

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 DECEMBER 2009 AND 2008**

In thousands of reais

1. OPERATIONS

BANESTES (the "Bank") is a mixed-capital public corporation. Set up as a multiple-service bank, its portfolio includes commercial, rural, industrial and real estate credit. It is also engaged in foreign exchange and lease transactions and credit card, Workers' Meal Program (PAT) and investment fund management.

Through its controlled companies, BANESTES Seguros S.A., BANESTES Distribuidora de Títulos e Valores Mobiliários S.A. and BANESTES Administradora e Corretora de Seguros e Previdência e Capitalização Ltda., the Bank operates in the insurance and distribution segments and intermediates and manages third parties' funds.

Operations are conducted by related companies which are part of BANESTES group. The benefits of the services provided between these companies and the costs of the operational and administrative structure are absorbed according to the practicability and reasonableness of appropriation to the group or individually.

2. BASIS OF PRESENTATION

The financial statements of BANESTES S.A. are being presented in accordance with the Brazilian Corporate Law (Law No. 6.404/76) and the changes brought about by Law No. 11.638/07 were adopted. They also follow the provisions included in instructions issued by the Central Bank of Brazil - BACEN and the Brazilian Securities and Exchange Commission (CVM).

The consolidated financial statements are being presented together with the financial statements of BANESTES S.A. They have been prepared in accordance with standards established by CVM, which require the elimination of intercompany balances and transactions in consolidation, and the provisions of CNSP - National Council of Private Insurance, and SUSEP- Superintendence of Private Insurances. Intercompany accounts and transactions, balances of accounts, revenues and expenses in controlled companies have been eliminated in consolidation, as listed in note 15. The equity held by minority shareholders of controlled companies is shown as minority interest. The difference in Net Income and Shareholders' Equity between Banestes S.A. and Banestes Consolidated happens due to the elimination of unrealized profit resulting from transactions between the consolidated companies whose corresponding taxes were deferred, according to note 21 a1.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTISES

a. Results of Operations - Revenues and expenses are recognized under the accrual basis.

b. Cash and cash equivalents - The preparation of the Statements of Cash Flows and the Brazilian Monetary Council's (CMN) definition established on Resolution No. 3.604/08 lead management to consider cash and cash equivalents and short-term interbank investments as having high liquidity, an insignificant risk of change in value and limits. They mature in three months or less after the investment date.

c. Short-term Interbank Investments - These represent the funds applied or raised in interbank market. They are stated at the redemption value less revenues to be recognized in future periods using the index variation and the agreed-upon interest rates.

d. Marketable Securities - Classified and valued according to each company's financial capacity, as shown below:

- Trading securities: securities acquired for the purpose of being actively and frequently traded. They are marked to market, and the corresponding appreciation or depreciation is recorded against income for the period.
- Available-for-sale securities: securities that do not fall into the categories of trading and held-to-maturity securities. They are marked to market, and the corresponding appreciation or depreciation is recorded against a separate equity account, net of taxes.
- Held-to-maturity securities: securities which the Bank has the intent and financial capacity to maintain in portfolio to maturity. They are stated at cost, plus income earned, which should be recorded in income for the period.

e. Financial Instruments and Derivatives - These are recorded at acquisition date according to the management's intention, considering the purpose of *hedge* or not, in compliance with Circular Letter No. 3.082 of the Central Bank of Brazil issued on 30 January 2002.

Derivatives not classified as *hedge* according to the above mentioned standard are recorded at market value, and gains and losses are recognized directly in income for the period.

Transactions with financial instruments and derivatives associated with fund raising which have the same maturity of the associated transaction and are entered into with the same institutions are not marked to market, according to BACEN's Circular Letter No. 3.150 of 11 September 2002.

- f. Interbank Accounts** - Credits with the FCVS (Salary Variation Offsetting Fund), arising from residual balances and/or anticipated settlement of real estate financing with discount, are recorded at their nominal value plus earnings to the balance sheet date and reduced by an allowance for losses resulting from a negative total or partial coverage of the credits by FCVS. Credits are carried at their adjusted nominal value given the management's intention to hold to maturity the CVS trade notes to which these credits refer.
- g. Lending Operations** - Basically represented by loans and financing to the private sector bearing fixed or floating rates. Stated at original amounts, plus income and monetary adjustments to the balance sheet date, less unearned interest, when applicable.
- h. Lease** - Lease transactions are accounted for in the following manner:
- h.1. Lease Receivable** - Represented by the instalments to be received over the term of the lease and monetarily adjusted using rates and criteria established by contract.
- h.2. Unearned Lease Income** - Contra account that records instalments receivable over the term of the lease and monetarily restated according to the lease receivable. They are recognized in income when obligations become payable.
- h.3. Lease property and equipment** - Stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method according to the following annual rates for the lease of new assets: 10% for furniture, 5% or 10% for machinery and equipment, 20% for vehicles, 20% for computer hardware, and 5% or 10% for other assets. Leased assets used are annually depreciated for the remaining useful life, the higher of half the useful life allowed for the new leased asset or the remaining useful life of the asset, considering the latter in relation to the first installation for use, with the benefit of a 30% reduction in the useful life of the asset, in accordance with prevailing legislation. Breakdown is as follows:

	Banestes Multiple and Consolidated	
	2009	2008
Furniture.....	752	736
Machinery and equipment.....	111.407	107.670
Vehicles and the like	108.696	95.297
Computer hardware.....	7.100	4.075
Other assets	2.235	1.271
Lease losses to be amortized (net)	442	243
Subtotal	230.632	209.292
Accumulated depreciation	(104.360)	(82.612)
Excess depreciation.....	98.839	76.763
Total	225.111	203.443

- h.4. Excess (Insufficient) Depreciation** - The Bank has adjusted its lease portfolio according to the difference between the carrying value of the contracts and the present value of its portfolio at the internal return rate of each contract. The adjustment is recognized as excess (insufficient) depreciation of lease property and equipment against income, with the purpose of aligning accounting practices according to Central Bank of Brazil (BACEN)'s Circular Letter No. 1.429, of 20 January 1989.
- h.5. Result of the Excess and Insufficient Depreciation** - Lease Revenues - Internal Funds - Excess Depreciation - recorded in 2009 totalled R\$24.696 (R\$26.366 in 2008).
- h.6. Result of the sale when exercising the purchase option:**
- Income - recognized when the purchase option is exercised.
 - Loss - deferred for amortization over the remaining useful life of the asset, recorded as lease losses to be amortized.
- h.7.** Lease transactions were reclassified in the 2009 and 2008 financial statements under lease receivable at current value and income from lease transactions. The balances as of December 31 are as follows:

	Banestes Multiple and Consolidated					
	2009			2008		
	Account balances	Reclassifi- cations	Balances in Financial statements	Account balances	Reclassifi- cations	Balances in Financial statements
Lease transactions receivable						
Current assets	734	16.252	16.986	537	15.763	16.300
Long-term assets	–	120.162	120.162	–	112.010	112.010
Repossessed lease assets	14	(14)	–	14	(14)	–
Lease property, plant and equipment	224.669	(224.669)	–	203.200	(203.200)	–
Lease deferred charges	442	(442)	–	243	(243)	–
Payables - advance of residual value						
Current liabilities	40.820	(40.820)	–	39.279	(39.279)	–
Long-term Liabilities	47.892	(47.892)	–	36.405	(36.405)	–
Balances			137.148			128.310
Lease revenues	83.359	(57.195)	26.164	70.635	(50.082)	20.553
Lease expenses	(57.195)	57.195	–	(50.082)	50.082	–

i. Credit Cards - Credit card purchases by clients are recorded through the maturity of invoices under the caption 1.8.3.70.00-7 – Rendered services receivable against the caption 4.9.9.92.00-7 – Sundry domestic receivables –, less the commissions paid by commercial businesses, recorded under the caption 7.1.7.99.00-3 – Revenues from services – Management fee.

Overdrafts, overdue invoices, revolving credit and interest-bearing purchases paid in instalments are recorded under the caption 1.6.1.20.00-8 - Loans - individuals.

j. Food Cards and Meal Tickets - When the credits of food cards and meal tickets are sold, they are recorded under the caption 1.8.3.70.00-7 – Rendered services receivable against 4.9.9.92.00-7 – Sundry domestic receivables. Commission revenue is recorded under the caption 7.1.7.99.00-3 - Revenues from services – Management fee, when the food card and meal ticket credits are issued and when the accredited service providers request the refund.

k. Allowance for Losses on Lending Operations, Lease and Other Receivables from Lending Operations - Recognized for lending operations according to the level of risk of each client and operation, taking into account the collaterals, economic outlook and the credit standing, pursuant to resolutions passed by the National Monetary Council No. 2.682 of 21 December 1999 and No. 2.697 of 24 February 2000 and Circular Letters No. 2.899 of 1 March 2000 and No. 2.903 of 23 March 2000 issued by the Central Bank of Brazil.

l. Accounting Estimates - The preparation of financial statements in accordance with Brazilian accounting practices requires management to make estimates and assumptions that, in its best judgment, affect the reported amounts of assets and liabilities. Material items subject to these estimates include technical provisions, assets realizable value, provisions for contingencies and others. The Company's management reviews these estimates and assumptions at least twice a year. However, the actual amounts of those operations may differ from the estimated amounts, due to the inherent subjectivity of the process.

m. Personal and Liability Insurance Transactions - Insurance premiums, coinsurance accepted, premiums granted and the respective selling costs are recorded upon the issue of policies and recognized in income while the risk remains in force, by setting up unearned premium reserves and deferring selling expenses.

n. Technical provisions

- The Unearned Premium Reserve – Unexpired Risks (PPNG/RVE) is set up to cover future claims, considering settlements and related expenses during the terms established referring to the risks in force on the calculation date. The calculation of the Unearned Premium Reserve determines the portion of unearned premiums referring to the risk coverage period, in each area, by means of individual calculations per policy or approvals representing all insurance contracts in force in the month of their set up, and calculated based on a technical actuarial note (NTA).

- The purpose of the Unearned Premium Reserve - Unexpired Risks (PPNG/RVNE) is to estimate the portion of unearned premiums referring to risks already in force, but whose policy has not yet been issued. PPNG/RVNE is calculated based on a technical actuarial note (NTA).
- The Premium Deficiency Reserve (PIP) is based on a prospective method and set up when the balance of the Unearned Premium Reserve is found insufficient to cover future claims, considering settlements and related expenses during the established terms referring to the risks in force on the calculation date. PIP is calculated based on a technical actuarial note (NTA).
- The Provision for claims and claim adjustment expenses (PSL) is set up for the coverage of payable amounts referring to casualties reported up to the calculation date, considering settlements and related expenses according to the responsibility taken by the Company. To determine the amount provisioned for claims in dispute, loss adjusters and legal advisors make the evaluations based on the amount insured and technical regulations, considering the probability of an unfavourable outcome for the Company. PSL is calculated based on a technical actuarial note (NTA).
- The IBNR Reserve (Incurred But Not Reported Losses) for personal and liability insurance is set up to cover casualties incurred and not reported up to calculation date, considering settlements and related expenses according to the responsibility taken by the Company, and calculated based on a technical actuarial note (NTA). IBNR reserve for the DPVAT (mandatory insurance against personal injury caused by automotive land vehicles) is accrued according to information provided by the Management of the DPVAT Association.
- The Additional Premium Reserve (PCP) is accrued monthly as a supplement to the unearned premium reserve considering all the risks in force taken by the Company, whether or not the policies were issued. PCP is calculated based on a technical actuarial note (NTA).
- The Provision for Administrative Expenses (PDA) is set up with the purpose of covering the administrative deficit with funds arising from administrative results monthly calculated by the Management of the DPVAT Association.
- o. Prepaid expenses** - Applications of advanced funds whose benefits or rendering of services will occur in the following years are recognized in income, according to the term of the respective contracts.
- p. Permanent Investments** - Investments in controlled companies are accounted for under the equity method (note 14). Other investments are carried at acquisition cost, monetarily adjusted through 31 December 1995, less allowance for losses, when applicable.
- q. Property and equipment** - Stated at acquisition or construction cost, less accumulated depreciation, monetarily restated through 31 December 1995, and impairment charge, when applicable. Depreciation is calculated using the straight-line method at the following annual rates: 10% for furniture and equipment in use, communication and surveillance systems; 20% for data processing and transportation systems, and 4% for property in use - Buildings.

Properties used by the Bank, plots of land and buildings were revalued at 31 October 2005 and started to be depreciated according to the remaining useful life of the properties included in the appraisal report.
- r. Intangible assets** - Under Law No. 11.638/07 of 28 December 2007, which changed Brazilian Corporate Law, from the fiscal year ended 31 December 2008 a group called “Intangible assets” was added to permanent assets. It includes the rights whose subject matter are items lacking physical substance and are used in the Bank’s maintenance or exercised to that end, including the acquired *goodwill*.
- s. Deferred charges** - Stated at incurred cost, less accumulated amortization. Amortized using the straight-line method over 5 (five) years or according to the lease terms. Breakdown is as follows:

	Banestes Multiple		Banestes Consolidated	
	2009	2008	2009	2008
Expenses on third party properties (1).....	5.190	7.040	5.198	7.052
Expenses on software acquisition and development (2).....	5.237	6.751	5.237	6.754
Other expenses (3)	1.748	2.220	1.750	2.223
Total	12.175	16.011	12.185	16.029

(1) and (3) reclassified to Property and equipment in use – Other property and equipment in use;

(2) Reclassified in the balance sheet to intangible assets.

Under Law No. 11.638/07 deferred charges include only pre-operating and restructuring expenses.

Article 37 of Executive Act No. 449 of 3 December 2008 converted into Law No. 11.941 of 27 May 2009 finished with deferred charges, allowing the balance as of 31 December 2008 which, due to its nature, cannot be allocated to another group of accounts, to remain in assets under this classification until it is fully amortized.

On 3 December 2008 the Central Bank of Brazil issued Circular Letter No. 3.357 creating the “Intangible assets” account in the Standard Chart of Accounts for Financial Institutions (COSIF). This account includes two sub-items, “Receivables from acquisitions of payrolls” and “Other intangible assets”, under which are recorded the amounts paid for the acquisition of other identifiable intangible assets as from the date the Circular Letter comes into effect.

Given that BANESTES does not have receivables from the acquisition of payrolls and did not acquire intangible assets from the date Circular Letter No. 3.357/08 came into effect to the base date of 31 December 2009, it kept the balance recorded as deferred charges and reclassified it to “Property and equipment in use” and “Intangible assets” in the balance sheet.

t. Time, savings and interbank deposits and money-market funding - Fixed-rate transactions are stated at future value, written down against unrecognized expenses. Floating-rate transactions are stated at present value, adjusted on a pro rata basis using the interest rate and monetary variation incurred to the balance sheet date. Repurchase or fixed-rate securities purchase agreements, with fixed prices, are fully backed by the Bank’s own portfolio and by reverse repurchase or sale agreements.

u. Recognition of revenues from lending operations and expenses on deposits and borrowings - Borrowings and onlendings bearing fixed charges are recorded at the agreed amount (principal and charges). Charges are recorded against the contra accounts “Unearned revenues and unrecognized expenses”. Earnings and charges recorded in contra accounts are monthly recognized as actual revenues and expenses according to the terms of transactions.

Borrowings and onlendings bearing floating yields/charges are accounted for at the initial value of the receivables and payables. Interest and adjustments of the principal resulting from the variation of the adjustment index are monthly credited and debited to the actual revenue and expense accounts.

v. Deferred income - Refer to revenues received before the corresponding obligation is fulfilled, including non-refundable earnings, particularly related to guarantees and collaterals and credit card annual fees. Recognition in income is made in accordance with the term of the respective contracts.

w. Taxes - Calculated at the rates shown below, which are applied to the respective tax bases pursuant to legislation in force for each tax.

• Income tax	15%
• Income tax surtax	10%
• Social contribution tax.....	15%
• Cofins (tax on sales)	4%
• Pis (tax on sales).....	0.65%
• ISS (service tax)	Up to 5%

On 1 May 2008, pursuant to Executive Act No. 413 of 3 January 2008, which became Law No. 11.727 on 23 June 2008 the social contribution tax levied on financial and insurance companies had its rate increased from 9% to 15%.

