

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FIRST HALF OF 2009**

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 Previdência e Capitalização Ltda., the Bank also 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 allocation 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) 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 the Brazilian Securities and Exchange Commission (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. The consolidated financial statements include the accounts of the controlled companies, as listed in note 14. The equity held by minority shareholders of controlled companies as of June 30, 2009 and 2008 is shown as minority interest.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES**

**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 or expenses 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 January 30, 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 September 11, 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:
- h1. Lease Receivable** - Represented by the installments to be received over the term of the lease and monetarily adjusted using rates and criteria established by contract.
- h2. Unearned Lease Income** - Contra account that records installments receivable over the term of the lease and monetarily restated according to the lease receivable. They are recognized in income when obligations become payable.
- h3. 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:

	<b>BANESTES MULTIPLE AND CONSOLIDATED</b>	
	<b>06/30/2009</b>	<b>06/30/2008</b>
Furniture.....	752	582
Machinery and equipment.....	103.880	82.617
Vehicles and the like .....	94.238	77.560
Other assets .....	6.588	933
Computer hardware.....	1.764	3.033
Lease losses to be amortized (net) .....	464	300
<b>Subtotal</b> .....	<b>207.686</b>	<b>165.025</b>
Accumulated depreciation .....	(91.782)	(69.873)
Excess depreciation.....	86.792	65.408
<b>Total</b> .....	<b>202.696</b>	<b>160.560</b>

- h4. 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 January 20, 1989.
- h5. Result of the Excess and Insufficient Depreciation** - Lease Revenues - Internal Funds - Excess of Depreciation recorded in the first half of 2009 totaled R\$11.233 (R\$14.060 in 2008).
- h6. 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.
- h7.** Lease transactions were reclassified in the first half of 2009 and 2008 financial statements under lease receivable at current value and income from lease transactions. The balances as of June 30 were the following:

**BANESTES MULTIPLE AND CONSOLIDATED**

	06/30/2009			06/30/2008		
	Book balances	Reclassifi- cations	Balances at Financial Statements	Book balances	Reclassifi- cations	Balances at Financial Statements
<b>Lease transactions receivable</b>						
Current assets.....	722	16.306	17.028	554	12.513	13.067
Long-term assets.....	–	108.390	108.390	–	83.275	83.275
Repossessed lease assets.....	14	(14)	–	14	(14)	–
Lease property and equipment.....	202.232	(202.232)	–	160.260	(160.260)	–
Lease deferred charges .....	464	(464)	–	300	(300)	–
<b>Payables - advance of residual value</b>						
Current liabilities .....	37.448	(37.448)	–	31.571	(31.571)	–
Long-term Liabilities .....	40.567	(40.567)	–	33.215	(33.215)	–
<b>Balances</b>			<b>125.418</b>			<b>96.342</b>
Lease revenues.....	41.473	(28.544)	12.929	32.215	(22.788)	9.427
Lease expenses.....	(28.544)	28.544	–	(22.788)	22.788	–

- 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 - Transactions payable to VISA, 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 installments 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 December 21, 1999 and No. 2,697 of February 24, 2000 and Circular Letters No. 2,899 of March 1, 2000 and No. 2,903 of March 23, 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 unfavorable 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 December 31, 1995, less allowance for losses, when applicable.
- q. Property and Equipment** - Recorded at acquisition or construction cost, less accumulated depreciation, monetarily adjusted to December 31, 1995. 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 October 31, 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 December 28, 2007, which changed Brazilian Corporate Law, from the fiscal year ended December 31, 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 Company’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 five years or according to the lease terms. Breakdown is as follows:

	BANESTES MULTIPLE		BANESTES CONSOLIDATED	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
• Expenses on third party properties (1).....	6.094	6.410	6.104	6.426
• Expenses on software acquisition and development (2).....	5.983	6.891	5.983	6.902
• Other expenses (3).....	1.975	2.189	1.977	2.192
<b>Total</b> .....	<b>14.052</b>	<b>15.490</b>	<b>14.064</b>	<b>15.520</b>

(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 December 3, 2008 converted into Law No. 11,941 of May 27, 2009 finished with deferred charges, allowing the balance as of December 31, 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 December 3, 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 came into effect to the base date of June 30, 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 May 1, 2008, pursuant to Executive Act No. 413 of January 3, 2008, which became Law No. 11,727 on June 23, 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 December 28, 2007 and Executive Act No. 449, of December 3, 2008 (articles 36 and 37), converted into Law No. 11,941, of May 27, 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 December 31, 2007, for tax purposes.

**x. Impairment** - Law No. 11,638/07 established the periodical test for impairment of property and equipment, intangible assets and deferred charges. The purpose of the impairment test is to recognize an impairment charge when the recoverable amount is lower than the book value of the asset and review and adjust the depreciation and amortization criteria.

The Bank tested these assets for impairment and hired appraisers to value properties used by the Bank. It was not necessary to recognize a provision to that end on December 31, 2008. As from 2008, this test will be annually performed in the fourth quarter of each year.

**4. CASH AND CASH EQUIVALENTS**

	BANESTES MULTIPLE		BANESTES CONSOLIDATED	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
Cash and cash equivalents.....	127.855	116.442	127.968	116.446
Short-term interbank investments (*).....	3.622.709	4.414.341	3.622.709	4.414.341
Marketable securities.....	3.622.709	4.411.332	3.622.709	4.411.332
Investments in Interbank Deposits.....	–	3.009	–	3.009
<b>Total.....</b>	<b>3.750.564</b>	<b>4.530.783</b>	<b>3.750.677</b>	<b>4.530.787</b>

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

**5. SHORT-TERM INTERBANK INVESTMENTS**

	BANESTES MULTIPLE AND CONSOLIDATED	
	06/30/2009	06/30/2008
Marketable securities.....	3.622.709	4.411.332
<b>Resales to Settle - Equity Position</b> .....	<b>986.113</b>	<b>1.648.171</b>
Treasury bills.....	75.214	317.616
Zero coupon fixed rate bills.....	282.499	341.260
National treasury notes.....	628.400	989.295
<b>Resales to Settle - Financed Position</b> .....	<b>2.636.596</b>	<b>2.763.161</b>
Treasury bills.....	1.671.933	47.376
Zero coupon fixed rate bills.....	200.000	1.326.931
National treasury notes.....	764.663	1.388.854
<b>Investments in interbank deposits</b> .....	<b>129.889</b>	<b>241.107</b>
Investments in interbank deposits - non-related.....	129.889	241.107
<b>Total.....</b>	<b>3.752.598</b>	<b>4.652.439</b>

