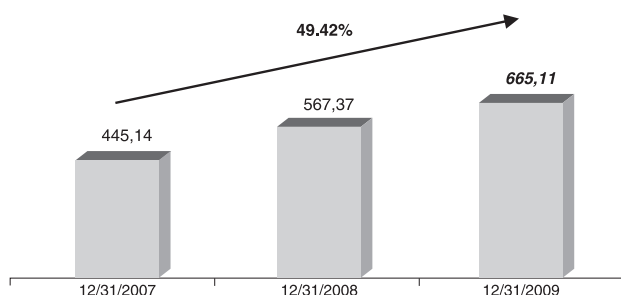


(*) Time Deposits include Escrow Deposits

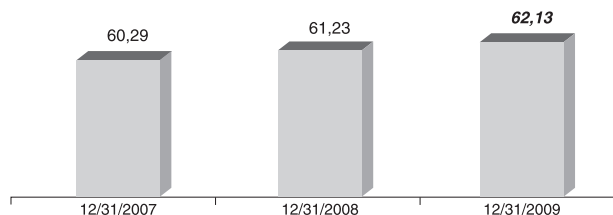
4.2.3 - Shareholders' Equity / Return on Equity

BANESTES' equity totalled R\$665,11 million in 2009, up 17.23% in relation to 2008, and up 49.42% when compared with 2007. Return on equity, calculated as the ratio between the net income reported of 2009 and shareholders' equity as of 12/31/2008, totalled 23.12%

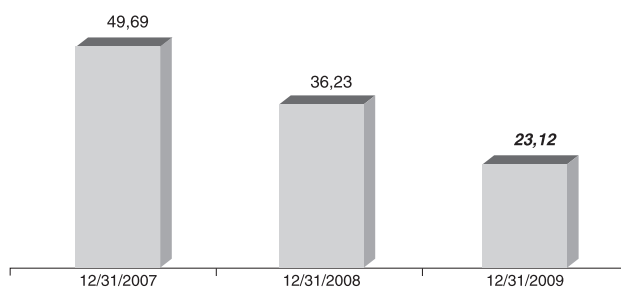
Shareholders' equity - R\$ million



Efficiency index - %



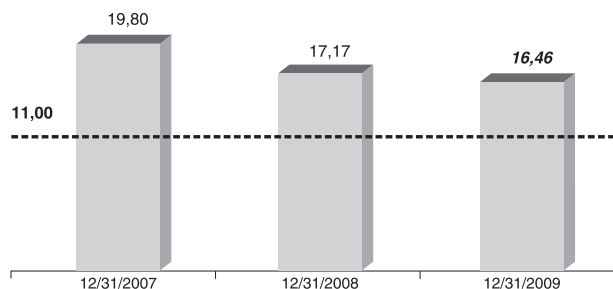
Return on equity - %



4.2.4.2 - Capital Adequacy

This indicator shows that BANESTES has been within market patterns, and balances profitability and quality of its assets. In compliance with the requirements of the Central Bank of Brazil, the index measures the capital required to face credit, market, and operating risks. Accordingly, in the year ended 12/31/2009 this ratio reached 16.46% exceeding the minimum percentage of 11.00% required by the Central Bank of Brazil.

Capital adequacy - %



4.2.4 - Indicators

The table below shows a summary of our main indicators during the last 3 years. We point out the performance of the Lending Portfolio that has been constantly increasing, and of the Shareholders' Equity with a slow but solid growth. Additionally, we highlight net income results which, even in the environment of a global crisis, had a satisfactory performance.

BANESTES COMPARATIVE TABLE			
INDICATORS	12/31/2007	12/31/2008	12/31/2009
Net income - R\$ million	160,65	161,29	131,16
Shareholders' equity - R\$ million	445,14	567,37	665,11
Funds raised and managed - R\$ million	7.109,88	8.511,91	8.992,02
Total assets - R\$ million	7.142,21	8.524,50	8.944,22
Lending portfolio (with provisions) - R\$ million	1.481,20	2.651,94	3.171,72
Capital adequacy - %	19,80	17,17	16,46
Return on equity - %	49,69	36,23	23,12
Operating efficiency - %	60,29	61,23	62,13

4.2.4.1 - Operating Efficiency

In 2009, BANESTES Financial System's Operating Efficiency Index was 62.13%, which, compared with 2008, improved 0.90 p.p., and compared with 2007, improved 1.84 p.p.