The changes brought about by Law No. 11.638, of 28 December 2007 and Executive Act No. 449, of 3 December 2008 (articles 36 and 37), converted into Law No. 11.941, of 27 May 2009, which modified the criterion to recognize revenues, costs and expenses calculated at the calculation of net income for the year, did not have effects in the calculation of the taxable income for companies adopting the Temporary Tax Regime, being according to prevailing legislation as of 31 December 2007, for tax purposes.

x. Impairment - Impairment is recognised as loss when the book value of an asset, except for other assets and tax credits, is higher than its recoverable or realization value. Losses for impairment, if applicable, are recorded in income of the period in which they were identified. As of 31 December 2009 and 2008, there was no indication of impairment.

y. Differences in Shareholders’ Equity and Net Income between Banestes Multiple and Banestes Consolidated - As of 31 December 2009, there is a difference in shareholders’ equity and in net income upon the comparison between the consolidated financial statements and the Bank’s financial statements, as follows:

	<u>Shareholders’ equity</u>	<u>Net income</u>
Banestes Multiple.....	666.447	132.496
Income from the sale of Cielo – Visanet’s shares	(1.333)	(1.333)
Banestes Consolidated	665.114	131.163

The difference refers to the elimination of unrealized profit from the disposal of 80,000 (eighty thousand) shares of Cielo – Visanet from the controlling bank BANESTES S.A. to the controlled company BANESTES Distribuidora de Títulos e Valores Mobiliários S.A., for the amount of R\$1.367, and whose effect in Bank and Consolidated income, as of 31 December 2009, was R\$1.333 thousand negative in net income and in shareholders' equity.

4. CASH AND CASH EQUIVALENTS

	Banestes Multiple		Banestes Consolidated	
	2009	2008	2009	2008
Cash and cash equivalents.....	112.286	175.816	112.571	175.978
Short-term interbank investments (*).....	2.770.793	2.780.413	2.770.793	2.780.413
Marketable securities.....	2.770.793	2.780.413	2.770.793	2.780.413
Total.....	2.883.079	2.956.229	2.883.364	2.956.391

(*) Operations whose investment effective maturity date is equal or lower than 90 days.

5. SHORT-TERM INTERBANK INVESTMENTS

	Banestes Multiple and Consolidated	
	2009	2008
Marketable securities.....	2.770.793	2.780.413
Resales to Settle - Equity Position.....	1.110.674	914.538
Treasury bills.....	173.716	248.146
Zero coupon fixed rate bills.....	9.997	604.502
National treasury notes.....	926.961	61.890
Resales to Settle - Financed Position.....	1.660.119	1.865.875
Treasury bills.....	1.222.351	1.517.057
Zero coupon fixed rate bills.....	–	15.508
National treasury notes.....	437.768	333.310
Investments in Interbank Deposits.....	30.622	69.927
Investments in interbank deposits - non-related.....	30.622	69.927
Total.....	2.801.415	2.850.340

6. MARKETABLE SECURITIES AND DERIVATIVES

a. Classification by type of security

Type of security	Banestes Multiple		Banestes Consolidated	
	2009	2008	2009	2008
Own portfolio.....	879.507	966.809	998.083	1.064.488
Treasury bills.....	369.141	419.398	411.608	452.300
Zero coupon fixed rate bills.....	2.327	2.008	2.327	2.008
Federal bonds (CVS).....	430.479	452.466	430.479	452.466
Bank certificates of deposit - CDB.....	8.222	34.685	42.420	73.357
Bank Credit Note.....	14.949	19.601	14.949	19.601
Time deposit with collateral - Credit Guarantee Fund (FGC)....	–	–	12.006	–
Investment fund quotas - FIDC.....	30.420	38.648	63.169	62.410
Shares of Listed Companies.....	23.966	–	20.996	–
Other.....	3	3	129	2.346
Linked to repurchase agreements.....	714.609	609.688	714.609	609.688
Treasury bills.....	714.609	609.688	714.609	609.688
Linked to guarantees.....	55.108	62.702	55.108	62.702
Treasury bills.....	55.108	62.702	55.108	62.702
Financial instruments and derivatives.....	247	492	247	492
Swap transactions.....	247	492	247	492
Total.....	1.649.471	1.639.691	1.768.047	1.737.370

b. Classification by type of security and maturity

Banestes Multiple

2009							
Type	Up to 3 Months	From 3 to 12 Months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Market/book Value	Adjusted acquisition cost
Trading securities (*)	30.420	81.554	44.632	8.199	–	164.805	164.797
Zero coupon floating rate bills – LFT	–	81.554	44.632	8.199	–	134.385	134.377
Investment fund quotas - FIDC	30.420	–	–	–	–	30.420	30.420
Available-for-sale securities	23.966	–	–	–	–	23.966	25.690
Shares of Listed Companies	23.966	–	–	–	–	23.966	25.690
Held-to-maturity securities	34.020	113.093	241.812	683.913	387.862	1.460.700	1.460.700
Zero coupon floating rate bills - LFT	–	–	237.477	457.285	–	694.762	694.762
Zero coupon floating rate bills - LFT A	21.438	67.335	–	220.938	–	309.711	309.711
Zero coupon fixed rate bills - LTN	–	–	2.327	–	–	2.327	2.327
Salary Variation Offsetting Fund – CVS	11.500	34.145	–	–	384.834	430.479	430.479
Bank certificates of deposit - CDB	–	8.222	–	–	–	8.222	8.222
Bank Credit Note	869	3.357	2.008	5.690	3.025	14.949	14.949
Other	–	–	–	–	3	3	3
Financial instruments and derivatives	213	34	–	–	–	247	247
Total	88.406	194.647	286.444	692.112	387.862	1.649.471	1.651.187

Banestes Consolidated

2009							
Type	Up to 3 Months	From 3 to 12 Months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Market/book Value	Adjusted acquisition cost
Trading securities (*)	55.364	90.808	44.632	8.199	–	199.003	198.995
Zero coupon floating rate bills - LFT	–	81.554	44.632	8.199	–	134.385	134.377
Investment fund quotas - FIDC	30.420	–	–	–	–	30.420	30.420
Bank certificates of deposit - CDB	24.944	9.254	–	–	–	34.198	34.198
Available-for-sale securities	29.334	18.713	44.348	3.817	–	96.212	97.865
Shares of Listed Companies	20.996	–	–	–	–	20.996	22.720
Zero coupon floating rate bills - LFT	8.338	5.002	25.310	3.817	–	42.467	42.396
Investment fund quotas - FIDC	–	13.711	19.038	–	–	32.749	32.749
Held-to-maturity securities	34.020	113.219	253.818	683.913	387.862	1.472.832	1.472.832
Zero coupon floating rate bills - LFT	–	–	237.477	457.285	–	694.762	694.762
Zero coupon floating rate bills - LFT A	21.438	67.335	–	220.938	–	309.711	309.711
Zero coupon fixed rate bills - LTN	–	–	2.327	–	–	2.327	2.327
Salary Variation Offsetting Fund - CVS	11.500	34.145	–	–	384.834	430.479	430.479
Bank certificates of deposit - CDB	–	8.222	–	–	–	8.222	8.222
Bank Credit Note	869	3.357	2.008	5.690	3.025	14.949	14.949
Time deposit with collateral - Credit Guarantee Fund (FGC)	–	–	12.006	–	–	12.006	12.006
Other	–	126	–	–	3	129	129
Financial instruments and derivatives	213	34	–	–	–	247	247
Total	118.718	222.740	342.798	695.929	387.862	1.768.047	1.769.692

Banestes Multiple**2008**

Type	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Market/book value	Adjusted acquisition cost
Trading securities (*)	38.648	–	81.046	9.317	11.174	140.185	140.190
Zero coupon floating rate bills – LFT	–	–	81.046	9.317	11.174	101.537	101.542
Investment fund quotas – FIDC	38.648	–	–	–	–	38.648	38.648
Held-to-maturity securities	52.385	103.290	112.161	404.702	826.968	1.499.506	1.499.506
Zero coupon floating rate bills – LFT	–	745	100.272	115.716	415.906	632.639	632.639
Zero coupon floating rate bills - LFT A	19.565	62.184	–	275.863	–	357.612	357.612
Zero coupon fixed rate bills – LTN	–	–	2.008	–	–	2.008	2.008
Salary Variation Offsetting Fund – CVS	11.497	33.949	–	–	407.020	452.466	452.466
Bank certificates of deposit – CDB	21.254	6.006	7.425	–	–	34.685	34.685
Bank Credit Note	–	–	2.439	13.123	4.039	19.601	19.601
Other	–	–	–	–	3	3	3
Financial instruments and derivatives	69	406	17	–	–	492	492
Total	91.033	103.290	193.207	414.019	838.142	1.639.691	1.639.696

Banestes Consolidated**2008**

Type	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Market/book value	Adjusted acquisition cost
Trading securities (*)	52.289	27.165	81.046	9.317	11.174	180.991	180.996
Zero coupon floating rate bills - LFT	–	–	81.046	9.317	11.174	101.537	101.542
Investment fund quotas - FIDC	38.648	–	–	–	–	38.648	38.648
Bank certificates of deposit - CDB	13.641	25.031	–	–	–	38.672	38.672
Other	–	2.134	–	–	–	2.134	2.134
Available-for-sale securities	2.874	12.004	41.786	–	–	56.664	56.646
Zero coupon floating rate bills - LFT	2.874	3.585	26.443	–	–	32.902	32.884
Investment fund quotas - FIDC	–	8.419	15.343	–	–	23.762	23.762
Held-to-maturity securities	52.384	103.498	112.162	404.703	826.968	1.499.715	1.499.715
Zero coupon floating rate bills - LFT	–	745	100.272	115.716	415.906	632.639	632.639
Zero coupon floating rate bills - LFT A	19.565	62.183	–	275.864	–	357.612	357.612
Zero coupon fixed rate bills - LTN	–	–	2.008	–	–	2.008	2.008
Salary Variation Offsetting Fund - CVS	11.497	33.949	–	–	407.020	452.466	452.466
Bank certificates of deposit - CDB	21.254	6.006	7.425	–	–	34.685	34.685
Bank Credit Note	–	–	2.439	13.123	4.039	19.601	19.601
Other	–	209	–	–	3	212	212
Financial instruments and derivatives	68	406	18	–	–	492	492
Total	107.547	142.667	234.994	414.020	838.142	1.737.370	1.737.357

(*) In balance sheet, trading securities are presented in current assets, pursuant to the sole paragraph of article 7, Circular Letter No. 3.068 of the Central Bank of Brazil.

The market value of the federal bonds is obtained from the secondary market prices disclosed by ANDIMA (National Association of Financial Market Institutions). For CVS and LFT A, adjusted acquisition costs were used due to the lack of parameters to calculate the market value adjustment.

c. Changes in Shares in 2009 – Banestes Multiple – classified as Available for Sale

In the second half of 2009, BANESTES' Board of Directors approved the management's decision to sell 50% of the shares of BANESTES S.A. and of BANESTES Distribuidora de Títulos e Valores Mobiliários S.A. upon initial public offering at CETIP (clearinghouse for the custody and financial settlement of securities). It also approved the sale of 100% of BANESTES S.A.'s shares of Cielo – Visanet Brasil, and of 30% of the shares of Visa Inc.

Considering management's intention to fully apply the positive result of those shares' disposal to set up a provision for credit operations, ownership interests recorded under Shares - Investment in Permanent Assets were transferred to Marketable Securities – “Available for sales securities” under Current Assets.

We present below the changes in “available for sales securities”:

c.1. Transferred and Sold

Shares	Number of shares transferred	Transferred acquisition cost	Share value upon disposal or as of 12/31/2009	Recorded values under Marketable securities available for sale as of 12/31/2009	Shareholders' equity gross reflex Assets and liabilities valuation adjustment - own	Reflex in income on sales	Reflex in shareholders' equity/income net of taxes Assets and liabilities valuation adjustment – own and results
Visa Inc	5.191	–	142.60	–	–	740	444
Visanet.....	1.401.600	598	17.09	–	–	23.355	14.013
CETIP.....	219.847	5	13.00	–	–	2.853	1.712
Subtotal (1) ...		603		–	–	26.948	16.169
CETIP	30.825	–	14.25	439	439	–	262
Subtotal (2) ...		–		439	439	–	262

c.2. Acquired

Shares	Number of shares acquired	Acquisition cost	Share value as of 12/31/2009	Recorded values under Marketable securities available for sale	Shareholders' equity gross reflex Assets and liabilities valuation adjustment - own	Reflex in shareholders' equity net of taxes assets and liabilities valuation adjustment – own
CIELO.....	1.321.600	22.705	15.34	20.273	(2.432)	(1.460)
CETIP.....	228.327	2.980	14.25	3.254	274	163
Subtotal (3) ...		25.685		23.527	(2.158)	(1.297)
Total: (1+2+3)		26.288		23.966	(1.719)	(1.035)

d. Reclassification of securities

In 2009, there were no reclassifications in Marketable Securities. As of 12/31/2008, Marketable Securities of the type “Held to maturity” in the amount of R\$20.497 (adjusted cost value) and of R\$20.491 (market value) with negative reflex in the income of R\$6 were reclassified due to the policy adopted by the committee of investments and approved by the Bank's management.

7. FINANCIAL INSTRUMENTS AND DERIVATIVES

BANESTES uses swap contracts to meet its clients' needs. All contracts, which are related to fund raising transactions, have the same maturity of the associated transaction and are entered into with the same institutions, are not marked to market, according to BACEN's Circular Letter No. 3.150 of 11 September 2002. They undergo due risk management control and are conducted according to the Bank's operating policies and strategies.

Derivative transactions have the following balances:

Banestes Multiple and Consolidated

Swap transactions	2009			2008		
	Principal amount	Adjusted amount	Amount receivable (payable)	Principal amount	Adjusted amount	Amount receivable (payable)
Asset position						
Managed prime rate - TR	7.916	8.578	247	33.720	35.754	492
Liability position						
Interbank deposits - DI	7.916	8.331	–	33.720	35.262	–

As of 31 December 2009, the market values of the main financial instruments match their book values.

8. INTERBANK ACCOUNTS

Interbank accounts comprise future receipts and payments to be settled, represented by checks and other instruments sent to clearance; restricted receivables represented by the fulfilment of the compulsory liabilities on demand deposits, savings deposits, and other funds; receivables from the National Housing System - SFH; special deposits at IRB - Resseguros do Brasil, and Correspondents, as follows:

Description	Yield rate	Banestes Multiple		Banestes Consolidated	
		2009	2008	2009	2008
Future receipts and payments to be settled	No yield rate	298	90	298	90
Deposits at the Central Bank of Brazil		396.550	383.007	396.550	383.007
Demand deposits and other funds	No yield rate	166.099	165.939	166.099	165.939
Savings deposits	Savings rate	213.782	193.394	213.782	193.394
Other deposits	No yield rate	4.358	5.918	4.358	5.918
Compulsory on microcredit	No yield rate	9.401	9.126	9.401	9.126
Brazilian treasury – Rural credit collection	No yield rate	2.910	8.630	2.910	8.630
National Housing System (SFH)		134.334	116.683	134.334	116.683
SFH - Deposits at FAHBRE (Support fund for the production of low-cost housing)	TR + Interest	267	456	267	456
SFH – Salary Variation Offsetting Fund (FCVS)	TR + Interest	145.954	137.256	145.954	137.256
Provision for losses with FCVS	No yield rate	(11.887)	(21.029)	(11.887)	(21.029)
Special deposits at IRB - Resseguros do Brasil	DI - Cetip	–	–	77	74
Correspondents	No yield rate	3.585	2.350	3.585	2.350
Total		534.767	502.130	534.844	502.204

9. PORTFOLIO OF LENDING OPERATIONS, LEASE AND OTHER RECEIVABLES FROM CREDIT GRANTING

a. Classification of Lending Operations, Lease and Other Receivables from Credit Granting

Items	Banestes Multiple and Consolidated	
	2009	2008
Advances	897	2.108
Loans	2.230.783	1.691.316
Discounted securities	100.979	159.748
Financing agreements	254.852	221.603
Foreign-currency financing agreements	7.896	6.642
Rural financing agreements	375.274	256.331
Real estate financing agreements	60.906	68.560
Total lending operations	3.031.587	2.406.308
Lease	137.148	128.310
Advances on exchange contracts	228.243	224.074
Other receivables from credit granting	20.370	15.711
Total portfolio of lending operations, lease and other receivables from credit granting	3.417.348	2.774.403
(Allowance for losses on lending operations, lease and other receivables from credit granting)	(245.624)	(122.464)
Total	3.171.724	2.651.939

b. Maturity and allocation of credit facilities

Banestes Multiple and Consolidated										
2009						2008				
Credits	Overdue Instalments for 15 days	Falling due instalments				Overdue Instalments for 15 days	Falling due instalments			
		Up to 3 months	From 3 months to 1 year	Over 1 year	Total		Up to 3 months	From 3 months to 1 year	Over 1 year	Total
Public sector.....	–	16	–	–	16	1	46	138	16	201
Municipal.....	–	16	–	–	16	1	46	138	16	201
Private sector	95.992	859.691	798.949	1.662.700	3.417.332	64.186	794.227	712.099	1.203.690	2.774.202
Commerce.....	24.694	286.954	114.920	123.424	549.992	7.693	329.002	124.761	58.707	520.163
Housing	861	17.934	21.374	20.737	60.906	413	12.260	25.950	29.937	68.560
Industry.....	18.335	196.917	146.064	231.603	592.919	11.444	227.607	137.401	166.852	543.304
Financial instruments.....	–	91	192	131	414	43	387	233	271	934
Other services.....	8.577	69.319	66.362	164.529	308.787	3.300	49.712	53.871	125.918	232.801
Individuals	42.203	176.672	374.765	935.400	1.529.040	40.510	148.210	304.497	658.892	1.152.109
Rural	1.322	111.804	75.272	186.876	375.274	783	27.049	65.386	163.113	256.331
Total.....	95.992	859.707	798.949	1.662.700	3.417.348	64.187	794.273	712.237	1.203.706	2.774.403

c. Credit assignment acquired upon assignor co-obligation – BANESTES as assignee

The Board of Directors approved in 30 June 2008 BANESTES' Market Committee recommendations to invest in payroll loans to maintain Bank's good liquidity, optimizing the cash, and accordingly, generating higher income to the shareholders.