**6. MARKETABLE SECURITIES AND DERIVATIVES****a. Classification by type of security**

Type of security	BANESTES MULTIPLE		BANESTES CONSOLIDATED	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
<b>Own portfolio</b> .....	<b>877.197</b>	<b>566.724</b>	<b>987.209</b>	<b>660.420</b>
Treasury bills.....	363.017	113.068	403.508	140.514
Zero coupon fixed rate bills.....	2.161	–	2.161	–
Federal bonds - CVS.....	442.294	333.613	442.294	333.613
Bank certificates of deposit - CDB.....	7.855	68.857	40.185	108.775
Bank Credit Note.....	19.025	19.916	19.025	19.916
Time deposit with collateral - Credit Guarantee Fund (FGC)..	–	–	11.418	–
Fixed-income mutual fund quotas.....	9.596	–	15.187	–
Investment fund quotas - Fund Sirius (FIDC).....	33.247	31.268	53.230	57.464
Other.....	2	2	201	138
<b>Linked to repurchase agreements</b> .....	<b>681.966</b>	<b>511.732</b>	<b>681.966</b>	<b>511.732</b>
Treasury bills.....	681.966	511.732	681.966	511.732
<b>Linked to guarantees</b> .....	<b>84.281</b>	<b>41.546</b>	<b>84.281</b>	<b>41.546</b>
Treasury bills.....	84.281	41.546	84.281	41.546
<b>Linked to the Central Bank of Brazil</b> .....	<b>–</b>	<b>11.703</b>	<b>–</b>	<b>11.703</b>
Treasury bills.....	–	11.703	–	11.703
<b>Financial instruments and derivatives</b> .....	<b>790</b>	<b>1.151</b>	<b>790</b>	<b>1.151</b>
Swap transactions.....	790	1.151	790	1.151
<b>Total.....</b>	<b>1.644.234</b>	<b>1.132.856</b>	<b>1.754.246</b>	<b>1.226.552</b>

**b. Classification by type of security and maturity****BANESTES MULTIPLE**

06/30/2009

Type	Up to 3 Months	From 3 to 12 months	1 to 3 Years	From 3 to 5 years	Over 5 years of age	Market/ Book Value	Adjusted acquisition cost
<b>Trading securities (*)</b> .....	<b>42.843</b>	<b>77.283</b>	<b>36.627</b>	–	<b>11.781</b>	<b>168.534</b>	<b>168.537</b>
Zero coupon floating rate bills - LFT .....	–	77.283	36.627	–	11.781	125.691	125.694
Fixed-income mutual fund quotas .....	9.596	–	–	–	–	9.596	9.596
Investment fund quotas - FIDC .....	33.247	–	–	–	–	33.247	33.247
<b>Held-to-maturity securities</b> .....	<b>33.302</b>	<b>99.313</b>	<b>239.647</b>	<b>265.099</b>	<b>838.339</b>	<b>1.475.700</b>	<b>1.475.700</b>
Zero coupon floating rate bills - LFT .....	786	–	227.613	–	438.276	666.675	666.675
Zero coupon floating rate bills - LFT A .....	20.527	64.253	–	252.118	–	336.898	336.898
Zero coupon fixed rate bills - LTN .....	–	–	2.161	–	–	2.161	2.161
Salary Variation Offsetting Fund - CVS .....	11.645	34.614	–	–	396.035	442.294	442.294
Bank certificates of deposit - CDB .....	–	–	7.855	–	–	7.855	7.855
Bank Credit Note .....	–	–	2.018	12.981	4.026	19.025	19.025
Other .....	–	–	–	–	2	2	2
Financial instruments and derivatives .....	344	446	–	–	–	790	790
<b>Total</b> .....	<b>76.145</b>	<b>176.596</b>	<b>276.274</b>	<b>265.099</b>	<b>850.120</b>	<b>1.644.234</b>	<b>1.644.237</b>

**BANESTES CONSOLIDATED**

06/30/2009

Type	Up to 3 Months	From 3 to 12 months	1 to 3 Years	From 3 to 5 years	Over 5 years of age	Market/ Book Value	Adjusted acquisition cost
<b>Trading securities (*)</b> .....	<b>66.637</b>	<b>85.819</b>	<b>36.627</b>	–	<b>11.781</b>	<b>200.864</b>	<b>200.867</b>
Zero coupon floating rate bills - LFT .....	–	77.283	36.627	–	11.781	125.691	125.694
Fixed-income mutual fund quotas .....	9.596	–	–	–	–	9.596	9.596
Investment fund quotas - FIDC .....	33.247	–	–	–	–	33.247	33.247
Bank certificates of deposit - CDB .....	23.794	8.536	–	–	–	32.330	32.330
<b>Available-for-sale securities</b> .....	<b>3.227</b>	<b>18.829</b>	<b>41.064</b>	<b>2.945</b>	–	<b>66.065</b>	<b>66.047</b>
Zero coupon floating rate bills - LFT .....	3.227	10.551	23.768	2.945	–	40.491	40.473
Fixed-income mutual fund quotas .....	–	–	5.591	–	–	5.591	5.591
Investment fund quotas - FIDC .....	–	8.278	11.705	–	–	19.983	19.983
<b>Held-to-maturity securities</b> .....	<b>33.302</b>	<b>99.512</b>	<b>251.065</b>	<b>265.099</b>	<b>838.339</b>	<b>1.487.317</b>	<b>1.487.317</b>
Zero coupon floating rate bills - LFT .....	786	–	227.613	–	438.276	666.675	666.675
Zero coupon floating rate bills - LFT A .....	20.527	64.253	–	252.118	–	336.898	336.898
Zero coupon fixed rate bills - LTN .....	–	–	2.161	–	–	2.161	2.161
Salary Variation Offsetting Fund - CVS .....	11.645	34.614	–	–	396.035	442.294	442.294
Bank certificates of deposit - CDB .....	–	–	7.855	–	–	7.855	7.855
Bank Credit Note .....	–	–	2.018	12.981	4.026	19.025	19.025
Time deposit with collateral - Credit Guarantee Fund (FGC) .....	–	–	11.418	–	–	11.418	11.418
Other .....	–	199	–	–	2	201	201
Financial instruments and derivatives .....	344	446	–	–	–	790	790
<b>Total</b> .....	<b>103.166</b>	<b>204.160</b>	<b>328.756</b>	<b>268.044</b>	<b>850.120</b>	<b>1.754.246</b>	<b>1.754.231</b>

**BANESTES MULTIPLE**

06/30/2008

Type	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years of age	Market/ Book Value	Adjusted acquisition cost
<b>Trading securities (*)</b> .....	<b>31.268</b>	–	<b>95.532</b>	–	–	<b>126.800</b>	<b>126.704</b>
Zero coupon floating rate bills - LFT .....	–	–	95.532	–	–	95.532	95.436
Investment fund quotas - FIDC .....	31.268	–	–	–	–	31.268	31.268
<b>Held-to-maturity securities</b> .....	<b>72.152</b>	<b>92.130</b>	<b>94.701</b>	<b>275.316</b>	<b>471.757</b>	<b>1.006.056</b>	<b>1.006.056</b>
Zero coupon floating rate bills - LFT .....	–	–	94.689	117.198	–	211.887	211.887
Zero coupon floating rate bills - LFT A .....	18.315	58.690	–	142.237	151.388	370.630	370.630
Salary Variation Offsetting Fund - CVS .....	4.110	13.171	–	–	316.332	333.613	333.613
Bank certificates of deposit - CDB .....	48.924	19.933	–	–	–	68.857	68.857
Bank Credit Note .....	–	–	–	15.881	4.035	19.916	19.916
Other .....	–	–	–	–	2	2	2
Financial instruments and derivatives .....	803	336	12	–	–	1.151	1.151
<b>Total</b> .....	<b>103.420</b>	<b>92.130</b>	<b>190.233</b>	<b>275.316</b>	<b>471.757</b>	<b>1.132.856</b>	<b>1.132.760</b>