5 - SERVICE NETWORK

BANESTES is present in the 78 municipalities, covering 100% of Espírito Santo State. Our services are rendered using a network of 129 branches, three of which are located outside the State of Espírito Santo. In addition, it provides its clients with 27 banking units (PAB), 231 automatic teller machines (PAE) and 496 non-banking correspondents (COB/CBA), totalling, in December 2009, a network of 883 service stations. Through its non-banking correspondents, the Bank offers a range of bank transactions, including entering into personal loan agreements automatically.

In 2009, the group of non-banking correspondents conducted in average 1.80 million monthly transactions, a number above the transactions conducted by all the tellers of the Bank's branches.

Also in 2009, BANESTES implemented the Authorized Direct Debit (DDA) service, which allows to clients the payment of bank payment forms electronically, offering more agility and comfort to clients. The Bank also acquired 122 automatic service machines (12 CD and 110 ATM), amounting to a total investment of R\$3,04 million.

Additionally, with the purpose of continuing the improvement in the service to clients, the Bank works with a communication network client - institution (Customers' Service - SAC) for doubts and possible complaints through

phone 0800 727 0474, for clients in Brazil, and through a Investor Relation website that provides information on the Bank to market.

6 - TECHNOLOGY AND MANAGEMENT

6.1 - Information Technology

In 2009, BANESTES made investments of approximately R\$6,20 million, with main focus on the expansion of processing capacity and updating of technology infrastructure. Accordingly, the main focus were investments in the acquisition of SUN servers, Windows systems, bidding procedures, acquisition of equipment and internet protocol telephony, expansion of communication links (MPLS Network), implementation of EDI, and maintenance of the group of 674 ATMs.

6.2 - Corporate Governance

BANESTES has been improving its management system day by day, aligning its policies and strategies with corporate governance best practices. Among these practices is the setup of Committees to assist management in doing its businesses more transparent, among which Credit Analysis, Technology, Tax Planning, Sponsorship Analysis, Market and Operational Risks, Discipline, Cost Cutting and Expense Reduction, and others.

In addition to these actions, BANESTES has a Prior Reconciliation Commission - CCP with the purpose of minimizing labour proceedings and their respective costs, and an Ethics Committee which plays a preventive role regarding the subject within the company.

We point out that the Bank maintains an Ombudsman office to operate as a communication channel between the Bank, employees, clients and users in order to mediate disputes and offer fast and adequate answers according to the needs of the public.

In 2010, BANESTES will establish an Audit Committee, considering that it complied with the limits established in the CMN Resolution (Brazilian Monetary Council) 3198/2004 for the last two years. The Committee will have among its attributions, the review of half-yearly financial statements, notes, management reports, and Independent Auditor's Opinion, and its evaluation will be subject to the Board of Directors.

6.3 - Risk Management

BANESTES is constantly improving risk management in order to achieve an integrated management of the main financial risks, allowing an acceptable level of risk exposure which does not affect the good business performance. This constant improvement also allows a more efficient capital allocation so as to optimize the shareholders' capital achieving the best risk/return ratio. In 2009, the Bank concluded the automation of internal control management, operating risk, market risk, and liquidity risk, and started the process for improvement of credit risk management according to CMN Resolution 3721/2009.

The Bank has a specific risk and internal control management position, directly subordinated to the Managing Director and specific units to manage and assess Credit, Market, Liquidity, and Operating Risks, duly separated into the related business areas. An internal control and risk committee has also been set up to analyze and approve all the issues related to the Bank's internal control and risk management, comprising quality and quantity aspects. These issues are subject to the Bank's Management Panel and Board of Directors.

Preventive and recovery measures are taken in case of process shutdown, ensuring the Bank's continuity as a going concern.

The control over money laundering prevention and fight is one of the Bank's commitments. Besides the compliance with legal requirements, the Bank also adopts measures to inhibit the use of its services in illegal transactions. The detection of indications of fraud and fight situations considered as money laundering by legislation is conducted by an automate system.