As from 15 July 2008, the company purchased payroll loan operations from other financial institutions, with agreed-upon rates, with maximum deadline of 60 months, all entered into upon co-obligations of the assignors.

BANESTES records these operations in its credit portfolio under the caption 1.6.1.20.00-8 – Loans – Individuals, for future values less unearned revenue and accounted for in the result of caption 7.1.1.05.00-6 – Loan revenues, under the accrual basis.

Changes occurred in this portfolio in 2009 are shown below:

Description	Banestes Multiple and Consolidated	
	2009	2008
Balance as of 02/01	504.340	–
(+) Investments	476.839	522.121
(-) Amortization and repurchases.....	335.652	39.830
(+) Recognized revenues	104.723	22.049
Balance as of 31/12	750.250	504.340

d. Credits by risk level

Banestes Multiple and Consolidated												
2009						2008						
Risk level	Portfolio balance				Provision		Portfolio balance				Provision	
	Transactions		Total balance	%	% of recognition	Balance	Transactions		Total balance	%	% of recognition	Balance
	Normal course	Abnormal course					Normal course	Abnormal course				
AA	1.867.506	–	1.867.506	54.6	–	–	1.481.371	–	1.481.371	53.4	–	–
A	646.808	–	646.808	18.9	0.5	3.234	536.399	–	536.399	19.3	0.5	2.682
B	406.183	43.252	449.435	13.2	1.0	4.494	487.924	24.930	512.854	18.5	1.0	5.128
C	103.486	25.521	129.007	3.8	3.0	3.870	39.231	20.890	60.121	2.2	3.0	1.804
Subtotal	3.023.983	68.773	3.092.756	90.5	–	11.598	2.544.925	45.820	2.590.745	93.4	–	9.614
D	34.722	13.554	48.276	1.4	10.0	4.828	24.490	13.930	38.420	1.4	10.0	3.842
E	5.329	12.495	17.824	0.5	30.0	5.347	9.010	10.260	19.270	0.7	30.0	5.781
F	31.417	10.206	41.623	1.2	50.0	20.812	2.673	10.460	13.133	0.5	50.0	6.567
G	26.486	19.614	46.100	1.4	70.0	32.270	36.196	17.720	53.916	1.9	70.0	37.741
H	85.012	85.757	170.769	5.0	100.0	170.769	19.450	39.469	58.919	2.1	100.0	58.919
Subtotal	182.966	141.626	324.592	9.5		234.026	91.819	91.839	183.658	6.6		112.850
Total	3.206.949	210.399	3.417.348	100.0		245.624	2.636.744	137.659	2.774.403	100.0		122.464
%	93,8	6,2	100,0			7,2	95,0	5,0	100,0			4,4

e. Changes in the allowance for losses on lending operations, lease and other receivables from credit granting

	Banestes Multiple and Consolidated	
	2009	2008
Initial balance of the allowance for losses on the credit portfolio	122.464	115.830
(+) Recognition / Supplement.....	249.171	108.958
(-) Reversal.....	52.995	57.028
Net effect in income.....	196.176	51.930
(-) Transfer to net losses (Memorandum accounts)	73.016	45.296
Final balance of the allowance for losses on the credit portfolio	245.624	122.464
- Allowance for losses on lending operations.....	213.375	111.216
- Allowance for losses on lease.....	7.783	4.643
- Allowance for losses on other receivables from credit granting	24.466	6.605

f. Credit concentration

Description	Banestes Multiple and Consolidated			
	2009		2008	
	Amount	% of portfolio	Amount	% of portfolio
10 largest debtors	835.303	24.5	595.575	21.5
50 next largest debtors	565.160	16.5	482.353	17.4
100 next largest debtors	355.433	10.4	321.853	11.6
Other debtors.....	1.661.452	48.6	1.374.622	49.5
Total portfolio	3.417.348	100.0	2.774.403	100.0

g. Total Amount of Renegotiated and Recovered Operations

In 2009, Lending Operations were renegotiated in the amount of R\$39.602 (R\$15.298 in 2008) and the recovery of credits previously written off against the allowance totalled R\$18.518 (R\$28.873 in 2008).

10. REAL ESTATE CREDIT

Real estate financing agreements, amounting to R\$60.906 (R\$68.560 in 2008), comply with the standards of the National Housing System (SFH). Transactions are guaranteed by first mortgage on the financed property and take insurance to cover the risk of death and permanent disability of the debtor and physical damage to the financed property. Revenues are recognized according to the period of capitalization established in the financing agreements.

The total amount of real estate financing, R\$60.906 (R\$68.560 in 2008), is separated as follows:

- a.** Transactions included in the plan for the pre-settlement of housing financing agreements not covered by the Salary Variation Offsetting Fund (FCVS), and ruled by the salary equivalence plan (PES), amount to R\$49.316 (R\$56.133 in 2008).

In May 2005 the Real Estate Credit Department drew up a plan for the pre-settlement of housing financing agreements, which was encouraged by granting discounts on the debit balance. Given the materiality of those discounts, BANESTES reclassified these transactions to higher risk levels to be in compliance with article 1 of National Monetary Council Resolution No. 2.682 of 21 December 1999. The allowance for losses on lending operations amounts to R\$38.766 (R\$44.145 in 2008). During 2009, 39 (thirty-nine) contracts were settled, totalling a debt balance of R\$10.533. As the total amount paid by the borrowers was R\$2.847, granted discounts totalled R\$7.686.

In 2008, 97 (ninety-seven) contracts were settled, totalling a debit balance of R\$19.440. R\$5.554 was disbursed by borrowers, which meant a discount of R\$13.886.

- b.** Transactions covered by the FCVS amount to R\$10.100 (R\$10.557 in 2008) with expected discount according to the criteria set forth in Law No. 10.150.

- c. The other transactions total R\$1.490 (R\$1.870 in 2008).

Presettlements and residual balances of real estate credit portfolio at the end of the contract terms, covered by the FCVS, are recorded under the caption “Restricted Receivables – SFH – Salary Variation Offsetting Fund – FCVS, included in Interbank accounts, and amount to R\$145.954 (R\$137.256 in 2008). As of 31 December 2009, a provision amounting to R\$11.887 (R\$21.029 in 2008) was set up with the purpose of covering losses from contracts that might be disabled by the FCVS.

Based on the allowance criteria approved by management during 2009, an allowance amounting to R\$3.494 was recognised, and a reversal of allowance amounting to R\$12.636 was made.

FCVS credits taken by the federal government (Law No.10.150/2000) will be converted into 30-year federal bonds, whose maturity is always counted from 1 January 1997. These bonds bear monthly interest (6.17% p.a. for contracts funded by the Bank’s own funds, and 3.12% p.a. for contracts funded by the Severance Payment Fund – FGTS) starting on 1 January 2005, and principal will be repaid starting on 1 January 2009. Instalments are calculated under the Constant Amortization System (SAC).

Pursuant to Circular Letter No. 3.068, issued on 8 November 2001 by the Central Bank of Brazil, BANESTES records CVS bonds received under the restricted receivables securitization scheme as “Held-to-maturity – non-competitive”, considering the Bank’s financial capacity (see classification in note 6).

11. FOREIGN EXCHANGE TRANSACTIONS

- a. **Lending Operations** - Foreign-currency financing totalled R\$7.896 (R\$6.642 in 2008).

- b. **Other receivables and liabilities** - The balances of the accounts that record foreign currency transactions are as follows:

	Banestes Multiple and Consolidated	
	2009	2008
ASSETS		
Current	225.226	324.811
Purchased foreign exchange to be settled.....	211.984	276.717
Receivables from foreign exchange sales.....	514	37.106
(Received local currency advances).....	(166)	(1.021)
Earnings receivable from granted advances.....	12.894	12.009
Long-term assets	1.849	10
Purchased foreign exchange to be settled.....	1.647	9
Earnings receivable from granted advances.....	202	1
LIABILITIES		
Current	994	41.401
Sold foreign exchange to be settled.....	510	37.096
Liabilities for foreign exchange purchases.....	227.884	227.612
(Advances on exchange contracts).....	(227.863)	(224.074)
Other.....	463	767
Long-term liabilities	–	–
Liabilities for foreign exchange purchases.....	380	–
(Advances on exchange contracts).....	(380)	–

- c. **Borrowings**

Basically comprise transactions made with foreign banks to finance exports and imports. These liabilities are incurred in US dollars in the amount of R\$230.233 (R\$330.170 in 2008) and in other currencies in the amount of R\$1.827 (R\$2.446 in 2008), bearing exchange rate variation and market interest.

It is BANESTES’ policy to maintain a foreign exchange position and foreign currency accounts both receivable and payable in balance. To this end, it strives to perform matched book transactions.

12. OTHER RECEIVABLES - SUNDRY

Items	Banestes Multiple		Banestes Consolidated	
	2009	2008	2009	2008
Current	179.118	74.021	186.799	75.640
Advanced and prepaid salaries.....	7.660	4.935	7.986	5.192
Tax credits (1).....	55.773	39.935	56.961	39.935
Receivables - purchase of assets.....	2.764	1.339	2.764	1.339
Receivables from escrow deposits:.....	85.082	11.143	91.576	11.143
*For labour appeals.....	23.869	8.418	23.869	8.418
*For tax appeals: (2).....	55.923	–	62.119	–
Federal Revenue Service - COFINS.....	43.898	–	46.386	–
Social security contribution – INSS (National Social Security Institute).....	10.445	–	14.153	–
Other deposits for tax purposes.....	1.580	–	1.580	–
*Other escrow deposits.....	5.290	2.725	5.588	2.725
Taxes available for offset (3).....	5.850	273	5.929	348
Payments to be refunded.....	9.539	7.009	8.792	6.431
Securities and credits receivable without the characteristics of credit granting.....	2.697	2.463	2.697	2.541
Sundry receivables - domestic.....	7.473	5.444	7.473	5.444
Other.....	2.280	1.480	2.621	3.267
Long-term assets	226.961	301.722	236.442	317.597
Tax credits (1).....	124.230	138.173	124.791	140.391
Receivables - purchase of assets.....	4.511	2.363	4.511	2.363
Receivables from escrow deposits:.....	67.859	119.563	73.066	129.786
*For tax appeals: (2).....	58.757	97.002	61.117	104.818
Federal Revenue Service - COFINS.....	–	40.715	–	43.044
Social security contribution – INSS.....	23.466	29.836	23.981	33.773
Income and social contribution taxes – Law 8.200.....	16.549	16.071	16.549	16.071
Other deposits for tax purposes.....	18.742	10.380	20.587	11.930
*For labour appeals.....	8.141	21.327	8.143	21.328
*Other escrow deposits.....	961	1.234	3.806	3.640
Taxes available for offset (3).....	24.900	30.192	28.613	33.626
Recoverable income tax.....	4	–	4	–
Payments to be refunded.....	1.955	4.132	1.955	4.132
Securities and credits receivable without the characteristics of credit granting.....	3.502	7.297	3.502	7.297
Other.....	–	2	–	2

(1) See breakdown in Note 21.b;

(2) See description of legal claims in note 23;

(3) PIS credits are recorded under the caption “Taxes available for offset” in long-term assets in the financial statements of BANESTES S.A. and all its controlled companies, based on the decision rendered by the Federal Supreme Court on extraordinary appeal No. 1487452/RJ declaring the unconstitutionality of Decree Laws No. 2.445/88 and 2.449/88, and also on Resolution No. 49/95 passed by the Federal Senate. Once Decree Laws No. 2.445/88 and 2.449/88 were disregarded, Statute No. 7/70 (establishing the levy of PIS) was applied. After the enactment of the Federal Constitution of 1988, unequal treatment between government-owned and private companies was prohibited. A final and unappealable decision was rendered on 14 June 2007. On 24 March 2008 the request for registering the credits with DEINF/RFB/RJ for offsetting purposes was granted. Therefore, BANESTES has been making the offsetting pursuant to this final and unappealable decision.

13. OTHER ASSETS

Items	Banestes Multiple		Banestes Consolidated	
	2009	2008	2009	2008
Current	17.588	16.077	22.499	20.892
Repossessed assets.....	13.532	12.323	13.532	12.323
(Valuation allowance).....	(103)	(57)	(103)	(57)
Inventory material.....	1.089	1.300	1.323	1.650
Prepaid expenses.....	3.070	2.511	3.081	2.515
Deferred Selling Expenses.....	–	–	4.666	4.461
Long-term assets	676	676	676	676
Repossessed assets.....	676	676	676	676

14. OWNERSHIP INTEREST IN BRAZILIAN CONTROLLED COMPANIES

Items	Banestes Multiple	
	2009	2008
Balances at beginning of year.....	66.400	61.396
Equity in earnings of controlled companies.....	15.905	8.636
Purchase of shares from minority shareholders in BANESTES DTVM.....	–	3
Premium on the purchase of shares from minority shareholders in Banestes DTVM.....	–	(1)
Adjustment in shareholders' equity of the controlled company (BANESTES Seguros S.A.)...	(24)	–
Securities adjustment in the shareholders' equity of the controlled company (BANESTES Seguros S.A.).....	52	(10)
Interest on equity capital.....	(3.856)	(2.187)
Dividends.....	(3.831)	(1.437)
Balances at end of year	74.646	66.400

Main data about controlled companies:

Items	BANESTES Seguros S.A.	BANESTES		Total
		BANESTES Distrib. de Títulos e Val. Mobiliários S.A.	BANESTES Adm. Cor. de Seguros, Prev. e Capitalização Ltda.	
Adjusted paid-in capital				
31 December 2009.....	55.368	4.542	5.300	–
31 December 2008.....	48.801	4.542	4.000	–
Adjusted shareholders' equity				
31 December 2009.....	68.586	7.967	6.695	–
31 December 2008.....	58.998	7.510	5.636	–
Number of shares/membership units held:				
Common shares/Membership units (thousand)				
31 December 2009.....	14.767.812	1.357.291	5.289	–
31 December 2008.....	14.767.812	1.357.291	4.000	–
Percentage of ownership interest				
31 December 2009.....	99,84	99,80	99,80	–
31 December 2008.....	99,84	99,80	99,80	–
Net income for the year				
31 December 2009.....	13.270	4.455	1.403	–
31 December 2008.....	7.491	1.192	1.597	–
Balance of transactions with controlled companies				
Assets (Liabilities)				
31 December 2009.....	1.225	(3.601)	(1.172)	–
31 December 2008.....	(567)	(5.906)	–	–
Revenues (expenses)				
31 December 2009.....	7.225	464	(299)	–
31 December 2008.....	5.692	176	(600)	–
Equity in earnings of controlled companies				
31 December 2009.....	13.241	2.664	–	15.905
31 December 2008.....	7.446	1.190	–	8.636
Book value of investments				
31 December 2009.....	68.477	6.169	–	74.646
31 December 2008.....	58.905	7.495	–	66.400

- **Treasury shares of BANESTES Seguros S.A.**

In a meeting held on 4 September 2007, BANESTES Seguros S.A.'s management approved the purchase of shares belonging to minority shareholders through the payment of the book value as of 31 October 2007, which was R\$0.003579009876 per share, plus 50% premium on the respective book value. In the year ended 12/31/2009, 73,705 shares had been acquired in the amount of R\$263,79, plus a premium of R\$131,90, totalling R\$395,69, recorded in shareholders' equity under the caption "Treasury Shares".