**BANESTES CONSOLIDATED**

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Type	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years of age	Market/ Book Value	Adjusted acquisition cost
<b>Trading securities (*)</b> .....	<b>50.146</b>	<b>21.040</b>	<b>95.532</b>	–	–	<b>166.718</b>	<b>166.622</b>
Zero coupon floating rate bills - LFT .....	–	–	95.532	–	–	95.532	95.436
Investment fund quotas – FIDC .....	31.268	–	–	–	–	31.268	31.268
Bank certificates of deposit – CDB .....	18.878	21.040	–	–	–	39.918	39.918
<b>Available-for-sale securities</b> .....	<b>1.786</b>	<b>11.532</b>	<b>40.324</b>	–	–	<b>53.642</b>	<b>53.609</b>
Zero coupon floating rate bills - LFT .....	1.786	6.253	19.407	–	–	27.446	27.413
Investment fund quotas – FIDC .....	–	5.279	20.917	–	–	26.196	26.196
<b>Held-to-maturity securities</b> .....	<b>72.152</b>	<b>92.266</b>	<b>94.701</b>	<b>275.316</b>	<b>471.757</b>	<b>1.006.192</b>	<b>1.006.192</b>
Zero coupon floating rate bills - LFT .....	–	–	94.689	117.198	–	211.887	211.887
Zero coupon floating rate bills - LFT A .....	18.315	58.690	–	142.237	151.388	370.630	370.630
Salary Variation Offsetting Fund - CVS .....	4.110	13.171	–	–	316.332	333.613	333.613
Bank certificates of deposit – CDB .....	48.924	19.933	–	–	–	68.857	68.857
Bank Credit Note .....	–	–	–	15.881	4.035	19.916	19.916
Other .....	–	136	–	–	2	138	138
Financial instruments and derivatives .....	803	336	12	–	–	1.151	1.151
<b>Total</b> .....	<b>124.084</b>	<b>124.838</b>	<b>230.557</b>	<b>275.316</b>	<b>471.757</b>	<b>1.226.552</b>	<b>1.226.423</b>

(\*) 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, restated acquisition cost values were used due to the lack of parameters to calculate the adjustment to market value.

**c. Reclassification of securities**

In the first halves of 2009 and 2008, no reclassification occurred in the categories of securities.

**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 September 11, 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	06/30/2009			06/30/2008		
	Principal amount	Adjusted amount	Amounts receivable (payable)	Principal amount	Adjusted amount	Amounts receivable (payable)
Gain						
Managed Prime Rate (TR)	27.448	30.229	790	37.955	42.446	1.151
Loss						
Interbank Deposits (DI)	27.448	29.439	–	37.955	41.295	–

The market values of the financial instruments and derivatives approximate their adjusted amounts.

**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 fulfillment 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	
		06/30/2009	06/30/2008	06/30/2009	06/30/2008
<b>Future receipts and payments to be settled</b> .....	No yield rate	<b>38.100</b>	<b>55.035</b>	<b>38.100</b>	<b>55.035</b>
<b>Deposits at the Central Bank of Brazil</b> .....		<b>346.245</b>	<b>533.377</b>	<b>346.245</b>	<b>533.377</b>
Demand deposits and other funds .....	No yield rate	124.914	137.235	124.914	137.235
Additional liability .....	Taxa Selic	–	206.472	–	206.472
Savings deposits .....	Savings rate	197.773	179.190	197.773	179.190
Other deposits .....	No yield rate	3.670	4.626	3.670	4.626
Compulsory on microcredit .....	No yield rate	11.258	5.854	11.258	5.854
Brazilian treasury - Rural credit collection .....	No yield rate	8.630	–	8.630	–
<b>National Housing System (SFH)</b> .....		<b>117.851</b>	<b>244.503</b>	<b>117.851</b>	<b>244.503</b>
SFH - Deposits at FAHBRE (Support fund for the production of low-cost housing) .....	TR + Interest	363	543	363	543
SFH – Salary Variation Offsetting Fund (FCVS) .....	TR + Interest	142.012	273.614	142.012	273.614
(-) Allowance for losses on FCVS .....	No yield rate	(24.524)	(29.654)	(24.524)	(29.654)
<b>Special deposits at IRB - Resseguros do Brasil</b> .....	DI - Cetip (Securities custody and financial settlement agency)	–	–	<b>75</b>	<b>71</b>
<b>Correspondents</b> .....	No yield rate	<b>4.441</b>	<b>5.705</b>	<b>4.441</b>	<b>5.705</b>
<b>Total</b> .....		<b>506.637</b>	<b>838.620</b>	<b>506.712</b>	<b>838.691</b>

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

### a. Classification of operations

Items	BANESTES MULTIPLE AND CONSOLIDATED	
	06/30/2009	06/30/2008
Advances to depositors .....	1.206	1.652
Loans.....	2.079.576	1.016.087
Advances on accounts receivable .....	130.795	143.207
Financing agreements .....	247.062	115.114
Foreign-currency financing agreements.....	7.126	749
Rural financing agreements.....	330.666	174.299
Real estate financing agreements.....	66.581	82.533
<b>Total lending operations .....</b>	<b>2.863.012</b>	<b>1.533.641</b>
Lease .....	125.418	96.342
Advances on exchange contracts .....	257.448	201.578
Other receivables from credit granting .....	16.777	12.242
<b>Total portfolio of lending operations, lease and other receivables from credit granting.....</b>	<b>3.262.655</b>	<b>1.843.803</b>
Allowance for losses on lending operations, lease and other receivables from credit granting .....	(165.240)	(129.621)
<b>Total.....</b>	<b>3.097.415</b>	<b>1.714.182</b>