In 2009, a major project for disseminating a risk and internal control culture through the Bank continued to be carried out. Training sessions and lectures have been held to raise awareness of the employees, including those recently hired.

The adoption of these measures reinforces the Bank's commitment to risk management's best practices, and to compliance with the new Basel Accord requirements - BIS II, and to the Brazilian Monetary Council's and Central Bank of Brazil's standards.

6.4 - Strategic Management Processes

In BANESTES, the control over strategic management processes is a commitment of the Bank. Accordingly, the Bank in partnership with the management of marketing, planning, and similar areas has implemented in 2009 a management tool named "Branches Portfolio". This tool makes available in a single electronic environment the main information on the Bank's branches, in order to assist the management group in making fast and accurate decisions.

Still that year, through its marketing management, the Bank has promoted a large review of the Bank's sponsorship policy, in order to offer more transparency and objectivity in sponsorship procedures.

6.5 - Business Sustainability and Social Responsibility

In the social area, BANESTES shows its commitment with the well-being and education of the citizens of the State of Espírito Santo. The Bank's actions reinforce the cultural identity of Espírito Santo, bringing value to the several cultural activities of the many municipalities of the State. In 2009, the Bank invested approximately R\$1,5 million in the social area. Additionally, partnerships were made with social institutions that invest in educational, cultural and sport projects aimed to children and youngsters in

social risk, such as: Espírito Santo's Association against Children's Cancer - ACACCI, Community Action of Espírito Santo - ACES, Brazilian Association of Toy Manufacturers' Foundation - ABRINQ, and Committee of Entities to Fight Poverty and Support Life - COEP.

In agreement with the principle of corporate sustainability, BANESTES adopted the following procedures in 2009:

- The Bank has reduced the consumption of disposable cups by 96.00%, which corresponds to approximately 144,700 cups not disposed as residues in the environment.
- The Bank has become a signatory of the Financial and Technical Cooperation Agreement for the implementation of the Pilot Project - Forests in the State of Espírito Santo. The Bank's task is to assign agricultural credit lines for investment in environmental adequacy in rural properties.
- It has contributed to digital inclusion of Espírito Santo's citizens, through the donation of 597 computers to 53 municipal governments in the State.
- It has created credit lines with endowment of R\$10,00 million in partnership with the Bank for Development of Espírito Santo (BANDES) exclusively for the assistance of the victims of the flood that hit Espírito Santo in 2009.

7 - RATINGS AND RECOGNITION

As of 31 December 2009 the credit risk of BANESTES was granted a A- (in local currency) rating by Lfrating. This rate has been maintained during last years, with advances in areas such as support, management, strategy, and financial solidity.

An effect of this increased quality has been the prizes and recognition by various specialized publications that evaluate corporate performance. We highlight the following:

- 1st place among Public Banks – the one that had the highest growth in credit operations in 2008 – according to “Revista Conjuntura Econômica/FGV”, June 2009 edition.
- 4th place among Public Banks – in assets growth in 2008 – according to “Revista Conjuntura Econômica/FGV”, June 2009 edition.
- 3rd place among Public Banks – with the highest return on equity in 2008 – according to “Revista Conjuntura Econômica/FGV”, June 2009 edition.
- 27th place among the 100 Biggest Brazilian Financial Conglomerates – according to “Revista Conjuntura Econômica/FGV”, June 2009 edition.
- 1st place in the Efinance Award 2009 – category Risk Management - according to “Revista Executivos Financeiros”.
- 6th place among the 10 Small Brazilian Banks (with less than R\$100 billion in assets) that had their shares

prices increased in 2009 in North and Latin America – according to “Consultoria Econômica”, a study conducted from 01/2009 to 04/2009 and disclosed on 05/05/2009 on the website: g1.globo.com;