- BANESTES has an indirect interest in BANESTES Administradora, Corretora de Seguros, Previdência e Capitalização Ltda. through its controlled company BANESTES Distribuidora de Títulos e Valores Mobiliários S.A., which holds 99.9970% of that company's units of interest.
- The financial statements of controlled companies are audited by the same independent auditors of BANESTES S.A. - Banco do Estado do Espírito Santo.

15. RELATED-PARTY TRANSACTIONS

Transactions of BANESTES Multiple with controlled companies are listed below:

Transaction	Banestes Multiple			
	2009	2008	2009	2008
	Assets (Liabilities)	Assets (Liabilities)	Revenue (Expenses)	Revenue (Expenses)
Interest on equity capital and dividends (1):				
BANESTES Seguros S.A.	924	493	3.400	1.977
BANESTES Distribuidora de Títulos e Valores Mobiliários S.A...	3.754	38	456	210
Demand deposits (2):				
BANESTES Seguros S.A.....	(464)	(524)	–	–
BANESTES Distribuidora de Títulos e Valores Mobiliários S.A...	(20)	(20)	–	–
BANESTES Adm. Corretora de Seg., Prev. e Capitalização Ltda..	(22)	(24)	–	–
Time deposits (2):				
BANESTES Adm. Corretora de Seg., Prev. e Capitalização Ltda..	(1.160)	(5.889)	(346)	(659)
Liabilities for repurchase and reverse repurchase agreements (2):				
BANESTES Distribuidora de Títulos e Valores Mobiliários S.A...	(3.887)	(591)	(69)	(111)
Other transactions (3):				
BANESTES Seguros S.A.	765	593	3.825	3.715
BANESTES Distribuidora de Títulos e Valores Mobiliários S.A.	7	6	77	77
BANESTES Adm. Corretora de Seg., Prev. e Capitalização Ltda..	10	7	47	59

The amounts above refer to transactions involving BANESTES and its controlled companies and have been eliminated in consolidation.

- (1) Interest on equity capital and dividends refer to amounts allocated by companies.
- (2) Related-party transactions were conducted using average market rates in effect at the dates of transactions, considering the lack of risk;
- (3) Other transactions refer to revenues from collection, technical cooperation agreement and results of operations with properties between BANESTES and the conglomerate's companies. They are collected according to the agreements entered into by the parties and by using a physical and personnel structure for brokerage, capitalization and insurance transactions.

In 2009, the following transactions were conducted in the portfolio "Shares of listed companies" among related parties:

CETIP – BANESTES S.A. acquired CETIP shares from controlled company BANESTES Distribuidora de Títulos e Valores Mobiliários S.A. in the amount of R\$2.979. Unrealized profit, net of taxes, in the amount of R\$1.782 was deducted from equity according to note 14. The amount of R\$1.188 referring to the taxes levied on the transaction were deferred and are presented on note 21.a1.

CIELO (VISANET) – Shares from controlling company BANESTES S.A. were acquired by controlled company BANESTES Distribuidora de Títulos e Valores Mobiliários S.A. In the amount of R\$1.367. Unrealized profit amounting to R\$1.333 was eliminated from financial statements.

16. DEPOSITS, MONEY-MARKET FUNDING, FUNDS FROM BANKER'S ACCEPTANCE AND ISSUE OF MORTGAGE BILLS, MORTGAGE-BACKED SECURITIES, DEBENTURES AND THE LIKE, FOREIGN BORROWINGS AND DOMESTIC ONLENDINGS

Banestes Multiple

2009

Description	No Maturity	Up to 3 months	From 3 to 12 Months	From 1 to 3 Years	From 3 to 5 Years	Over 5 years	Total
Deposits	2.775.466	80.233	362.595	1.378.611	126.221	293.299	5.016.425
Demand	971.696	—	—	—	—	—	971.696
Savings	1.086.576	—	—	—	—	—	1.086.576
Interbank	—	11.607	—	—	—	—	11.607
Escrow	716.466	—	—	—	—	—	716.466
Time	—	68.626	362.595	1.378.611	126.221	293.299	2.229.352
Other	728	—	—	—	—	—	728
Money-market funding	—	2.375.333	—	—	—	—	2.375.333
Funds from acceptance and issue of mortgage use, mortgage-backed securities, credit notes, debt securities and the like	—	4.903	3.673	—	—	—	8.576
Mortgage bills	—	2.439	682	—	—	—	3.121
Mortgage-backed bills	—	2.464	2.991	—	—	—	5.455
Foreign borrowings	—	143.113	88.947	—	—	—	232.060
Domestic onlendings	—	54.433	36.570	99.687	22.255	6.701	219.646
Total	2.775.466	2.658.015	491.785	1.478.298	148.476	300.000	7.852.040

Banestes Consolidated

2009

Description	No Maturity	Up to 3 months	From 3 to 12 Months	From 1 to 3 Years	From 3 to 5 Years	Over 5 years	Total
Deposits	2.774.960	80.233	362.595	1.378.032	125.640	293.299	5.014.759
Demand	971.190	—	—	—	—	—	971.190
Savings	1.086.576	—	—	—	—	—	1.086.576
Interbank	—	11.607	—	—	—	—	11.607
Escrow (*)	716.466	—	—	—	—	—	716.466
Time	—	68.626	362.595	1.378.032	125.640	293.299	2.228.192
Other	728	—	—	—	—	—	728
Money-market funding	—	2.371.446	—	—	—	—	2.371.446
Funds from acceptance and issue of mortgage use, mortgage-backed securities, credit notes, debt securities and the like	—	4.903	3.673	—	—	—	8.576
Mortgage bills	—	2.439	682	—	—	—	3.121
Mortgage-backed bills	—	2.464	2.991	—	—	—	5.455
Foreign borrowings	—	143.113	88.947	—	—	—	232.060
Domestic onlendings	—	54.433	36.570	99.687	22.255	6.701	219.646
Total	2.774.960	2.654.128	491.785	1.477.719	147.895	300.000	7.846.487

(*) Escrow deposits are included in the balance of Time deposits in the balance sheet.

Banestes Multiple

2008

Description	No Maturity	Up to 3 months	From 3 to 12 Months	From 1 to 3 Years	From 3 to 5 Years	Over 5 Years	Total
Deposits	2.641.651	79.510	582.087	1.154.455	53.408	6.846	4.517.957
Demand	1.015.862	–	–	–	–	–	1.015.862
Savings	975.946	–	–	–	–	–	975.946
Interbank	–	22.900	–	–	–	–	22.900
Escrow	647.793	–	–	–	–	–	647.793
Time	–	56.610	582.087	1.154.455	53.408	6.846	1.853.406
Other	2.050	–	–	–	–	–	2.050
Money-market funding	–	2.473.964	–	–	–	–	2.473.964
Funds from acceptance and issue of mortgage use, mortgage-backed securities, credit notes, debt securities and the like	–	2.948	31.476	1.306	–	–	35.730
Mortgage bills	–	580	29.134	1.306	–	–	31.020
Mortgage-backed bills	–	2.368	2.342	–	–	–	4.710
Foreign borrowings	–	126.905	205.711	–	–	–	332.616
Domestic onlendings	–	35.406	23.277	82.528	30.331	8.973	180.515
Total	2.641.651	2.718.733	842.551	1.238.289	83.739	15.819	7.540.782

Banestes Consolidated

2008

Description	No Maturity	Up to 3 months	From 3 to 12 Months	From 1 to 3 Years	From 3 to 5 Years	Over 5 Years	Total
Deposits	2.641.082	79.510	582.087	1.150.637	53.163	5.020	4.511.499
Demand	1.015.293	–	–	–	–	–	1.015.293
Savings	975.946	–	–	–	–	–	975.946
Interbank	–	22.900	–	–	–	–	22.900
Escrow (*)	647.793	–	–	–	–	–	647.793
Time	–	56.610	582.087	1.150.637	53.163	5.020	1.847.517
Other	2.050	–	–	–	–	–	2.050
Money-market funding	–	2.473.373	–	–	–	–	2.473.373
Funds from acceptance and issue of mortgage use, mortgage-backed securities, credit notes, debt securities and the like	–	2.948	31.476	1.306	–	–	35.730
Mortgage bills	–	580	29.134	1.306	–	–	31.020
Mortgage-backed bills	–	2.368	2.342	–	–	–	4.710
Foreign borrowings	–	126.905	205.711	–	–	–	332.616
Domestic onlendings	–	35.406	23.277	82.528	30.331	8.973	180.515
Total	2.641.082	2.718.142	842.551	1.234.471	83.494	13.993	7.533.733

(*) Escrow deposits are included in the balance of Time deposits in the balance sheet.

17. DOMESTIC ONLENDINGS – OFFICIAL INSTITUTIONS

Represent funds raised with official and other institutions, which are passed on to clients, fostering the economic development of the State of Espírito Santo.

Institution	Line	Banestes Multiple and Consolidated	
		2009	2008
		Raised funds	
Banco de Desenvolvimento do Espírito Santo S.A.	Nossocrédito	19.760	13.912
National Bank for Economic and Social Development	BNDES – Automatic/ National Equipment Financing Authority (FINAME)	124.347	111.083
National Treasury Department	FUNCAFÉ (Fund for the Protection of the Coffee Economy)	75.539	55.520
Total		219.646	180.515

18. GUARANTEES FOR TECHNICAL RESERVES

To guarantee technical reserve, controlled company BANESTES Seguros S.A. offered the following assets.

	Banestes Consolidated	
	2009	2008
Technical provisions	(65.849)	(58.638)
Receivables	8.400	6.620
Escrow deposits	1.602	1.719
Recovery – Provision for claims to be settled	109	–
Guaranteed technical provisions	(55.738)	(50.299)
Fixed income securities – Private	40.438	40.806
Fixed income securities – Public	42.467	32.902
Investment funds.....	32.855	23.938
Properties	1.277	3.217
Total assets	117.037	100.863

19. PREMIUMS, CLAIMS AND COMMISSIONS OF MAIN INSURANCE TYPES

Type	Banestes Consolidated					
	Earned premiums		Retained claims (%)		Sale/Earned premiums (%)	
	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Automobile	73.138	67.094	71,85	73,27	13,32	14,36
Personnel (1).....	28.891	26.994	40,89	48,15	17,11	17,63
Equity (2).....	3	162	211,44	184,68	27,23	36,00
Other types.....	–	13	–	–	–	–
Total	102.032	94.263	63,01	66,44	14,39	15,33

(1) Personal includes Group Life Insurance, Personal Accidents and Lenders Insurance.

(2) Property includes Fire, Comprehensive Residential, Condominium and Business Insurance, Engineering Risks and Sundry Risks.

20. DEFERRED SELLING EXPENSES AND TECHNICAL RESERVES

	Banestes Consolidated	
	2009	2008
Unearned Premium Reserve - PPNG - RVE (*)	25.331	23.141
Automobile	24.581	22.582
Personnel.....	749	556
Other	1	3
Unearned Premium Reserve - PPNG - RVNE (*)	854	1.124
Automobile	832	1.101
Personnel.....	22	23
Other	–	–

Premium Deficiency Reserve (*)	579	1.750
Automobile	384	1.034
Personnel.....	195	716
Other	-	-
Provision for claims and claim adjustment expenses (*)	33.378	27.159
Automobile	8.631	8.107
DPVAT	18.777	13.555
Personnel.....	5.265	4.746
Other	705	751
IBNR Reserve (Incurred But Not Reported Losses) (*)	4.162	4.078
Automobile	647	789
DPVAT	957	1.104
Personnel.....	2.545	2.103
Other	13	82
Additional Premium Reserve (*)	1.167	840
Automobile	107	114
Personnel.....	1.060	726
Other	-	-
Provision for Administrative Expenses (*)	378	546
DPVAT	378	546
Deferred Selling Expenses	4.666	4.461
Automobile	4.329	4.225
Personnel.....	337	236
Other	-	-

(*) According to notes 3.n. Technical provisions.

21. INCOME AND SOCIAL CONTRIBUTION TAXES AND TAX CREDIT

a. Income and social contribution taxes

a.1. Current income and social contribution tax basis:

Description	Banestes Multiple				Banestes Consolidated			
	2009		2008		2009		2008	
	IT	SCT	IT	SCT	IT	SCT	IT	SCT
Income before taxes and profit sharing	201.960	201.960	190.164	190.164	212.589	212.589	194.942	194.942
Profit sharing as established in the bank's bylaws	(11.208)	(11.208)	(8.532)	(8.532)	(11.722)	(11.722)	(8.954)	(8.954)
Interest on equity capital.....	(31.471)	(31.471)	(26.707)	(26.707)	(35.678)	(35.678)	(29.166)	(29.166)
Tax basis.....	159.281	159.281	154.925	154.925	165.189	165.189	156.822	156.822
Permanent add-backs (deductions)	(32.085)	(7.468)	(32.844)	(6.501)	(15.867)	9.402	(26.101)	254
Temporary add-backs (deductions).....	62.756	63.325	(17.970)	(6.928)	58.714	59.283	(16.028)	(4.986)
Taxable income before offsets	189.952	215.138	104.111	141.496	208.036	233.874	114.693	152.090
Tax loss carryforwards.....	(56.986)	-	(31.233)	-	(57.358)	(285)	(31.233)	-
Tax basis after offsets.....	132.966	215.138	72.878	141.496	150.678	233.589	83.460	152.090
Normal rate (15%*)	19.945	32.271	10.931	18.850	22.602	34.945	12.519	20.115
Income tax surtax (10%).....	13.273	-	7.264	-	14.972	-	8.275	-
Amounts due	33.218	32.271	18.195	18.850	37.574	34.945	20.794	20.115
Workers' Meal Programme (PAT).....	(798)	-	(236)	-	(880)	-	(247)	-
Tax incentives - Sponsorship.....	(1.037)	-	(336)	-	(1.117)	-	(337)	-
SCT offset due - pursuant to article 8 of Executive Act 2,158-35.....	-	(9.681)	-	(5.655)	-	(9.681)	-	(5.655)
Income and social contribution taxes payable	31.383	22.590	17.623	13.195	35.577	25.264	20.210	14.460
Realisation of deferred credits on the revaluation surplus.....	(590)	(354)	(158)	(74)	(664)	(400)	(165)	(79)
Deferred taxes on unearned profit.....	-	-	-	-	(742)	(446)	-	-
Income and social contribution tax expense - current values	30.793	22.236	17.465	13.121	34.171	24.418	20.045	14.381

(*) On 1 May 2008, pursuant to Executive Act No. 413 of 3 January 2008, which became Law No. 11,727 on 23 June 2008, the social contribution tax levied on financial and insurance companies had its rate increased to 15%.

a.2. Provision for deferred income tax:

	Banestes Multiple and Consolidated	
	2009	2008
Excess depreciation.....	6.150	6.567
Total.....	6.150	6.567

b. Tax Credit

b.1. Changes in the balances of tax credits:

In 2009:

Description	Banestes Multiple			Banestes Consolidated	
	Balance as of 12/31/2008	Additions (Deductions)	Balance as of 12/31/2009	Tax Credit	Tax Credit
Provision for other assets.....	57	46	103	41	41
Provision for labour contingencies.....	48.540	(8.860)	39.680	15.872	15.903
Provision for civil contingencies.....	11.916	(481)	11.435	4.574	4.748
Adjustment to market value.....	1.062	(14)	1.048	419	419
Allowance for doubtful accounts.....	139.942	134.382	274.324	109.729	109.729
Disallowance of Salary Variation Offsetting Fund (F.C.V.S.) - terminated contracts.....	21.030	(9.142)	11.888	4.755	4.755
Provision for other credits without the characteristics of credit granting – Agreement.....	181	(39)	142	56	56
Provision for contingencies – INSS.....	12.226	(12.226)	–	–	–
Provision for contingencies - lawyers' fees.....	3.002	349	3.351	1.341	1.341
Provision for lending operations without the characteristics of lending operations.....	2.025	–	2.025	810	810
Provision for contingencies - federal land-reform agency (INCRA).....	660	(660)	–	–	–
Provision for contingencies – COFINS/ FINSOCIAL..	40.715	(40.715)	–	–	818
Provision for contingencies - Collection of INSS.....	2.512	209	2.721	1.088	1.088
Provision for lending operations without the characteristics of lending operations – GECRI.....	–	359	359	143	143
Provision for lending operations without the characteristics of lending operations – capitalisation project.....	1.561	89	1.650	660	660
Allowance for losses on other receivables - Resolution No. 494.....	3.553	(921)	2.632	1.053	1.053
Allowance for losses on other receivables – COPRI...	1.257	–	1.257	503	503
Provision for contingencies - Credit risks.....	–	6.229	6.229	2.492	2.492
Provision for losses on credit granting from bank.....	–	3.190	3.190	1.276	1.276
Allowance for losses on other receivables - PROVARZEAS KFW.....	304	–	304	122	122
Provision for losses on other receivables – Correspondent.....	127	–	127	51	51
Provision for losses – Resolution No. 696.....	9.920	(9.126)	794	317	317
Provision for contingencies - tax liabilities.....	891	(891)	–	–	–
Other provisions.....	880	135	1.015	407	859
Total tax credits from temporary add-backs.....	302.361	61.913	364.274	145.709	147.184
Tax los.....	118.311	(56.986)	61.325	15.331	15.331
Social contribution – pursuant to article 8, Executive Act No. 2,158-35 of 24 August 2001.....	27.671	(9.681)	17.990	17.990	17.990
Tax credit from trading securities.....				973	973
Tax credit from unrealised profit.....				–	1.188
Total tax credit.....				180.003	182.666
Tax credit recorded in assets.....				180.003	181.752
Tax credit not recorded in assets.....				–	914

In 2008:

Description	Banestes Multiple			Banestes Consolidated	
	Balance as of 12/31/2007	Additions (Deductions)	Balance as of 12/31/2008	Tax Credit	Tax Credit
Provision for other assets	3.110	(3.053)	57	23	23
Provision for labour contingencies	66.645	(18.105)	48.540	19.416	19.460
Provision for civil contingencies	14.735	(2.819)	11.916	4.766	4.893
Adjustment to market value	981	81	1.062	425	425
Allowance for doubtful accounts	125.628	14.314	139.942	55.977	55.977
Disallowance of Salary Variation Offsetting Fund (F.C.V.S.) - terminated contracts	30.753	(9.723)	21.030	8.412	8.412
Provision for tax risks	19.826	(19.826)	-	-	115
Provision for other credits without the characteristics of credit granting - Agreement	-	181	181	72	72
Provision for contingencies - INSS	11.078	1.148	12.226	4.890	5.881
Provision for contingencies - lawyers' fees	2.987	15	3.002	1.201	1.201
Provision for lending operations without the characteristics of lending operations	2.025	-	2.025	810	810
Provision for contingencies - federal land-reform agency (INCRA)	442	218	660	264	275
Provision for contingencies - COFINS	36.733	3.982	40.715	16.286	18.004
Provision for contingencies - Collection of INSS	-	2.512	2.512	1.005	1.005
Provision for lending operations without the characteristics of lending operations - capitalisation project	-	1.561	1.561	624	624
Allowance for losses on other receivables - Resolution No. 494	2.213	1.340	3.553	1.421	1.421
Allowance for losses on other receivables - COPRI ..	1.257	-	1.257	503	503
Allowance for losses on other receivables - PROVARZEAS KFW	304	-	304	122	122
Provision for losses on other receivables - Correspondent	127	-	127	51	51
Provision for losses - Resolution No. 696	-	9.920	9.920	3.968	3.968
Provision for contingencies - tax liabilities	820	71	891	271	339
Other provisions	649	231	880	352	442
Total tax credits from temporary add-backs	320.313	(17.952)	302.361	120.859	124.023
Tax loss	149.540	(31.229)	118.311	29.578	29.578
Social contribution - pursuant to article 8, Executive Act No. 2,158-35 of 24 August 2001	33.326	(5.655)	27.671	27.671	27.671
Total tax credit				178.108	181.272
Tax credit asset				178.108	180.326
Tax credit not recorded in assets				-	946

b.2. Balances, recognitions and write-offs of tax credits in the period:

Description	Banestes Multiple				Banestes Consolidated			
	2009		2008		2009		2008	
	IT	SCT	IT	SCT	IT	SCT	IT	SCT
Prior balance as of 31 December (1)	105.168	72.939	104.764	56.537	106.554	73.771	104.959	56.607
Recognitions								
Temporary add-backs	73.305	43.983	46.759	43.529	73.655	44.193	48.146	44.408
Total recognitions (2)	73.305	43.983	46.759	43.529	73.655	44.193	48.146	44.408
Realisations / write-offs								
Temporary add-backs	57.827	34.611	38.547	21.472	59.213	35.442	38.743	21.589
Tax loss	14.246	-	7.808	-	14.246	-	7.808	-
Social Contribution - pursuant to article 8, Executive Act No. 2,158-35	-	9.681	-	5.655	-	9.681	-	5.655
Total realisations (3)	72.073	44.292	46.355	27.127	73.459	45.123	46.551	27.244
Tax credit from trading securities (4)	608	365	-	-	608	365	-	-
Tax credit from unrealised profit (5)	-	-	-	-	742	446	-	-
Total tax credit asset (1+2-3+4+5)	107.008	72.995	105.168	72.939	108.100	73.652	106.554	73.771
Effect on income (2-3)	1.232	(309)	404	16.402	196	(930)	1.595	17.164

The recording of tax credits in assets and their maintenance is based on technical studies about the Bank's expected future taxable income, which allow the realisation of the tax credits within 10 years.

Tax credits of R\$914 (BANESTES Consolidated) were not recognised for temporary add-backs of controlled company BANESTES Distribuidora de Títulos e Valores Mobiliários, due to the fact that they do not comply with the provisions of Resolution No. 3,059 of 20 December 2002.

Tax credits were recognised by applying current corporate income tax (IRPJ) and social contribution tax (CSLL) rates, 25% and 15% respectively, to their respective bases. Currently, the criteria established by Resolution No. 3,059 of 20 December 2002, changed by Resolution No. 3,355 of 31 March 2006 of the National Monetary Council are complied with to recognise, maintain and write-off the credits.

b.3. Expected realisation of tax credit and tax credit at present value:

b.3.1. Recorded and not-recorded in assets:

In 12/31/2009:

	Banestes Multiple				
	Tax credit asset				
	Temporary add-backs				
	Income tax	Social contribution tax	Tax Loss	Social contribution tax pursuant to article 8 Executive act No. 2,158-35	Total Recorded in assets
2010.....	20.372	12.223	15.331	7.847	55.773
2011.....	17.961	10.777	-	8.459	37.197
2012.....	15.026	9.016	-	1.684	25.726
2013.....	13.328	7.997	-	-	21.325
2014.....	11.992	7.195	-	-	19.187
2015.....	11.479	6.887	-	-	18.366
From 2016 to 2019.....	1.518	911	-	-	2.429
Total.....	91.676	55.006	15.331	17.990	180.003
Present value.....	73.131	43.879	14.168	15.842	147.020

	Banestes Consolidated							
	Tax credit recorded in assets / Not recorded in assets			Tax credit recorded in assets				
	Temporary add-backs			Temporary add-backs				
	Income tax	Social contribution tax	Total recorded in assets / Not recorded in assets	Income tax	Social contribution tax	Tax Loss	Social contribution tax pursuant to article 8 Executive act No. 2,158-35	Total Recorded in assets
2010.....	21.115	12.668	33.783	21.115	12.668	15.331	7.847	56.961
2011.....	17.908	10.746	28.654	17.908	10.746	-	8.459	37.113
2012.....	15.121	9.073	24.194	15.121	9.073	-	1.684	25.878
2013.....	12.931	7.759	20.690	12.931	7.759	-	-	20.690
2014.....	13.183	7.910	21.093	12.672	7.604	-	-	20.276
2015.....	11.478	6.887	18.365	11.478	6.887	-	-	18.365
From 2016 to 2019.....	1.604	962	2.566	1.543	926	-	-	2.469
Total.....	93.340	56.005	149.345	92.768	55.663	15.331	17.990	181.752
Present Value (*)	74.398	44.639	119.037	74.004	44.403	14.168	15.842	148.417

(*)To calculate the present value of tax credits, the yearly average fund raising rate expected by the Bank was adopted.

In 12/31/2008:

	Banestes Multiple				
	Tax credit recorded in assets				
	Temporary add-backs	Social contribution tax pursuant to article 8 Executive act No. 2,158-35			
	Income tax	Social contribution tax	Tax Loss	Total Recorded in assets	Total Recorded in assets
2009.....	13.486	8.091	11.258	7.100	39.935
2010.....	12.355	7.413	18.320	7.847	45.935
2011.....	11.985	7.191	-	8.975	28.151
2012.....	10.594	6.356	-	3.749	20.699
2013.....	16.904	10.057	-	-	26.961
2014.....	5.831	3.499	-	-	9.330
From 2015 to 2018.....	4.435	2.662	-	-	7.097
Total.....	75.590	45.269	29.578	27.671	178.108
Present Value	56.302	33.725	25.582	22.689	138.298

	Banestes Consolidated							
	Tax credit recorded in assets / Não Ativado/Not recorded in assets			Tax credit recorded in assets				
	Temporary add-backs			Temporary add-backs			Social contribution tax Pursuant to article 8 Executive Act No. 2,158-35	
	Income Tax	Social Contribution	Total Recorded in assets/Not recorded in assets	Income Tax	Social Contribution	Tax Loss	Executive Act No. 2,158-35	Total Recorded in assets
2009.....	13.486	8.091	21.577	13.486	8.091	11.258	7.100	39.935
2010.....	12.785	7.671	20.456	12.785	7.671	18.320	7.847	46.623
2011.....	11.703	7.022	18.725	11.703	7.022	-	8.975	27.700
2012.....	10.599	6.359	16.958	10.599	6.359	-	3.749	20.707
2013.....	18.032	10.734	28.766	17.498	10.413	-	-	27.911
2014.....	5.837	3.502	9.339	5.836	3.502	-	-	9.338
From 2015 to 2018.....	-	-	-	-	-	-	-	-
2018.....	5.126	3.076	8.202	5.069	3.043	-	-	8.112
Total.....	77.568	46.455	124.023	76.976	46.101	29.578	27.671	180.326
Present Value (*)	63.451	38.006	101.457	63.011	37.743	27.445	24.544	152.743

(*) To calculate the present value of tax credits, the yearly average fund raising rate expected by the Bank was adopted.

22. OTHER LIABILITIES - SUNDRY

Items	Banestes Multiple		Banestes Consolidated	
	2009	2008	2009	2008
Current.....	217.689	115.595	224.557	121.331
Liabilities for acquisition of assets	881	46	881	46
Liabilities for official partnerships.....	17.885	18.389	17.885	18.389
Salaries and wages	48.701	2.923	48.701	2.923
Provision for unsettled payments.....	54.501	31.879	57.374	33.918
Provision for contingent liabilities (Note 23)	30.363	8.017	30.363	8.017
Sundry payables – domestic.....	65.358	54.340	65.370	54.350
Other	-	1	3.983	3.688
Long-term liabilities.....	51.930	119.161	56.682	127.385
Liabilities for acquisition of assets	5.291	-	5.291	-
Provision for unsettled payments.....	-	1.920	-	1.920
Provision for contingent liabilities (Note 23)	46.636	117.167	51.388	125.174
Other	3	74	3	291

23. CONTINGENCIES

In the ordinary course of conducting its business, BANESTES and its controlled companies are parties to labour, civil and tax proceedings, whose balances and changes are as follows:

Nature	Banestes Multiple					Banestes Consolidated				
	12/31/2009					12/31/2009				
	Labour	Civil	Tax	Other	Total	Labour	Civil	Tax	Other	Total
Balance as of 01/01	48.540	14.428	62.077	139	125.184	48.650	14.746	69.656	139	133.191
Recognitions/Restatements(1)	7.157	5.872	13.721	19.658	46.408	7.173	6.154	15.696	19.658	48.681
Payments/ Reversals	16.017	6.144	59.042	13.390	94.593	16.066	6.310	64.355	13.390	100.121
Annual balance.....	39.680	14.156	16.756	6.407	76.999	39.757	14.590	20.997	6.407	81.751

Nature	Banestes Multiple					Banestes Consolidated				
	12/31/2008					12/31/2008				
	Labour	Civil	Tax	Other	Total	Labour	Civil	Tax	Other	Total
Balance as of 01/01	66.645	14.735	83.878	59	165.317	66.702	14.900	89.606	59	171.267
Recognitions/Restatements(1)	2.182	4.526	10.717	98	17.523	2.238	4.808	13.017	98	20.161
Payments/Reversals	20.287	4.833	32.518	18	57.656	20.290	4.962	32.967	18	58.237
Annual balance.....	48.540	14.428	62.077	139	125.184	48.650	14.746	69.656	139	133.191

According to BANESTES S.A.'s management the provision is sufficient to cover losses possibly arising from these legal suits.

Labour proceedings - refer to lawsuits filed by employees and former employees claiming the payment of damages. Provisions are set up in accordance with the classification of probable loss on labour lawsuits on the 1st business day of the current year's each month. As of 31 December 2009, Banestes had a labour provision of R\$39.680 (BANESTES Multiple) and R\$39.757 (BANESTES Consolidated) and as of the same date an escrow deposit of R\$32.010 (BANESTES Multiple) and R\$32.012 (BANESTES Consolidated).

The following preventive and solving measures are taken by the Bank to reduce the liabilities arising from these lawsuits.

Preventive measures:

- Effective control over working hours using an electronic timecard system (time tracking software).
- CCP - Previous Reconciliation Commission, for promptly resolving labour litigations by means of a transaction.

Solving measure:

A Labour Lawsuit Negotiation Commission is set up to settle in advance lawsuits already filed, thus reducing amounts to be paid.

Civil proceedings - these refer to claims for property damages and pain and suffering. The latter often involves abusive complaints, undue cheque bouncing and debt unduly reported to credit protection agencies.

The matters discussed in these cases normally do not represent events likely to impact the Bank's economic and financial condition. Approximately 40% of these actions involve a Special Civil Court at which claims are limited to the equivalent to 40 minimum salaries. The remaining 60% involve actions judged by Common Courts, at which damages granted for pain and suffering, with very few exceptions, do not exceed the equivalent to 43 (forty-three) minimum salaries. Around 60% of all cases are judged unfounded, with sentences historically granting only 20% of damages claimed, on average. The provision is recognised considering the history of unfavourable outcomes according to the type of claim in the lawsuit. The provisioned amount is the result of the percentage obtained with the arithmetic mean of the variation between the adjusted amounts claimed and the damages paid upon the verdict on the lawsuits against the bank.

Tax proceedings - BANESTES' financial system discusses in court some taxes arising from fines and assessments by inspection authorities.

The Bank's lawyers rely on criteria that take into account the nature of actions, the status of each action and the position of courts at which these actions are judged, and classify them as involving: probable, possible and remote losses.

Accordingly, we present the provisions set up for tax contingent liabilities, per type of tax and, if applicable, the respective escrow deposit.