### b. Maturity and allocation of credit facilities

Credits	06/30/2009					06/30/2008				
	Overdue Installments	Falling due installments				Overdue Installments	Falling due installments			
	For 15 days	To 90 days	From 91 to 360 days	Over 360 days	Total	For 15 days	To 90 days	From 91 to 360 days	Over 360 days	Total
<b>Public sector ....</b>	<b>1</b>	<b>47</b>	<b>63</b>	<b>-</b>	<b>111</b>	<b>1</b>	<b>96</b>	<b>185</b>	<b>105</b>	<b>387</b>
Municipal.....	1	47	63	-	111	1	96	185	105	387
<b>Private sector....</b>	<b>103.966</b>	<b>792.959</b>	<b>918.804</b>	<b>1.446.815</b>	<b>3.262.544</b>	<b>56.476</b>	<b>650.343</b>	<b>586.594</b>	<b>550.003</b>	<b>1.843.416</b>
Commerce.....	21.481	301.007	146.722	77.331	546.541	5.448	223.650	112.335	32.429	373.862
Housing.....	668	14.626	27.263	24.024	66.581	392	12.524	27.936	41.681	82.533
Industry.....	18.638	201.988	153.585	213.632	587.843	13.933	241.602	109.128	75.146	439.809
Financial instruments.....	102	267	235	252	856	-	390	239	233	862
Other services ...	6.130	76.944	47.750	144.596	275.420	3.282	50.285	39.339	89.668	182.574
Individuals.....	55.289	170.479	363.981	864.888	1.454.637	32.844	103.276	201.863	251.494	589.477
Rural.....	1.658	27.648	179.268	122.092	330.666	577	18.616	95.754	59.352	174.299
<b>Total.....</b>	<b>103.967</b>	<b>793.006</b>	<b>918.867</b>	<b>1.446.815</b>	<b>3.262.655</b>	<b>56.477</b>	<b>650.439</b>	<b>586.779</b>	<b>550.108</b>	<b>1.843.803</b>

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

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

As from July 15, 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 for the 1st half of 2009 are shown below:

Description	<b>BANESTES MULTIPLE AND CONSOLIDATED</b>	
	<b>06/30/2009</b>	
<b>Balance as of 12/31/2008</b> .....	<b>504.340</b>	
(+) New short-term investments .....	295.042	
(-) Amortization and repurchases.....	130.401	
(+) Recognized revenues.....	49.823	
<b>Balance as of 06/30/2009</b> .....	<b>718.804</b>	

**d. Credits by risk level**

Risk Level	<b>BANESTES MULTIPLE AND CONSOLIDATED</b>						<b>06/30/2009</b>						<b>06/30/2008</b>					
	Portfolio Balance				Provision		Portfolio Balance				Provision		Portfolio Balance				Provision	
	Transactions		Total balance	%	% of recognition	Balance	Transactions		Total balance	%	% of recognition	Balance	Transactions		Total balance	%	% of recognition	Balance
	Normal course	Abnormal course					Normal course	Abnormal course					Normal course	Abnormal course				
AA	1.778.667	-	1.778.667	54,5	-	-	695.568	-	695.568	37,7	-	-						
A	601.763	-	601.763	18,5	0,5	3.009	403.796	-	403.796	21,9	0,5	2.019						
B	453.842	46.615	500.457	15,3	1,0	5.005	471.082	19.321	490.403	26,6	1,0	4.904						
C	70.785	25.290	96.075	2,9	3,0	2.882	30.837	18.080	48.917	2,7	3,0	1.468						
<b>Subtotal</b>	<b>2.905.057</b>	<b>71.905</b>	<b>2.976.962</b>	<b>91,2</b>	<b>-</b>	<b>10.896</b>	<b>1.601.283</b>	<b>37.401</b>	<b>1.638.684</b>	<b>88,9</b>	<b>-</b>	<b>8.391</b>						
D	74.498	17.221	91.719	2,8	10,0	9.172	41.580	19.326	60.906	3,3	10,0	6.091						
E	9.150	14.728	23.878	0,7	30,0	7.163	4.097	6.623	10.720	0,6	30,0	3.216						
F	3.033	27.042	30.075	0,9	50,0	15.038	3.184	5.299	8.483	0,5	50,0	4.241						
G	31.910	24.923	56.833	1,8	70,0	39.783	41.164	16.595	57.759	3,1	70,0	40.431						
H	16.403	66.785	83.188	2,6	100,0	83.188	19.889	47.362	67.251	3,6	100,0	67.251						
<b>Subtotal</b>	<b>134.994</b>	<b>150.699</b>	<b>285.693</b>	<b>8,8</b>		<b>154.344</b>	<b>109.914</b>	<b>95.205</b>	<b>205.119</b>	<b>11,1</b>		<b>121.230</b>						
<b>Total</b>	<b>3.040.051</b>	<b>222.604</b>	<b>3.262.655</b>	<b>100,0</b>		<b>165.240</b>	<b>1.711.197</b>	<b>132.606</b>	<b>1.843.803</b>	<b>100,0</b>		<b>129.621</b>						
<b>%</b>	<b>93,2</b>	<b>6,8</b>	<b>100,0</b>			<b>5,1</b>	<b>92,8</b>	<b>7,2</b>	<b>100,0</b>			<b>7,0</b>						

**e. Changes in the provision for losses**

	<b>BANESTES MULTIPLE AND CONSOLIDATED</b>	
	<b>06/30/2009</b>	<b>06/30/2008</b>
<b>Initial balance of the allowance for losses on the credit portfolio</b> .....	<b>122.464</b>	<b>115.830</b>
(+) Set up / Supplement .....	91.832	53.178
(-) Reversal.....	24.487	20.030
Net effect in income .....	67.345	33.148
(-) Transfer to net losses (Memorandum accounts) .....	24.569	19.357
<b>Final balance of the allowance for losses on the credit portfolio</b> .....	<b>165.240</b>	<b>129.621</b>
- Allowance for losses on lending operations .....	148.434	117.939
- Allowance for losses on lease.....	6.189	4.422
- Allowance for credit granting.....	10.617	7.260

**f. Credit concentration**

Description	<b>BANESTES MULTIPLE AND CONSOLIDATED</b>			
	<b>06/30/2009</b>		<b>06/30/2008</b>	
	Notional	% of portfolio	Notional	% of portfolio
10 largest debtors .....	780.639	23,9	199.779	10,8
50 next largest debtors .....	589.525	18,1	294.483	16,0
100 next largest debtors .....	344.982	10,6	212.828	11,5
Other debtors.....	1.547.509	47,4	1.136.713	61,7
<b>Total portfolio</b> .....	<b>3.262.655</b>	<b>100,0</b>	<b>1.843.803</b>	<b>100,0</b>

**g. Total Amount of Renegotiated and Recovered Operations**

In the first half of 2009, Lending Operations were renegotiated in the amount of R\$15.256 (R\$4.173 in the first half of 2008) and the recovery of credits previously written off against the allowance totaled R\$5.230 (R\$10.007 in the first half of 2008).

**10. REAL ESTATE CREDIT**

Real estate financing agreements, amounting to R\$66.581 (R\$82.533 in June 30, 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\$66.581 (R\$82.533 as of June 30, 2008), is thus separated:

- 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\$54.840 (R\$ 68.393 as of June 30, 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 December 21, 1999. The allowance for losses on lending operations amounts to R\$ 43.069 (R\$55.661 as of June 30, 2008). During the first half of 2009, 15 (fifteen) contracts were settled, totaling a debt balance of R\$3.473 (R\$5.128 as of June 30, 2008). As the total amount paid by the borrowers was R\$1.237 (R\$1.699 as of June 30, 2008), the discounts granted totaled R\$2.236 (R\$3.429 as of June 30, 2008).

- b. Transactions covered by the FCVS amount to R\$10.182 (R\$11.791 as of June 30, 2008) with expected discount according to the criteria set forth in Law No. 10,150.