- 36th place among the 50 largest banks in the country in shareholders' equity – according to “Revista Exame/Anuário Melhores e Maiores”, July 2009 edition.
- 9th place among the Banks leaders in number of clients and savings deposits - according to “Revista Exame/Anuário Melhores e Maiores”, July 2009 edition.
- 11th place among the Banks leaders in number of branches and demand deposits - according to “Revista Exame/Anuário Melhores e Maiores”, July 2009 edition.
- 14th place among the Banks leaders in rural credit and issue of credit cards - according to “Revista Exame/Anuário Melhores e Maiores”, July 2009 edition.
- 18th place among the Banks leaders in time deposits - according to “Revista Exame/Anuário Melhores e Maiores”, July 2009 edition.
- 15th place among the Banks leaders in personal credit - according to “Revista Exame/Anuário Melhores e Maiores”, July 2009 edition.
- 6th place among the 20 Largest Financial Groups in return on equity - according to “Revista Valor Grandes Grupos”, December 2009 edition.
- 164th place among the 200 Largest Economic Groups in gross revenue - according to “Revista Valor Grandes Grupos”, December 2009 edition.
- 24th place among the 100 Largest Banks in total assets - according to “Revista Valor 1.000”, August 2009 edition.
- 13th place among the 20 Largest Banks in total deposits - according to “Revista Valor 1.000”, August 2009 edition.
- 5th place among the 20 Most Important Small and Medium Size Banks in return on equity – according to “Revista Valor 1.000”, August 2009 edition.
- 7th place among the 20 Most Important Small and Medium Size Banks in lending operations – according to “Revista Valor 1.000”, August 2009 edition.

8 - EXPECTATIONS FOR 2010

Banescard - Own Flag

- **Banescard new projects**

Expand the acceptance of Banescard outside the State, also for no Bank account holders, is part of the new plans of BANESTES to its own-flag debit and credit card. Banescard is also expected to reach no Bank account holders through Private Label cards (credit cards associated to a commercial establishment) this year.

With the end of flags exclusivity, BANESTES intends to establish a partnership with an accreditation company acting all over the country, so that Banescard may be accepted not only in Espírito Santo, but also all over the country, using the POS of other credit card carriers.

The Bank also intends to offer to clients a reward program with prizes and benefits.

- **INSS Card - Banescard**

INSS pensioners that receive its pension amounts through BANESTES will also have the Banescard, as the flag is part of the INSS card layout. Accordingly, this group of clients now enjoys the commodity and security of plastic money, and for many of them, Banescard was their first card.

In addition to withdraws at BANESTES' branches, ATM's, and non-banking correspondents (Banestes Mais Fácil), INSS pensioners may make purchases using Banescard as a debit card and do not have to go to the bank to withdraw their pension amounts.

Expansion and Specialization of the Services Network

Besides the opening of the branches in Teixeira de Freitas, Bahia, and in Nanuque, Minas Gerais, in 2009 BANESTES was authorized by the Central Bank to open three more agencies (two in the State of Rio de Janeiro, in the municipalities of Itaperuna and Bom Jesus do Itabapoana, and one in the State of Minas Gerais, in Mantena), which shall be opened during 2010.

Moving beyond the borders of the State of Espírito Santo is one of the strategies that the Bank adopted with the purpose of increasing its operations. Additionally, these cities have great synergy with our State and represent great market opportunities.

Real estate credit

In agreement with the strategic plan for the Bank's strengthening and growth, BANESTES will resume the financing of residences through the restructuring of its real estate credit portfolio, in order to re-establish real estate credit to Bank's clients and non-clients. In order to offer this credit line, the Bank shall invest R\$200 million for the financing of real estate properties up to the value of R\$250 thousand. This action brings a favourable prospect to the Bank, given that this credit facility, not available since 1993, will be re-established and the market is still favourable even during this period of recovery from the recent economic crisis.

Personnel Management

Internally, BANESTES intends to maintain its commitment with professional management. In 2010, the Bank will invest in employees' training and development through managerial courses and certifications to make them able to take new managerial positions arising from the Bank's expansion of business and policy on career and position.

9 - SERVICES RENDERED BY EXTERNAL AUDITORS

Pursuant to article 2 of CVM Instruction No. 381/03, the services rendered by the independent auditor to BANESTES' Financial System refer exclusively to the external audit.

ACKNOWLEDGEMENTS

The management of BANESTES S.A. - Banco do Estado do Espírito Santo wishes to thank shareholders, clients, and collaborators for their full trust and dedication which have allowed us to achieve increasingly better results.