Nature - Tax	Banestes Multiple				Banestes Consolidated			
	2009		2008		2009		2008	
	Provision	Escrow Deposit	Provision	Escrow Deposit	Provision	Escrow Deposit	Provision	Escrow Deposit
INSS related Deficiency Notices and Tax Debt Assessment Notices (NFLD)(1).....	-	33.911	12.114	29.835	20	38.134	14.589	33.772
IT and SCT - Law No. 8,200 (2).....	-	16.549	-	16.071	-	16.549	-	16.071
Social contribution tax (SCT) - Non-employer company - Lease (3).....	-	1.580	1.523	1.523	-	1.580	1.523	1.523
COFINS (tax on sales) (4).....	-	43.898	40.715	40.715	-	46.386	43.043	43.043
FINSOCIAL(social security contribution) (4).....	-	-	-	-	2.045	20	1.967	28
Fees - Sundry Actions.....	3.352	-	3.115	-	3.419	-	3.355	-
IRPJ (corporate income tax).....	-	1.947	-	-	-	1.947	-	-
CSLL (Social contribution tax).....	-	2.375	-	-	-	795	-	-
CSLL - 6% - increase in rate.....	13.359	13.359	3.907	3.907	14.483	14.463	4.198	4.198
Other.....	45	1.061	703	4.951	1.030	3.362	981	6.183
Total.....	16.756	114.680	62.077	97.002	20.997	123.236	69.656	104.818

(1) Social Security Contribution (INSS)

This comprises NFLDs (statutory notice of deficiency) issued by INSS and basically refer to: 35.776.169-3 and 35.776.170-7 (whereby INSS disregarded the legal entity and assessed social security contribution payable for the insured-employee hired through an outsourced company to render technology services), 35.776.219-3 (tax assessment due to the non-incorporation of the commissions paid to the compensation, for the purpose of social security contribution levying - lapse), 35.776.220-7 and 35.776.224-0 (levy of social security contribution on amounts paid as education allowances for post-graduation courses), 35.776.222-3 (levy of the 11% portion of social security contribution on services of cheque clearance and similar provided by third parties and characterised as labour assignment), 35.776.172-3 and 35.776.171-5 (non-fulfilment of the accessory obligation referring to the GFIP - Severance Pay Fund Payment Forms), amounting to an initial escrow deposit of R\$19.905 (BANESTES Multiple) and R\$22.945 (BANESTES Consolidated). It also refers to NFLDs No. 35.059.563-1 and 35.059.564-0 (levy of social security contribution on amounts paid as day care allowance) and NFLD No. 32.354.434-7 (levy of social security contribution on an amount paid and not specified in a labour claim settlement approved in court).

With regard to NFLDs 35.776.169-3 and 35.776.170-7, a provision of R\$9.950 BANESTES S.A. and R\$2.678 BANESTES Seguros corresponding to the partial amount of these NFLDs in 2008 was recorded, in which only the amounts not included in the lapse were provided for. In 2009, after the corresponding restatements, due to the right granted by item I, paragraph 3, article 1 of Law No. 11,941, of 27 May 2009, the payment of debts less fines and legal charges was reverted to the provision for BANESTES S.A. and BANESTES Seguros S.A., keeping unsettled payments in the amount of R\$5.932 and R\$1.697. The approval of these amounts to survey the monetarily restated escrow deposit regarding the benefit obtained is awaited.

With regard to NFLDs 35.354.434-7 and 35.059.566-6, BANESTES S.A. had a provision recorded in the amounts of R\$1.717 and R\$447, in 2008, duly reverted in 2009 due to the statute of limitations.

As for the remaining NFLDs, the lawyers in charge consider the changes of a favourable outcome excellent, whether for the merits or lapse.

(2) IR (income tax) and CSLL (social contribution tax) - Law No. 8,200

This lawsuit refers to the questioning to allow total deduction on the tax return filed in 1993 and referring to fiscal year 1992, for purposes of calculating taxable income, the social contribution tax basis, and the calculation base of the tax on net income, of the effects recognised in article 3, item I of Law No. 8,200/91 (IPC - Consumer Price Index/ BTNF - Brazilian Treasury Bonus). The decisions have been favourable to the Bank. The debt was not recorded by tax authorities causing, according to the responsible legal counsellors, that the lapse for possible recording and, even if it had happened, the deadline would have been expired according to item I, article 3, of Law No 8,200/91, to be integrally benefited from the portion of monetary restatement arising from the difference between Consumer Price Index (IPC) and the National Treasury Bonus (BTN). The proceeding is very likely to obtain a favourable outcome.

(3) Social Contribution Tax (CSLL)

Lawsuit filed to obtain a declaration of the unconstitutionality of article 17 of Executive Act No. 413 enacted on 3 January 2008, which became Law No. 11,727 on 23 June 2008 and increased the CSLL rate levied on financial and insurance company transactions from 9% to 15%.

(4) COFINS and FINSOCIAL (taxes on sales)

A escrow deposit was made by BANESTES S.A. on 17 May 2007 in the amount of R\$34.510 and another by BANESTES Seguros S.A. on 28 July 2005 in the amount of R\$1.611 at Caixa Econômica Federal referring to the COFINS due on account of the disallowance of the offset against FINSOCIAL (social security contribution) credits given the unconstitutionality of the increase in the rate from 0.5% to 2% (92.068899-3). Considering the FINSOCIAL tax credit and due to the liability arising from Law No. 9,718/98 referring to the payment of COFINS, BANESTES S.A. and BANESTES Seguros S.A. offset FINSOCIAL/COFINS in 1999 and 2000 at the administrative level pursuant to legislation prevailing at the time. Subsequently, in June 2005 lawsuit No. 2005.51.01.011764-3 was filed challenging the constitutionality of COFINS itself and an injunction was granted on 1 February 2006, confirmed by a judgment rendered on 26 April 2006, suspending the payment of the COFINS tax credit pursuant to paragraph 1 of article 3 of Law No. 9,718/98. The provision was dropped due to its illegality and unconstitutionality.

Notwithstanding the legality of the offset of FINSOCIAL/COFINS and disregarding the decision rendered on records No. 2005.51.01.011764-3, the Federal Revenue Service ordered the enforcement of the debt referring to the COFINS not paid between 1999 and 2000, resulting in court claim for taxes No. 2006.50.01.007332-0 filed against BANESTES S.A. BANESTES Seguros S.A. is discussing the matter by filing a suit for injunctive relief No. 2005.50.01.0060126 and debt annulment action No. 2005.50.01.0076079.

Since this is a tax liability, a provision recorded as R\$40.715 for BANESTES Multiple and R\$43.043 for BANESTES Consolidated was set up in 2008.

In 2009 due to the right granted by item I, paragraph 3, article 1 of Law No. 11,941, of 27 May 2009, the payment of debts less fines and legal charges was reverted to the provision for COFINS for BANESTES S.A. and BANESTES Seguros S.A., keeping unsettled payments in the amount of R\$21.674 and R\$1.388. The approval of these amounts to survey the monetarily restated escrow deposit regarding the benefit obtained is awaited.

A escrow deposit of 30% to file a tax appeal was made by Banestes DTVM S.A. on 23 November 2005 in the amount of R\$59 and on 29 June 2006 in the amount of R\$22, also at Caixa Econômica Federal, referring to the FINSOCIAL credit being questioned at the administrative level through Proceedings No. 10768.014207-2001-32 and No.10768.100291-2002-97. It is also recorded under the caption "Receivables from escrow deposits for tax appeals – COFINS in long-term assets.

Also on 28 September 2007, BANESTES DTVM S.A. set up a provision, in the amount of R\$1.856, referring to the FINSOCIAL credit recorded as long-term assets under the caption "Taxes available for offset".

24. SHAREHOLDERS' EQUITY

a. Capital stock - Comprises 109,305,206 common shares and 42,183,247 preferred shares, all registered, book entry shares without par value, fully subscribed and paid-in. 91.95% of common shares and 92.65% of preferred shares are owned by the State of Espírito Santo.

b. Revaluation surpluses of properties used by the Bank - On 31 October 2005, the properties recorded as permanent assets, under the "Properties used by the Bank" caption, plots of land and buildings were revalued, with a net effect on shareholders' equity in the amount of R\$15.856. This revaluation surplus was realised in 2009 through depreciation in the amount of R\$433 (R\$441 in 2008); write-off through disposal - R\$1.924 (R\$189 in 2008) and IRPJ (corporate income tax) and CSLL (social contribution tax) - R\$943 (R\$232 in 2008).

c. Income reserves - Net income, as defined in article 191 of Law No. 6404/76 after the social contribution tax is calculated, determined at each annual or six-month period balance, will have, in this sequence:

c.1. Statutory Reserve - 5% (five percent), before any allocation, to set up the statutory reserve, which will not exceed 20% (twenty percent) of capital stock. In the year in which the balance of statutory reserve plus the capital reserves addressed by paragraph 1, article 182 of Law No. 6,404/76 exceeds 30% (thirty percent) of capital stock, the appropriation of part of net income to set up the statutory reserve will not be mandatory.

c.2. Reserves required by the Bank's by-laws - Recognised by appropriating the year's net income after legal deductions and dividends up to the limit of 100% of the capital stock, as established by the Bank's by-laws. Breakdown is as follows:

- **Reserve for operating margin** – limited to 80% of capital stock, it has the purpose of guaranteeing the funds to run the Bank. It consists of up to 100% of the year's net income, adjusted pursuant to article 202 of law No. 6,404/76.
- **Reserve for risks on foreign exchange transactions** – limited to 10% of capital stock, this reserve has the purpose of covering the exposure risk on foreign exchange transactions. It consists of up to 2% of the year's net income, adjusted pursuant to article 202 of law No. 6.404/76.

d. Dividends and interest on equity capital

d.1. Dividends - Under the Bank's bylaws, shareholders are entitled to minimum dividends of 25% of the adjusted net income for the year. As permitted by Law No. 9,249/95, the Bank distributed interest on equity capital, which was added to the calculation base of the statutory minimum dividends, as follows:

Calculation base:	2009	2008
Net income	132.496	161.285
Legal reserve	(6.624)	(8.065)
Realisation of revaluation surplus transferred to retained earnings or accumulated losses.....	1.548	407
Calculation base (25%)	127.420	153.627
Interim dividends accounted for in the first six months of the year.....	370	4.519
Supplemental dividends of the year	237	7.364
Interest on equity capital	31.471	26.707
Total Interest on Equity Capital and Dividends of the year	32.078	38.590
Withholding income tax levied on interest on equity capital.....	(223)	(184)
Total Interest on Equity Capital and Dividends (net of IRRF) of the year	31.855	38.406

d.2. Interest on equity capital - Interest on equity capital accounted for in the year ended 31 December 2009 amount to R\$31.471 (R\$26.707 in 2008) with 15% of withholding tax - R\$223 - (R\$184 in 2008), except for immune or exempt shareholding companies. This interest was calculated using the TJLP - Long-Term Interest Rate, according to article 9 of Law No. 9,249/95.

Statement of the provision for and payment of interest on equity capital for:

Year 2009:

Description	Provided for/ Paid Gross Amount	IRRF 15%	Net amount provided for/ paid	Gross amount by common and/or preferred share
Interest on monthly equity capital of the 1 st quarter of 2009.....	8.742	62	8.680	0,057707343
Interest on monthly equity capital of the 2 nd quarter of 2009	8.742	62	8.680	0,057707343
Additional Dividends of the 1 st half of 2009.....	370	-	370	0,002441813
Total 1st half of 2009	17.854	124	17.730	
Interest on monthly equity capital of the 3 rd quarter of 2009.....	8.392	60	8.332	0,055399053
Interest on monthly equity capital of the 4 th quarter of 2009.....	5.595	39	5.556	0,036932702
Additional Dividends of the 2 nd half of 2009	237	-	237	0,001561034
Total interest on equity capital and dividends for the year..	32.078	223	31.855	

Year 2008:

Description	Provided for/ Paid Gross Amount	IRRF 15%	Net amount provided for/ paid	Gross amount by common and/or preferred share
Interest on monthly equity capital of the 1 st quarter of 2008	6.677	45	6.632	0,044074986
Interest on monthly equity capital of the 2 nd quarter of 2008	6.677	46	6.631	0,044074986
Additional Dividends of the 1 st half of 2008.....	4.519	-	4.519	0,029833217
Total 1st half of 2008	17.873	91	17.782	
Interest on monthly equity capital of the 3 rd quarter of 2008.....	6.677	46	6.631	0,044074986
Interest on monthly equity capital of the 4 th quarter of 2008.....	6.676	47	6.629	0,044074986
Additional Dividends of the 2 nd half of 2008	7.364	-	7.364	0,048609870
Total interest on equity capital and dividends for the year..	38.590	184	38.406	

25. EMPLOYEE BENEFITS**25.1. Pension Plans – Social Security**

BANESTES S.A. is one of the sponsors of "Fundação BANESTES de Seguridade Social", a non-profit entity which has the purpose of supplementing government-sponsored benefits granted to its employees, whose plan was a BD - Defined Benefit Plan - and became a CD - Defined Contribution Plan in 1998. Based on CGPC - Supplementary Social Security Management Council - Resolution No. 16 of 22 November 2005, the plan changed to a CV- Variable Contribution Plan. It is regulated as follows:

The retirement benefits (for years of service, age and disability and survivorship, special and anticipated benefits) will consist of a life-time monthly income equivalent to 100% of the balance in the participant's account.

The disability and survivorship benefits cannot be lower than 0.60 SRB-BP, where:

- SRB = Actual Salary Benefit
- BP = Social Security Benefit

The participant who, at the time of the employment contract termination, is still not eligible for retirement benefits, may redeem the balance of his contributions and transfer any accumulated rights to another plan whose benefit represents 100% of the participant's contribution plus 0.2% per month of contribution up to 40% of the sponsor's account, if the participant has contributed for at least five (5) years to the "Plano II de Aposentadoria" (Retirement Plan II).

As of 31 December 2009, the sponsor's monthly contributions, the equivalent to 100% of basic contributions paid by active participants (up to 7% of the participation salary), amounted to R\$5.835 (R\$5.521 in 2008) for BANESTES Multiple and R\$6.046 (R\$5.774 in 2008) for BANESTES Consolidated.

The Fundação BANESTES's benefit plan was evaluated by an independent actuary at the end of the fiscal year, as required by pertinent legislation.

As part of BANESTES' recovery plan (drawn up pursuant to the Executive Act No. 1,612-17 of 20 November 1997), a Debt Assumption Agreement between the State of Espírito Santo and Fundação Banestes de Seguridade Social – BANESTES was signed on 29 June 1998. Under Clauses One, Two and Three of that Agreement, the State of Espírito Santo assumed the R\$147.000 actuarial liability recognised by BANESTES.

According to Clause Six of the Debt Assumption Agreement, the State of Espírito Santo authorises BANESTES, as a mere intervening party, to charge the State's sole financial account held with that Bank if the State defaults on financial obligations assumed under the Agreement.

Based on the independent actuary's report, the information required according to NPC pronouncement (Accounting Standards and Procedures) No. 26 of IBRACON (Brazilian Institute of Independent Auditors), ratified by CVM Resolution No. 371 of 13 December 2000, is disclosed below.

a. Accounting policy adopted by the entity in the recognition of actuarial gains and losses.

The recognised amount of actuarial gains or losses will correspond to the portion of the gain or loss exceeding the highest of 10% of the Actuarial Obligation Present Value or 10% of the Fair Value of the Plan's Assets amortised by the average future service of the plan's participant, according to items 53 and 54 of the pronouncement.

b. Reconciliation Of Assets And Liabilities Recognised In Balance Sheet of:	<u>12/31/2009</u>	<u>12/31/2008</u>
b.1. Present value of funded actuarial obligations	1.029.912	1.007.316
b.2. Present value of unfunded actuarial obligations (Plans without Financial Assets)	-	-
b.3. VPresent value of actuarial obligations (b.1 + b.2)	1.029.912	1.007.316
a) Defined contribution portion (balances of individual accounts, including defined benefits)	241.467	234.532
b) Defined benefit portion (risk benefits)	788.445	772.784
b.4. Fair value of the plan's assets	(1.038.706)	(993.432)
a) Defined contribution portion (balances of individual accounts)	(241.467)	(234.532)
b) Defined benefit portion (risk benefits and benefits granted)	(797.239)	(758.900)
b.5. Present value of obligations in excess of the fair value of assets (b.3 + b.4)	(8.794)	13.884
b.6. Adjustments for authorised deferrals ⁽¹⁾		
a) Actuarial (gains) losses not recognised	33.411	39.930
b) Cost of past service not recognised	-	-
c) Unrecognised increase in (assets) / liabilities upon adoption of this pronouncement	-	-
d) Total (a + b + c)	33.411	39.930
b.7. Total net actuarial liabilities / (Assets) to be provisioned (b.5 - b.6d) ⁽²⁾	(42.205)	(26.046)

(1) Including the plan's defined contribution portion (individual balances) in this presentation does not impact amortisation calculations, or actuarial liabilities / (assets) to be provisioned.