- c. The other transactions total R\$1.559 (R\$2.349 in 06/30/2008).

Pre-settlements 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\$142.012 (R\$273.614 as of June 30, 2008). As of June 30, 2009, a provision amounting to R\$24.524 (R\$29.654 as of June 30, 2008) was set up with the purpose of covering losses from contracts that might be disabled by the FCVS.

After the receipt of the amounts paid by the National Treasury Department (STN), on account of novation cases 05/01, 10/01 and 12/01/2006 in December 2008 we wrote off the asset in the amount of R\$152.274.

Based on the allowance criteria approved by management during the first quarter of 2009, a reversal of the allowance amounting to R\$3.494 (Allowance reversal of R\$1.099 in the first half of 2008) 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 January 1, 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 January 1, 2005, and principal will be repaid starting on January 1, 2009. Installments are calculated under the Constant Amortization System (SAC).

Pursuant to Circular Letter No. 3,068, issued on November 8, 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 totaled R\$ 7.126 (R\$ 749 as of June 30, 2008).

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

	<b>BANESTES MULTIPLE AND CONSOLIDATED</b>	
	<b>06/30/2009</b>	<b>06/30/2008</b>
<b>ASSETS</b>		
<b>Current assets</b> .....	<b>261.906</b>	<b>221.813</b>
Purchased foreign exchange to be settled.....	246.400	196.430
Receivables from foreign exchange sales.....	2.911	19.049
(Received local currency advances).....	(547)	(508)
Earnings receivable from granted advances.....	13.142	6.842
<b>Long-term assets</b> .....	<b>442</b>	<b>263</b>
Purchased foreign exchange to be settled.....	156	263
Earnings receivable from granted advances.....	286	–
<b>LIABILITIES</b>		
<b>Current liabilities</b> .....	<b>6.283</b>	<b>27.405</b>
Sold foreign exchange to be settled.....	2.903	18.946
Liabilities for foreign exchange purchases.....	257.861	209.530
(Advances on exchange contracts).....	(254.930)	(201.578)
Other.....	449	507
<b>Long-term liabilities</b> .....	<b>1</b>	<b>–</b>
Liabilities for foreign exchange purchases.....	2.518	309
(Advances on exchange contracts).....	(2.518)	(309)
Other.....	1	–

**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\$257.197 (R\$ 200.694 as of June 30, 2008 and in other currencies in the amount of R\$1.517), 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	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
<b>Current</b> .....	<b>87.599</b>	<b>98.184</b>	<b>89.805</b>	<b>99.573</b>
Advanced and prepaid salaries.....	4.266	3.912	4.455	4.100
Tax credits (1).....	46.610	53.801	46.610	53.801
Receivables - purchase of assets.....	1.113	2.624	1.113	2.624
Receivables from escrow deposits				
• For tax appeals.....	–	–	30	–
• For labor appeals.....	3.847	12.697	3.847	12.697
• Other escrow deposits.....	4.806	1.621	4.806	1.622
Taxes available for offset (3).....	4.811	3.882	5.222	4.228
Payments to be refunded.....	7.894	7.584	7.307	6.955
Securities and credits receivable without the characteristics of credit granting.....	2.873	2.413	2.923	2.518
Sundry receivables - domestic.....	9.396	9.201	9.396	9.201
Other.....	1.983	449	4.096	1.827
<b>Long-term assets</b> .....	<b>300.233</b>	<b>265.100</b>	<b>316.985</b>	<b>278.844</b>
Tax credits (1).....	128.703	119.439	130.871	120.280
Receivables - purchase of assets.....	2.236	2.787	2.236	2.787
Receivables from escrow deposits				
• For tax appeals: (2).....	107.280	89.389	115.215	96.778
Federal Revenue Service - COFINS.....	42.651	38.524	45.070	40.750
Social security contribution - INSS (National Social Security Institute).....	32.959	28.426	37.055	32.435
Income and social contribution tax - Law No. 8,200.....	16.158	15.885	16.158	15.885
Other deposits for tax purposes.....	15.512	6.554	16.932	7.708
• For labor appeals.....	26.777	17.061	26.779	17.075
• Other escrow deposits.....	1.002	2.051	3.975	4.204
Taxes available for offset (3).....	27.665	27.821	31.339	31.168
Recoverable income tax.....	4	–	4	–
Payments to be refunded.....	3.489	2.771	3.489	2.771
Securities and credits receivable without the characteristics of credit granting.....	3.077	3.781	3.077	3.781

(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 June 14, 2007. On March 24, 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	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
<b>Current liabilities</b> .....	<b>16.433</b>	<b>12.787</b>	<b>21.126</b>	<b>17.459</b>
Repossessed assets.....	12.647	9.404	12.647	9.639
Valuation allowance.....	(59)	(40)	(59)	(40)
Inventory material.....	1.408	1.356	1.966	1.356
Prepaid expenses.....	2.437	2.067	2.452	2.079
Deferred Selling Expenses.....	–	–	4.120	4.425
<b>Long-term assets</b> .....	<b>676</b>	<b>721</b>	<b>676</b>	<b>721</b>
Repossessed assets.....	676	721	676	721

#### 14. OWNERSHIP INTEREST IN BRAZILIAN CONTROLLED COMPANIES

Items	BANESTES MULTIPLE	
	06/30/2009	06/30/2008
<b>Balance at beginning of six-month period</b> .....	<b>66.400</b>	<b>61.396</b>
Equity in earnings of controlled companies .....	6.021	4.228
Purchase of shares from minority shareholders in BANESTES DTVM .....	–	2
Premium on the purchase of shares from minority shareholders in BANESTES DTVM .....	–	(1)
Securities adjustment in the shareholders' equity of the controlled company (BANESTES Seguros S.A.) .....	1	6
Interest on equity capital .....	(1.267)	(1.062)
Dividends .....	(355)	(1.345)
<b>Balance at end of six-month period</b> .....	<b>70.800</b>	<b>63.224</b>

Main data about controlled companies:

Items	BANESTES			Total
	BANESTES Seguros S.A.	BANESTES Distrib. de Títulos e Val. Mobiliários S.A.	BANESTES Adm. Cor. de Seguros, Previsão e Capitalização Ltda.	
Adjusted paid-in capital				
June 30, 2009 .....	55.368	4.542	5.250	–
June 30, 2008 .....	35.863	4.542	2.900	–
Adjusted shareholders' equity .....				
June 30, 2009 .....	63.155	7.761	5.992	–
June 30, 2008 .....	56.253	7.077	5.557	–
Number of shares/membership units held:				
- Common shares (thousand)				
June 30, 2009 .....	14.767.812	1.357.291	–	–
June 30, 2008 .....	14.767.812	1.357.291	–	–
- Membership units (thousand)				
June 30, 2009 .....	–	–	4.990	–
June 30, 2008 .....	–	–	2.900	–
Percentage of ownership interest				
June 30, 2009 .....	99,84	99,80	99,80	–
June 30, 2008 .....	99,84	99,80	99,80	–
Net income for the six-month period				
June 30, 2009 .....	5.702	329	532	–
June 30, 2008 .....	3.666	600	691	–
Balance of transactions with controlled companies				
Assets (Liabilities)				
June 30, 2009 .....	834	(368)	(582)	–
June 30, 2008 .....	755	(874)	(5.080)	–
Revenues (expenses)				
June 30, 2009 .....	3.088	7	(287)	–
June 30, 2008 .....	2.790	70	(273)	–
Equity in earnings of controlled companies				
June 30, 2009 .....	5.693	328	–	6.021
June 30, 2008 .....	3.629	599	–	4.228
Book value of investments				
June 30, 2009 .....	63.055	7.745	–	70.800
June 30, 2008 .....	56.161	7.063	–	63.224

- Acquisition by BANESTES of BANESTES Distribuidora de Títulos e Valores Mobiliários S.A.'s shares

In a meeting held on March 28, 2008, BANESTES' management approved the purchase of shares of the controlled company BANESTES Distribuidora de Títulos e Valores Mobiliários S.A. belonging to minority shareholders

through the payment of the book value as of December 31, 2007, which was R\$0,005786211 per share, plus a 100% premium on the respective book value.

By December 31, 2008, BANESTES had acquired 190,754 shares, amounting to R\$1 plus premium in the amount of R\$1, totaling R\$2, and leading to an increase in ownership interest from 99,7868% to 99,8008%.

- Treasury shares of BANESTES Seguros S.A.

In a meeting held on September 4, 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 October 31, 2007, which was R\$0,003579009876 per share, plus 50% premium on the respective book value. 73,705 shares had been acquired in the amount of R\$263,79, plus a premium of R\$131,90, totaling R\$395,69, recorded in shareholders' equity under the caption "Treasury Shares".

At the Extraordinary Shareholders' Meeting of November 12, 2008 the cancellation of treasury shares was approved as follows:

- 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 with controlled companies are listed below:

Transaction	BANESTES MULTIPLE			
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
	Assets (Liabilities)	Assets (Liabilities)	Revenues (Expenses)	Revenues (Expenses)
<b>Interest on equity capital and dividends (1):</b>				
BANESTES Seguros S.A. ....	1.000	384	1.267	972
BANESTES Distribuidora de Títulos e Valores Mobiliários S.A....	78	117	–	90
<b>Demand deposits (2):</b>				
BANESTES Seguros S.A. ....	(746)	(253)	–	–
BANESTES Distribuidora de Títulos e Valores Mobiliários S.A....	(15)	(25)	–	–
BANESTES Adm. Corretora de Seg. Prev. e Capitalização Ltda....	(67)	(94)	–	–
<b>Time deposits (2):</b>				
BANESTES Adm. Corretora de Seg. Prev. e Capitalização Ltda....	(519)	(4.993)	(307)	(306)
<b>Liabilities for repurchase and reverse repurchase agreements (2):</b>				
BANESTES Distribuidora de Títulos e Valores Mobiliários S.A....	(444)	(979)	(30)	(58)
<b>Other transactions (3):</b>				
BANESTES Seguros S.A. ....	580	624	1.821	1.818
BANESTES Distribuidora de Títulos e Valores Mobiliários S.A....	13	13	37	38
BANESTES Adm. Corretora de Seg. Prev. e Capitalização Ltda....	4	7	20	33

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.

**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**

06/30/2009

Description	No Maturity	Up to 3 Months	From 3 to 12 months	1 to 3 Years	From 3 to 5 years	Over 5 years	Total
<b>Deposits</b> .....	<b>2.565.345</b>	<b>123.846</b>	<b>959.884</b>	<b>1.165.576</b>	<b>45.503</b>	<b>13.275</b>	<b>4.873.429</b>
Demand .....	873.760	–	–	–	–	–	873.760
Savings .....	988.853	–	–	–	–	–	988.853
Interbank .....	–	44.307	–	–	–	–	44.307
Escrow (*) .....	701.937	–	–	–	–	–	701.937
Time .....	–	79.539	959.884	1.165.576	45.503	13.275	2.263.777
Other .....	795	–	–	–	–	–	795
<b>Money-market funding</b> .....	–	<b>3.327.792</b>	–	–	–	–	<b>3.327.792</b>
<b>Funds from banker's acceptance, Mortgage bills and Mortgage-backed securities, Debentures and the like</b> .....	–	<b>12.501</b>	<b>17.749</b>	–	–	–	<b>30.250</b>
Mortgage bills .....	–	12.260	13.248	–	–	–	25.508
Mortgage-backed bills .....	–	241	4.501	–	–	–	4.742
<b>Foreign borrowings</b> .....	–	<b>109.439</b>	<b>149.275</b>	–	–	–	<b>258.714</b>
<b>Domestic onlendings</b> .....	–	<b>11.175</b>	<b>78.443</b>	<b>62.751</b>	<b>29.748</b>	<b>7.962</b>	<b>190.079</b>
<b>Total</b> .....	<b>2.565.345</b>	<b>3.584.753</b>	<b>1.205.351</b>	<b>1.228.327</b>	<b>75.251</b>	<b>21.237</b>	<b>8.680.264</b>

**BANESTES CONSOLIDATED**

06/30/2009

Description	No Maturity	Up to 3 Months	From 3 to 12 months	1 to 3 Years	From 3 to 5 years	Over 5 years	Total
<b>Deposits</b> .....	<b>2.564.518</b>	<b>123.846</b>	<b>959.884</b>	<b>1.165.576</b>	<b>45.503</b>	<b>12.756</b>	<b>4.872.083</b>
Demand .....	872.933	–	–	–	–	–	872.933
Savings .....	988.853	–	–	–	–	–	988.853
Interbank .....	–	44.307	–	–	–	–	44.307
Escrow (*) .....	701.937	–	–	–	–	–	701.937
Time .....	–	79.539	959.884	1.165.576	45.503	12.756	2.263.258
Other .....	795	–	–	–	–	–	795
<b>Money-market funding</b> .....	–	<b>3.327.348</b>	–	–	–	–	<b>3.327.348</b>
<b>Funds from banker's acceptance, Mortgage bills and Mortgage-backed securities, Debentures and the like</b> .....	–	<b>12.501</b>	<b>17.749</b>	–	–	–	<b>30.250</b>
Mortgage bills .....	–	12.260	13.248	–	–	–	25.508
Mortgage-backed bills .....	–	241	4.501	–	–	–	4.742
<b>Foreign borrowings</b> .....	–	<b>109.439</b>	<b>149.275</b>	–	–	–	<b>258.714</b>
<b>Domestic onlendings</b> .....	–	<b>11.175</b>	<b>78.443</b>	<b>62.751</b>	<b>29.748</b>	<b>7.962</b>	<b>190.079</b>
<b>Total</b> .....	<b>2.564.518</b>	<b>3.584.309</b>	<b>1.205.351</b>	<b>1.228.327</b>	<b>75.251</b>	<b>20.718</b>	<b>8.678.474</b>