(2) In case of actuarial assets, they can be recognised by the sponsor only if shown that they may reduce the sponsor's future contributions or be reimbursed in the future.

c. Recognition terms as from 31/12 (in years)

c.1. Actuarial gains or losses not recognised	10.5	10.1
c.2. Cost of past service not recognised	N/A	N/A
c.3. Unrecognised increase in liabilities upon adoption of this pronouncement	-	-

d. Changes in net actuarial liabilities (assets) (*)

d.1. Net actuarial liabilities / (assets) at the beginning of the year	(26.046)	(25.332)
d.2. Expense (income) recognised in the year's statement of income	(16.159)	(714)
d.3. Sponsor's contributions in the year (include the amortisation instalments of the debt)	-	-
d.4. Impact on benefit plan reduction	-	-
d.5. Impact of pre-settlement under the benefit plan	-	-
d.6. Net actuarial liabilities / (assets) at the end of the year (d.1 + d.2 - d.3 + d.4 + d.5)	(42.205)	(26.046)

(*) Not including the balances of the individual accounts

e. Reconciliation of fair value of assets (*)

	12/31/2009	12/31/2008
e.1. Fair value of assets at the beginning of the year	758.900	711.850
e.2. Benefits paid in the year	75.419	69.414
e.3. Participants' contributions in the year	-	-
e.4. Sponsor's contributions in the year (include the amortisation instalments of the debt)	-	-
e.5. Actual return on assets in the year (e.6-(e.1-e.2+e.3+e.4))	113.758	116.464
e.6. Fair value of assets at the end of the year	797.239	758.900

(*) Not including the balances of the individual accounts

f. Reconciliation of present value of obligations (*)

f.1. Value of obligations at the beginning of the year	772.784	706.962
f.2. Gross current service cost (plus interest)	295	264
f.3. Interest on actuarial obligations	75.645	69.181
f.4. Benefits paid in the year	75.418	69.414
f.5. Impact of changes in actuarial hypotheses	5.894	-
f.6. Obligations - (G)/P (f.7 - (f.1+f.2+f.3-f.4+f.5))	9.245	65.791
f.7. Value of obligations at the end of the year	788.445	772.784

(*) Not including the balances of the individual accounts

g. (Gains) / Losses calculations

g.1. Value of (gains) / losses at the beginning of the year	39.930	20.444
g.2. Amortisation in the year	-	-
g.3. (Gains) / losses on actuarial obligations	15.139	65.791
g.4. (Gains) / losses on the plan's assets	(21.659)	(46.305)
g.5. (Gains) / losses in the employee's contribution	-	-
g.6. Impact on benefit plan reduction	-	-
g.7. Impact of early settlement in the benefit plan	-	-
g.8. (Gains) / losses at end of year (g.1-g.2+g.3+g.4+g.5+g.6+g.7)	33.410	39.930
g.9. Corridor calculation(10% of the equity and the value of obligation, whichever is higher) (*)	79.724	77.278
g.10. Portion to amortise (max 0, g.8 -g.9)	-	-
g.11. Amortisation amount (g.10 / c.1)	-	-

(*) Not including the balances of the individual accounts

h. Return on assets expected for the next year (*)

	2010	2009
h.1. Fair value of the plan's assets on 31/12	797.239	758.900
h.2. Participants' contributions expected for the next year	-	-
h.3. Sponsor's contributions expected for the next year	-	-
h.4. Benefits expected for the next year	72.291	69.820
h.5. Expected return on assets (h.1 * Return + (h.2 + h.3 - h.4) * ((1+ Return) ^{1/2} -1))	95.484	92.099

(*) Not including the balances of the individual accounts

i. Interest on actuarial obligations for the next year (*)

	2010	2009
i.1. Present value of actuarial obligations on 31/12	788.445	772.784
i.2. Benefits expected for the next year	72.291	69.820
i.3. Interest on actuarial obligations (i.1 * Interest - i.2 * ((1+ Interest) ^{1/2} -1))	77.035	75.645

(*) Not including the balances of the individual accounts

	2010	2009
j. Expense / (revenue) to be recognised on the statement of income for the year (*)		
j.1. Current service cost (plus interest)	289	295
j.2. Interest on actuarial obligations	77.035	75.645
j.3. Expected return on the Plan's assets	95.484	92.099
j.4. Amortisation costs		
a) Actuarial (gains) losses not recognised	-	-
b) Cost of past service not recognised	-	-
c) Unrecognised increase in liabilities (assets) upon adoption of this pronouncement	-	-
d) Total (a + b + c)	-	-
j.5. Total gross expenses (revenues) to recognise (j.1 + j.2 - j.3 + j.4d)	(18.160)	(16.159)
j.6. Participants' contributions expected for the next year	-	-
j.7. Total net expenses (revenues) to recognise (j.5 - j.6)	(18.160)	(16.159)

(*) Not including the balances of the individual accounts.

Note: Not including the administrative expense expected for the next year.

k. Summary of the assessed participants' file data (amounts in R\$)

	12/31/2009	12/31/2008
ACTIVE + RELATED PARTICIPANTS		
Quantitative	2,105	2,125
Average age (years)	44,3	44,7
Average service time (years)	19,6	20,4
Average future service time (years)	10,5	10,1
Average monthly salary (R\$ thousand)	3,4	3,1
Annual payroll (12x) (R\$ thousand)	85.365	80.286
ASSISTED PARTICIPANTS / BENEFICIARIES ALREADY RECEIVING THE BENEFIT		
Quantitative	1,844	1,708
Average age	59,4	58,2
Average monthly benefit (R\$ thousand)	3,4	3,5
Annual benefit payroll (13x) (R\$ thousand) gross of contributions	80.749	78.110
EFFECTIVE REVENUES IN THE YEAR		
Company's contribution to risk benefits	-	-
EFFECTIVE EXPENSES IN THE YEAR (R\$ thousand)	75.418	69.414

l. Actuarial calculation assumptions

	12/31/2009	12/31/2008
Nominal discount rate for actuarial obligation:	10.24%	10.24%
Expected nominal return rate on the Plan's assets	12.55%	12.70%
Estimated nominal increase in salary index:	6.08%	6.08%
Estimated nominal increase in benefits index:		
Benefits arising from Plan I	2.00%	2.00%
Benefits arising from Plan II	4.00%	4.00%
Nominal increase rate of medical costs	N/A	N/A
Estimated long-term inflation rate (basis for determination of the above-mentioned nominal rates)	4.00%	4.00%
General mortality biometric table	AT2000	AT83
Mortality biometric table of disabled:	AT49	AT49
Biometric table for classification as disabled	(Mercer biometric table for classification as disabled) x 1.5	
Expected turnover rate	3% up to 40 years and 1% between 41 and 50 years	
Probability of becoming a retiree:	100% in the first eligibility for retirement for years of service	

m. Additional information

1. The plan's assets are stated as of 31 December 2009.
2. The active and assisted participants' individual master file data used are dated 09/30/2009, and projected for 12/31/2009.
3. These statistical data consider the family group of beneficiaries as a single benefit.

25.2. Health Care

BANESTES S.A. also sponsors the Caixa de Assistência dos Empregados do Sistema Financeiro BANESTES – BANESCAIXA, a private, legal, not-for-profit entity for the management of health care insurance services.

In 2009, the sponsor monthly contribution totalled 50% of the amount established in the age range table, for each employee, which corresponded to BANESTES Multiple R\$3.735 (R\$2.488 in 2008) and BANESTES Consolidated R\$3.842 (R\$2.587 in 2008).

25.2. Other Benefits Granted to Employees

BANESTES S.A. and its controlled companies also offer to its employees other benefits such as life insurance, personal accidents insurance, and professional training, whose amount of expenses, including the contributions referred to above, amounted in 2009 to R\$13.329 for BANESTES Multiple (R\$11.728 in 2008), and to R\$13.701 for BANESTES Consolidated (R\$12.126 in 2008).

26. OTHER INFORMATION

a. Beneficiaries of guarantees given - The liability for surety and guarantees given by the Bank amounts to R\$27.784 (R\$7.477 in 2008). These in turn are backed by promissory notes issued by the respective beneficiaries and/or secured guarantee.

b. Insured Assets - The insurance coverage as of 31 December 2009 refers to fire insurance policies amounting to R\$62.747 and vehicle insurance policies in the amount of R\$152.

c. Financial Lease - BANESTES has financial lease contracts as a lessee; however, the item was not recorded in assets and the corresponding financial liability was not recognised, according to Resolution No. 3,617 of the National Monetary Council. The adjustments of this operation in shareholders' equity and in the net results of deferred taxes, as of 31/12/2009, were considered not material by management.

d. Assumed liabilities:

d.1. BANESTES has entered into an agreement with São Paulo-based CSU Cardsystem S.A. for processing all BANESTES VISA card's activities and invoicing to customers.

d.2. BANESTES processes all Banescard card's activities and issues customer invoices through BPD - Brasil Processamento de Dados.

e. Management's Compensation - Board of Directors' and Directors' compensation totalled R\$1.592 (R\$1.476 in 2008) for BANESTES Multiple and R\$2.811 (R\$2.256 in 2008) for BANESTES Consolidated.

f. Other operating revenues

Description	Banestes Multiple		Banestes Consolidated	
	2009	2008	2009	2008
Recovery of Charges and Expenses	5.493	12.234	6.258	11.313
Reversal of provisions - Civil contingencies	565	1.104	565	1.104
Reversal of provisions - Labour contingencies.....	–	3.909	–	3.909
Reversal of provisions - Other	49.406	6.690	49.597	6.695
Monetary adjustment of escrow deposits.....	12.429	11.504	13.203	12.439
Interest on the provision for the payment of INSS Benefit.....	3.172	3.527	3.172	3.527
Other operating revenues - Interest on equity capital and dividends ...	1.527	1.596	1.540	1.596
Monetary gains.....	–	17	118	17
Financial income on insurance operations.....	–	–	1.310	1.732
Other operating revenues	2.713	2.322	7.011	6.588
Total.....	75.305	42.903	82.774	48.920

g. Other operating expenses

Description	Banestes Multiple		Banestes Consolidated	
	2009	2008	2009	2008
Labour contingencies.....	7.157	2.134	7.157	2.178
Civil contingencies.....	5.663	2.203	6.105	2.338
Tax contingencies.....	4.267	7.876	4.344	7.967
Contingencies - Other.....	18.967	2.113	19.056	2.113
Lending operations - Discounts granted.....	15.395	17.538	15.395	17.538
Interest on the amount collected INSS benefits.....	3.891	4.364	3.981	4.364
Monetary losses.....	810	668	841	710
INSS - Social charges - Labour claims.....	2.768	1.436	2.768	1.436
Collection expenses - insurance.....	-	-	3.914	1.427
Financial expenses - insurance operations.....	-	-	1.819	1.728
Other operating expenses.....	5.213	6.749	5.463	11.377
Total.....	64.131	45.081	70.843	53.176

h. Non-operating income - Non-operating income is as follows:

Description	Banestes Multiple		Banestes Consolidated	
	2009	2008	2009	2008
Non-operating revenues.....	6.140	4.919	11.621	4.935
Income on disposal of investments.....	-	58	-	58
Income on disposal of assets.....	3.950	331	9.442	367
Capital gains.....	1.266	327	1.266	327
Rental revenues.....	50	45	39	25
Reversal of provision for non-operating items - devaluation of other assets.....	10	1.140	10	1.140
Reversal of provision for non-operating items - other.....	334	367	334	367
Other non-operating revenues - Receivable from purchase of assets - other.....	475	735	475	735
Other non-operating revenues – other.....	55	1.916	55	1.916
Non-operating expenses.....	(3.312)	(3.144)	(5.298)	(3.145)
Loss on disposal of assets.....	(164)	(50)	(2.138)	(51)
Capital losses.....	(2.252)	(1.477)	(2.252)	(1.477)
Expenses on provisions for non-operating items - devaluation of other assets.....	(56)	(59)	(56)	(59)
Expenses on provisions for non-operating items - other.....	(127)	(1.481)	(127)	(1.481)
Other non-operating expenses.....	(713)	(77)	(725)	(77)
Non-operating income.....	2.828	1.775	6.323	1.790

(*) In 2008, the sale of 22,193 Visa shares, in the total pre-tax amount of 1.593, was recorded in the “Other non-operating revenues – other” account.

i. Operating limits (Basel Accord) - For compliance with the new requirements the Brazilian Monetary Council passed Resolution No. 3,444/2007, which defines the tier 1 + tier 2 capital, and Resolution No. 3,490/2007 addressing the calculation of the tier 1 + tier 2 capital required under Basel Accord II, which came into effect in July 2008.

Pursuant to the ruling, financial institutions must have equity compatible with the risk level of its assets weighted by factors ranging from 0% to 300%, aligned with a minimum index of 11% of equity in relation to risk-weighted assets.

We are disclosing the main indicators for the year ended 31 December 2009, calculated in accordance with the New Basel Accord.

	Banestes Consolidated			
	2009		2008	
	Financial	Economic and financial	Financial	Economic and financial
Adjusted shareholders' equity	665.130	665.247	567.384	574.843
(-) Revaluation surpluses	5.974	5.974	7.881	7.881
(-) Decrease in Deferred Charges.....	3.725	3.725	12.648	12.648
(-) Adjustment to market value	(1.687)	(1.687)	(16)	(16)
(=) Tier 1 capital	657.118	657.235	546.871	554.330
(=) Tier 2 capital	4.287	4.287	7.865	7.865
(=) Tier 1 plus Tier 2 capital (a)	661.405	661.522	554.736	562.195
Capital allocation (per Risk)				
Credit risk (Pepr).....	386.202	412.869	355.349	367.704
Market risk	6.940	8.387	272	272
Operating risk.....	48.797	48.797	14.916	14.916
Required Tier 1 capital + tier 2 capital (b)	441.939	470.053	370.537	382.892
Banking Portion Risk (Rban) (c)	18.481	18.481	85.574	85.574
Margin (a - b - c)	200.985	172.988	98.625	93.729
Risk Weighted Asset	3.510.922	3.753.355	3.230.446	3.342.762
Solvency Ratio (Basel Accord II)	16.46%	15.48%	17.17%	16.82%

In the year ended 31 December 2009, the consolidated financial Bank's Basel II capital ratio was 16.46% and the economic and financial consolidated Bank's Basel capital ratio was 15.48%, indicating that BANESTES Group is in compliance with the minimum of equity capital required by the Central Bank of Brazil (11%).

Consolidated financial tier 1 + tier 2 capital calculated in the period was R\$661.405, against a required tier 1 + tier 2 capital of R\$441.939 which, less the banking portion risk of R\$18.481, leads to a margin of R\$200.985 in relation to capital allocation. Regarding the economic and financial consolidated financial statements, tier 1 + tier 2 capital was R\$661.522, against a required tier 1 + tier 2 capital of R\$470.053 which, less the banking portion risk of R\$18.481, leads to a margin of R\$172.988 in relation to capital allocation.

Therefore, the minimum of equity capital and equity for the operations of BANESTES Group complies with regulations set forth by the Central Bank of Brazil and best market practices.

BANESTES Consolidated Financial - includes the accounts of BANESTES S.A. - Banco do Estado do Espírito Santo and BANESTES Distribuidora de Títulos e Valores Mobiliários S.A.

BANESTES Economic and Financial Consolidated - includes the accounts of BANESTES S.A. - Banco do Estado do Espírito Santo, BANESTES Seguros S.A., BANESTES Distribuidora de Títulos e Valores Mobiliários S.A. and BANESTES Administradora e Corretora de Seguros Previdência e Capitalização Ltda.

j. Credit policy

This policy is mainly designed to stimulate credit granting by establishing guidelines for this activity, while aiming at risk mitigation and income maximisation, ultimately ensuring return on capital and in compliance with the economic environment.