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

**BANESTES MULTIPLE**

**06/30/2008**

Description	No Maturity	Up to 3 Months	From 3 to 12 months	1 to 3 Years	From 3 to 5 years	Over 5 years	Total
<b>Deposits</b> .....	<b>2.392.581</b>	<b>104.570</b>	<b>786.451</b>	<b>1.085.282</b>	<b>44.219</b>	<b>14.029</b>	<b>4.427.132</b>
Demand .....	887.713	—	—	—	—	—	887.713
Savings .....	899.641	—	—	—	—	—	899.641
Interbank .....	—	22.867	—	—	—	—	22.867
Escrow (*) .....	604.017	—	—	—	—	—	604.017
Time .....	—	81.703	786.451	1.085.282	44.219	14.029	2.011.684
Other .....	1.210	—	—	—	—	—	1.210
<b>Money-market funding</b> .....	—	<b>3.279.983</b>	—	—	—	—	<b>3.279.983</b>
<b>Funds from banker's acceptance, Mortgage bills and Mortgage-backed securities, Debentures and the like</b> .....	—	<b>20.991</b>	<b>21.086</b>	<b>415</b>	—	—	<b>42.492</b>
Mortgage bills .....	—	16.137	16.579	415	—	—	33.131
Mortgage-backed bills .....	—	4.854	4.507	—	—	—	9.361
<b>Foreign borrowings</b> .....	—	<b>63.359</b>	<b>137.335</b>	—	—	—	<b>200.694</b>
<b>Domestic onlendings</b> .....	—	<b>7.754</b>	<b>85.628</b>	<b>24.610</b>	<b>13.146</b>	<b>1.284</b>	<b>132.422</b>
<b>Total</b> .....	<b>2.392.581</b>	<b>3.476.657</b>	<b>1.030.500</b>	<b>1.110.307</b>	<b>57.365</b>	<b>15.313</b>	<b>8.082.723</b>

**BANESTES CONSOLIDATED**

**06/30/2008**

Description	No Maturity	Up to 3 Months	From 3 to 12 months	1 to 3 Years	From 3 to 5 years	Over 5 years	Total
<b>Deposits</b> .....	<b>2.392.209</b>	<b>104.570</b>	<b>786.451</b>	<b>1.082.232</b>	<b>43.990</b>	<b>12.316</b>	<b>4.421.768</b>
Demand .....	887.341	—	—	—	—	—	887.341
Savings .....	899.641	—	—	—	—	—	899.641
Interbank .....	—	22.867	—	—	—	—	22.867
Escrow (*) .....	604.017	—	—	—	—	—	604.017
Time .....	—	81.703	786.451	1.082.232	43.990	12.316	2.006.692
Other .....	1.210	—	—	—	—	—	1.210
<b>Money-market funding</b> .....	—	<b>3.279.004</b>	—	—	—	—	<b>3.279.004</b>
<b>Funds from banker's acceptance, Mortgage bills and Mortgage-backed securities, Debentures and the like</b> .....	—	<b>20.991</b>	<b>21.086</b>	<b>415</b>	—	—	<b>42.492</b>
Mortgage bills .....	—	16.137	16.579	415	—	—	33.131
Mortgage-backed bills .....	—	4.854	4.507	—	—	—	9.361
<b>Foreign borrowings</b> .....	—	<b>63.359</b>	<b>137.335</b>	—	—	—	<b>200.694</b>
<b>Domestic onlendings</b> .....	—	<b>7.754</b>	<b>85.628</b>	<b>24.610</b>	<b>13.146</b>	<b>1.284</b>	<b>132.422</b>
<b>Total</b> .....	<b>2.392.209</b>	<b>3.475.678</b>	<b>1.030.500</b>	<b>1.107.257</b>	<b>57.136</b>	<b>13.600</b>	<b>8.076.380</b>

(\*) 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	
		06/30/2009	06/30/2008
Banco de Desenvolvimento do Espírito Santo S.A.	Nossocrédito	10.466	14.109
National Bank for Economic and Social Development	BNDES – Automatic/National Equipment Financing Authority (FINAME)	128.762	49.072
National Treasury Department	FUNCAFÉ (Fund for the Protection of the Coffee Economy)	50.851	69.241
	<b>Total</b>	<b>190.079</b>	<b>132.422</b>

**18. GUARANTEES FOR TECHNICAL RESERVES**

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

	<b>BANESTES CONSOLIDATED</b>	
	<b>06/30/2009</b>	<b>06/30/2008</b>
<b>Technical provisions</b> .....	<b>(61.788)</b>	<b>(57.211)</b>
Receivables .....	6.870	6.980
Escrow deposits .....	1.651	1.737
Recovery - Provision for claims and claim adjustment expenses.....	80	-
<b>Guaranteed technical provisions</b> .....	<b>(53.187)</b>	<b>(48.494)</b>
Fixed income securities - Private.....	38.248	39.918
Fixed income securities - Public.....	40.491	27.446
Investment funds.....	25.746	26.300
Properties .....	3.159	3.231
<b>Total assets</b> .....	<b>107.644</b>	<b>96.895</b>

**19. PREMIUMS, CLAIMS AND COMMISSIONS OF MAIN INSURANCE TYPES**

Type	<b>BANESTES CONSOLIDATED</b>					
	Earned premiums		Retained claims (%)		Sale / Earned premiums (%)	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008	06/30/2009	06/30/2008
Automobile .....	36.407	35.206	74,03	73,42	13,15	13,54
Personnel (1).....	14.441	13.446	40,32	41,99	16,64	17,44
Property (2).....	4	157	-	(7,16)	21,79	36,32
Other types.....	-	13	-	-	-	-
<b>Total</b> .....	<b>50.852</b>	<b>48.822</b>	<b>64,29</b>	<b>64,79</b>	<b>14,14</b>	<b>14,68</b>

(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**

	<b>BANESTES CONSOLIDATED</b>	
	<b>06/30/2009</b>	<b>06/30/2008</b>
<b>Unearned Premium Reserve - PPNG - RVE (*)</b> .....	<b>21.575</b>	<b>23.173</b>
Automobile .....	20.991	22.592
Personnel.....	583	575
Other .....	1	6
<b>Unearned Premium Reserve - PPNG - RVNE (*)</b> .....	<b>1.053</b>	<b>1.112</b>
Automobile .....	1.035	1.088
Personnel.....	18	24
Other .....	-	-
<b>Premium Deficiency Reserve (*)</b> .....	<b>1.668</b>	<b>1.082</b>
Automobile .....	1.056	705
Personnel.....	612	377
Other .....	-	-
<b>Provision for claims and claim adjustment expenses (*)</b> .....	<b>31.123</b>	<b>26.783</b>
Automobile .....	8.233	8.710
DPVAT .....	17.339	13.728
Personnel.....	4.838	3.684
Other .....	713	661