Credit granting by branches is limited, whereas the Credit Committees analyse and decide about credit limits and credit-granting above the limits set for the branches.

Under BANESTES' new credit policy, based on advanced Credit Scoring models periodically updated, decision-making is swift and safe with automatic approval of credit limits, use of electronic means to speed up the processes, and continuous improvement of the quality of the credit portfolio.

The credit policy is formulated according to internal and external factors related to the economic environment. The following internal factors stand out: result of the portfolio evolution analysis, reported default levels, portfolio quality, return margins and rates, among others; while external factors are related to the monitoring of the market's macroeconomic environment.

Though the macroeconomic scenario has become adverse, and the monetary authority has firmly acted to re-establish liquidity conditions, the quality of the portfolio has not been affected.

Additionally, the provisions for potential losses is adequate to the risk exposure of each operation. Analyses consider the aspects that determine the client's credit risk in order to protect the Institution against losses arising from credit operations. The operations are evaluated according to the risk classification of the client/economic group, guarantees, nature and type of operation, as well as according to delays in their payments.

k. Risk Management

To provide an efficient capital allocation to optimize stakeholders' investment and comply with the risk/return relation, BANESTES prepares its policies to establish operating limits and procedures to maintain risk exposure to levels considered acceptable by the institution.

With the same objective, 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. There is also an internal control and risk committee to analyse 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.

All these measures aim to strengthen Bank's Corporate Governance and adopt the best market's risk management practices, always in conformity with the Basel Accord requirements - BIS II and the Central Bank of Brazil - BACEN's standards.

k.1. Credit Risk

Credit is defined as the expectation of receipt of a sum, within a previously determined period of time. On the other hand, credit risk is defined as the possibility of incurring losses associated with borrower's or counterpart's default, devaluation of a credit agreement arising from the deterioration when classifying the borrower's risk, reduction of gains or remunerations, advantages granted when negotiating, and recovery costs.

Risk management is performed by areas independent from the business units and aims to generate information for the areas involved in the credit process.

In line with the release National Monetary Council Resolution No. 3,721/09,, which rules the credit risk management structure, BANESTES is reviewing and revalidating its processes.

In addition to these measures, and to reduce the level of exposure to credit risk, BANESTES is constantly improving the processes adopted for the classification and analysis of credit risk, credit granting and monitoring. The Credit Risk Management area uses advanced technology tools:

- Models of risk classification and analysis for individuals and legal entities.
- Models for monitoring client risk analysis;
- Client credit standing.

Risk assessment and classification, credit management, control, rating and granting processes are now fully systematised, ensuring the swift monitoring and managerial control thereon, with all the security required for credit granting and able to provide corporate sustainability.

Lending operations are classified for risk level in accordance with the Brazilian Monetary Council Resolution No. 2,682/99, taking into consideration previous experience, the borrower's payment capacity and liquidity, the specific risks posed by the transaction, debtors and guarantors, in compliance with the parameters established by the Resolution itself.

Transactions classified as H level remain at this risk level for 180 days, when they are written off against the existing allowance for losses. Then they start to be controlled in memorandum accounts and are no longer recorded in balance sheet accounts.

Renegotiated transactions are kept at least at the same level in which they were classified, except when there is evidence of changes in prior assumptions.

k.2. Market Risk

Market risk is defined as the possibility of losses that may be caused by changes in interest rates, exchange rates, price of shares and *commodities*, due to mismatches between the terms, currencies and indexing units of the Bank's assets and those of its liabilities.

In order to measuring and managing the market risk of its positions, BANESTES uses statistical methodology, in line with the market's reality and the complexity of the transactions that it may perform.

For positions classified under the negotiation portfolio the Bank uses methodologies defined by BACEN; as to positions classified under the Banking portfolio the Bank adopts VaR (value at risk), which measures the highest loss expected in monetary amounts under normal market conditions, over a period of 10 days, with a 99.00% confidence level chosen.

In this risk calculation, deposits without maturity are treated as follows: Saving account and escrow deposits have maturity date with 30 days as from the reference date, on-demand deposits have 30% of the amount of deposits with maturity from the 1st business days after the reference date, other 30% maturing 10 days after the reference date, and the last 40% maturing 21 business days after the reference date.

Demonstrating risk factors in the negotiation portfolio, we have the following amounts:

Risk factor	Negotiation portfolio			
	Banestes Consolidated			
	2009			
	Financial Status		Economic and financial Status	
	Purchased	Sold	Purchased	Sold
Interest rate.....	2.141.838	2	2.174.691	2
Exchange rate.....	213.719	218.239	213.719	218.239
Shares price.....	1.917	–	1.917	–
Total.....	2.357.474	218.241	2.390.327	218.241

Sensitivity Analysis - to comply with corporate practices and governance, and risk management, the Bank conducts its transactions within operating limits, in which each transaction is conducted by BANESTES; depending on the objectives, they may be classified, according to the National Monetary Council Resolution No. 3,464/07 and Central Bank of Brazil's Confirmation Letter No. 3,354/07, which establishes portfolio concepts defined by the Basel Accord, as follows:

- *Trading* portfolio: consists of all transactions with financial instruments and merchandise, including derivatives, held for trading or for hedging other instruments included in the portfolio, and whose negotiation is not limited. Held for trading transactions are those meant for resale, for earning gains from price fluctuations, whether actual or expected or for effecting arbitrage transactions.
- *Banking* portfolio: Transactions not classified under the *Trading* portfolio. They consist of structural transactions resulting from the Bank's various lines of business and their respective *hedges*. Interest rate fluctuations do not necessarily have an impact on the Bank's results on the *Banking* portfolio, given that the purpose is to hold credit operations to maturity. In addition, a possible interest rate fluctuation may have no economic impact in terms of a material book loss for the Bank.

Linked to this fact, aiming to constantly improve its risk management and meeting the requirement established by the Brazilian Securities and Exchange Commission Regulatory Instruction No. 475, of 17 December 2008, the Bank conducts sensitivity analysis of its positions classified under the *Trading* portfolio.

The conglomerate's and its subsidiaries' exposure to market risk is continually evaluated, separately or jointly, in order to keep it at acceptable levels.

Sensitivity Analysis Table – *Trading* Portfolio

To set up the scenarios that compose the sensitivity analysis table the following conditions were considered:

- **Scenario 1:** Probable situation. Worsening of 1% in market risk variables was assumed, considering the conditions as of 31 December 2009.
- **Scenario 2:** Possible situation. Increasing of 25% in market risk variables was assumed, considering the conditions as of 31 December 2009.
- **Scenario 3:** Remote situation. Increasing of 50% in market risk variables was assumed, considering the conditions as of 31 December 2009.

The summarised results calculated are as follows:

Risk factor	Scenario 1	Scenario 2	Scenario 3
Interest fixed rate.....	(6.965)	(11.909)	(16.714)
Currency.....	(34)	(843)	(1.686)

The analysed *Trading* portfolio is only made up by public securities, and foreign currency.

As to Banking portfolio, these positions are not included in the sensitivity analysis, as their calculations could generate inaccurate information to financial statements' users, as they are not recorded in the books of accounts by the contracted curve.

k.3. Liquidity risk - Liquidity risk is defined as the imbalances between negotiable assets and payable liabilities – mismatches between payments and receipts – which may affect the Bank's payment capacity, considering the different currencies and settlement dates of its receivables and payables.

The guidelines set forth on BANESTES' financial investment policy and internal and external regulations on the issue are followed to control the Bank's liquidity and therefore to conduct any transaction through BANESTES' trading desk. Regarding federal government and private bonds, purchases and sales are made only if they are in accordance with the approval levels and operating limits approved by the Market Committee.

k.4. Operating Risk - In BANESTES' structures is an area which manages the operating risk to identify, consolidate, measure and manage risks together with the managers of business and service units of the Bank, as well as analyse risks incurred in the units, creating strategies which ensure business continuity.

Measures taken by the bank are based on a group of guidelines which orients units' and employees' practices with respect to existing processes and their corresponding controls, allowing the Institution to face challenges and contributing to accomplish its objectives.

At the corporate level, BANESTES defines operating risk as the possibility of losses resulting from failure, weakness or inadequacy of internal processes, people and systems or external events, including legal losses.

Accordingly, employees' and units' roles and responsibilities in managing the operating risk are clearly defined under the internal policy and supported by the top management, which is committed to the institution's sustainable growth.

According to market's best practices, the Bank adopts as methodology the "qualitative and quantitative" approach to manage operating risks, therefore complying with the requirements of National Monetary Council Resolutions No. 3,380/06 and 3,490/07, which establishes, respectively, the operating risk management structure and the required tier 1 capital + tier 2 capital, as well as the Central Bank of Brazil's Confirmation Letter No. 3,383/08, which rules the operating risk allocation portion calculation.

The "Qualitative" approach, based on the Internal Control processes, allows the identification of all risks of a process capable of preventing the Bank from achieving its goals, the classification of these risks into different types of losses, as well as the assessment of the frequency and impact of each risk. Performing the stages above for each process generates a Risk Matrix, which is validated by the Manager and includes the existing controls, the action plans to mitigate the risk found, and their respective periods for implementation, besides the information already mentioned.

The "Quantitative" approach uses the information from the Qualitative approach and identifies the risk events and the operating losses, generating an internal database with the history of the loss event. This allows an improvement in the capture, framing, monitoring, measurement and mitigation of losses.

To calculate the required tier 1 capital + tier 2 capital regarding the operating risk (POPR), BANESTES adopts a Simplified Alternative Standardised Approach, in which institution's operations are distributed in business lines.

To strengthen risk management, the bank is involved in the following measures:

- study to comply with Confirmation Letter No. 3,476/09, which establishes the manner that the operating risk capital portion is calculated for non-financial companies belonging to the conglomerate;
- study on Communication 19,217/09, observing concepts and guidelines to make up the internal losses' database to improve the operating risk management;
- ongoing training of employees who work in risk management area;
- disseminating the culture of responsibility on risk management for Bank's employees.

The operating risk management's and internal controls' processes are automated, providing BANESTES with more speed to identify and treat risks, keeping an acceptable exposure level, without compromising the good performance of institution's business.

BANESTES has a Business Continuity Management (GCN) policy, which establishes an adequate strategic and operating structure to ensure the continuity of essential processes, reducing possible operating losses and contributing to leverage results.

k.5. Money Laundering Prevention - To prevent and fight crimes listed in Federal Law No. 9,613/98, which rules on money laundering or hiding assets, rights and values, as well as preserve its image and avoid that the Institution is used in Money Laundering crimes, BANESTES continuously improves its policies, rules and procedures to identify and monitor suspicious operations.

It continuously invests in training and education for its professionals through in-person lectures with internal and external instructors, as well as disseminates the culture through internal electronic channel, and makes booklets available.

It has a Money Laundering Prevention Committee which is coordinated by the Risk and Control Management and made up by the Commercial Management and Internal Controls, Registration, Legal, Deposit Accounts, Internal Audit and Security areas, which evaluate the handling of suspicious situations to a competent agency, among other measures.

l. Investment fund management - The Bank is in charge of managing investment funds, the equity of which amounts to:

Funds	2009	2008
Fundo BANESTES Giro Fix - Bonificado - long-term fixed income.....	21.929	25.335
Fundo BANESTES Institucional - fixed income	99.732	74.684
Fundo BANESTES Investidor - short-term	183.770	135.536
Fundo BANESTES Invest Money – fixed income	215.709	157.537
Fundo BANESTES Invest Public – fixed income	326.605	259.401
Fundo BANESTES Previdenciário - fixed income.....	18.722	14.203
Fundo BANESTES Reserva Capitalização - fixed income	26.088	27.128
Fundo BANESTES VIP - DI- Referenciado - long-term.....	244.266	278.386
Total	1.136.821	972.210

BANESTES Distribuidora de Títulos e Valores Mobiliários S.A. is responsible for managing stock funds and investment clubs, whose equity can be summarised as follows:

Fund/Club	2009	2008
Stock funds.....	6.822	4.585
Investment club – Marlin Azul	1.889	1.382
Total	8.711	5.967

m. Termination Policy - Given the permanent need to renovate the Bank's personnel the Management Panel enacted Resolution No. 696 on 26 March 2008 (internal ruling) approved by the Board of Directors, establishing a termination policy for BANESTES' employees, who became retired or eligible for proportional or full retirement benefit granted by Social Security.

Employees will be entitled to:

Termination benefit provided for in labour legislation, due if the employee receives a wrongful discharge, as follows: month's salary paid upon termination, salary balance, pro-rated Christmas bonus, 1/12 of the Christmas bonus on month's salary paid upon termination, earned vacation pay, accrued vacation pay, 1/12 of the vacation pay on the month's salary paid upon termination, bonus corresponding to 1/3 of vacation pay as provided for by the Brazilian Constitution, a 40% fine on the severance pay fund.

n. Reclassification - For comparison purposes, the Statements of value added of BANESTES Multiple and Consolidated for 2008 have been reclassified, as shown below:

Description	Banestes Multiple		Banestes Consolidated	
	From:	To:	From:	To:
Personnel:				
Direct compensation	127.088	118.079	135.236	126.226
Benefits	17.430	26.439	18.594	27.604

27. SIGNIFICANT FACTS

a. Payment of Interest on Equity Capital and Dividends for 2010

In a meeting held on 8 February 2010, the Institution's Management approved the adoption, for 2010, of the following system to pay of Interest on Equity Capital and Dividends to shareholders, ratified in a meeting of the Board of Directors, held on 25 February 2010.

Interest on equity capital is paid on a monthly basis, on the first business day of the 2nd month following the base date, thus favouring shareholders registered with the Bank on the last business day of the month, with 15% of withholding tax, except for immune or exempt shareholding companies up to the limit of deduction corresponding to the TJLP (long-term interest rate) of each quarter, according to the legislation in force and to the monthly accrued amount of statutory dividends of 25% of adjusted net income, established in the Bank's bylaws. Only in January 2010, interest on equity capital will be paid on 03/15/2010 to the shareholders registered with the Bank on 02/26/2010.

Dividends for the six-month period ended on 30 June 2010 may be paid as interim dividends, net of interest on equity capital, up to 60 (sixty) days after being approved by the Board of Directors, with no withholding tax (article 10 of Law No. 9,249/95), subject to ratification at the Annual General Meeting of 2011.

Dividends for 2010 may be paid net of interest on equity capital and interim dividends, up to 60 days after the Annual General Meeting in which the financial statements for the year are approved.

Subsidiaries BANESTES Seguros S.A., BANESTES Distribuidora de Títulos e Valores Mobiliários S.A. and BANESTES Administradora e Corretora de Seguros, Previdência e Capitalização Ltda., have adopted the same system of BANESTES S.A.

b. Suspension of the Negotiations for the Acquisition of Controlling Interest of BANESTES S.A.

On 22 June 2009, Banco do Brasil S.A. and the Government of the State of Espírito Santo jointly decided to suspend the negotiations regarding the acquisition of the controlling interest of BANESTES S.A. - Banco do Estado do Espírito Santo by Banco do Brasil, as informed in the significant fact disclosed to the market on 5 February 2009.

c. Merger of Controlled Companies

Because of the positive result achieved with the restructuring process conducted in 2005 through the merger of BANESTES Leasing and BANESTES Administradora de Cartões de Crédito e Serviços Ltda., on 25 August 2008, BANESTES informed to its shareholders and to the market that it created a work group to evaluate the feasibility of adopting the same procedure regarding controlled companies BANESTES Distribuidora de Títulos e Valores Mobiliários S.A. and BANESTES Administradora, Corretora de Seguros Previdência e Capitalização Ltda., in order to achieve more agility and efficiency in strategic and business decisions.

BOARD OF DIRECTORS

Bruno Pessanha Negris (President)
Constantino Colodetti
Haroldo Corrêa Rocha
Jesse Gomes de Alvarenga
José Armando de Figueiredo Campos
Leandro Antônio da Silva Tavares
Neivaldo Bragato
Roberto da Cunha Penedo

MANAGEMENT

Roberto da Cunha Penedo (President)
Anderson Ferrari Júnior
Bruno Curty Vivas
Mônica Campos Torres
Ranieri Feres Doellinger
Ronaldo Hoffmann
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