<b>IBNR Reserve (Incurred But Not Reported Losses) (*)</b> .....	<b>4.947</b>	<b>3.871</b>
Automobile .....	774	743
DPVAT .....	1.527	1.048
Personnel.....	2.617	2.024
Other .....	29	56
<b>Additional Premium Reserve (*)</b> .....	<b>580</b>	<b>751</b>
Automobile .....	104	112
Personnel.....	476	639
Other .....	-	-
<b>Provision for Administrative Expenses (*)</b> .....	<b>842</b>	<b>439</b>
DPVAT .....	842	439
<b>Deferred Selling Expenses</b> .....	<b>4.120</b>	<b>4.425</b>
Automobile .....	3.875	4.205
Personnel.....	245	219
Other .....	-	1

(\*) 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			
	06/30/2009		06/30/2008		06/30/2009		06/30/2008	
	IT	SCT	IT	SCT	IT	SCT	IT	SCT
Income before taxes and profit sharing.....	112.895	112.895	80.282	80.282	117.487	117.487	83.112	83.112
Interest on equity capital.....	(17.484)	(17.484)	(13.354)	(13.354)	(18.926)	(18.926)	(14.552)	(14.552)
Tax basis.....	95.411	95.411	66.928	66.928	98.561	98.561	68.560	68.560
Permanent add-backs (deductions) .....	(19.553)	(8.315)	(22.643)	(8.605)	(15.164)	(3.958)	(19.834)	(5.713)
Temporary add-backs (deduction) .....	24.337	24.337	(13.328)	(4.172)	24.286	24.287	(12.275)	(3.181)
Taxable income before offsets .....	100.195	111.433	30.957	54.151	107.683	118.890	36.451	59.666
Tax loss carryforwards.....	(30.059)	-	(9.287)	-	(30.075)	(14)	(9.287)	-
Tax basis after offsets.....	70.136	111.433	21.670	54.151	77.608	118.876	27.164	59.666
Normal rate (15%)* .....	10.520	16.715	3.251	5.426	11.641	17.803	4.075	6.006
Income tax surtax (10%).....	7.002	-	2.155	-	7.722	-	2.681	-
Amounts due .....	17.522	16.715	5.406	5.426	19.363	17.803	6.756	6.006
Workers' Meal Program (PAT).....	(100)	-	(108)	-	(105)	-	(113)	-
Tax incentives – sponsorships and donations .....	(22)	-	(40)	-	(22)	-	(40)	-
Due SCT offsetting as per option of Article 8 of Executive Act 2158/35.....	-	(5.014)	-	(1.628)	-	(5.014)	-	(1.628)
Income and social contribution taxes payable.....	17.400	11.701	5.258	3.798	19.236	12.789	6.603	4.378
Realization of deferred credits on the revaluation surplus .....	(86)	(53)	(103)	(41)	(91)	(56)	(107)	(43)
<b>IT and SCT Provision Expenses – Current value.....</b>	<b>17.314</b>	<b>11.648</b>	<b>5.155</b>	<b>3.757</b>	<b>19.145</b>	<b>12.733</b>	<b>6.496</b>	<b>4.335</b>

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

#### a.2 Provision for deferred income tax:

Description	BANESTES MULTIPLE AND CONSOLIDATED	
	06/30/2009	06/30/2008
Excess depreciation.....	2.796	3.503
Total .....	2.796	3.503

**b. Tax credits****b.1 Change in the balances of tax credits:**

On June 30, 2009

Description	BANESTES MULTIPLE			
	Balance as of 12/31/2008	Additions (deductions)	Balance as of 06/30/2009	Tax Credit
Provision for other assets .....	57	3	60	24
Provision for labor contingencies .....	48.540	(6.920)	41.620	16.648
Provision for civil contingencies .....	11.916	(2.053)	9.863	3.945
Market value adjustment of securities .....	1.062	(10)	1.052	421
Allowance for doubtful accounts .....	139.942	44.018	183.960	73.584
Disallowance of Salary Variation Offsetting Fund (F.C.V.S.) - terminated contracts .....	21.030	3.494	24.524	9.810
Provision for tax risks .....	–	1.007	1.007	403
Provision for other credits without the characteristics of credit granting – Agreement.....	181	–	181	72
Provision for contingencies – INSS.....	12.226	451	12.677	5.071
Provision for contingencies – lawyers’ fees.....	3.002	6	3.008	1.203
Provision for lending operations without the characteristics of lending operations.....	2.025	–	2.025	810
Provision for contingencies - federal land-reform agency (INCRA)....	660	136	796	318
Provision for contingencies – COFINS .....	40.715	(19.279)	21.436	8.574
Provision for contingencies - Collection of INSS.....	2.512	113	2.625	1.050
Provision for lending operations without the characteristics of lending operations - capitalization project.....	1.561	89	1.650	660
Allowance for losses on other receivables - Resolution No. 494 ...	3.553	(277)	3.276	1.310
Allowance for losses on other receivables - COPRI.....	1.257	–	1.257	503
Provision for contingencies - Credit risks.....	–	12.500	12.500	5.000
Allowance for losses on other receivables - PROVARZEAS KFW	304	–	304	122
Allowance for losses on other receivables - correspondent bank ...	127	–	127	51
Provision for losses - Resolution No. 696 .....	9.920	(9.126)	794	317
Provision for contingent liabilities - tax liabilities.....	891	35	926	285
Other provisions.....	880	151	1.031	412
Total tax credits from temporary add-backs .....	302.361	24.338	326.699	130.593
Income tax loss .....	118.311	(30.059)	88.252	22.063
Social contribution tax – pursuant to article 8 - Executive Act No. 2.158-35 of August 24, 2001.....	27.671	(5.014)	22.657	22.657
Total tax credit .....				175.313
Tax credit asset.....				175.313

**BANESTES CONSOLIDATED**

<b>Description</b>	<b>Balance as of 12/31/2008</b>	<b>Additions (deductions)</b>	<b>Balance as of 06/30/2009</b>	<b>Tax Credit</b>
Provision for other assets .....	57	3	60	24
Provision for labor contingencies .....	48.651	(6.955)	41.696	16.678
Provision for civil contingencies .....	12.233	(1.954)	10.279	4.112
Market value adjustment of securities .....	1.062	(10)	1.052	421
Allowance for losses .....	139.942	44.017	183.959	73.584
Disallowance of Salary Variation Offsetting Fund (F.C.V.S.) - terminated contracts .....	21.030	3.494	24.524	9.810
Provision for tax risks .....	–	1.007	1.007	403
Provision for other credits without the characteristics of credit granting – Agreement.....	181	–	181	72
Provision for contingencies – INSS.....	14.701	(682)	14.019	5.607
Provision for contingencies - lawyers' fees .....	3.002	6	3.008	1.203
Provision for lending operations without the characteristics of lending operations.....	2.025	–	2.025	810
Provision for contingencies - federal land-reform agency (INCRA) .....	686	140	826	330
Provision for contingencies – COFINS .....	45.010	(18.995)	26.015	10.406
Provision for contingencies – Collection of INSS.....	2.512	113	2.625	1.050
Provision for lending operations without the characteristics of lending operations - capitalization project .....	1.561	89	1.650	660
Allowance for losses on other receivables - Resolution No. 494 ..	3.553	(277)	3.276	1.310
Allowance for losses on other receivables - COPRI.....	1.257	–	1.257	503
Provision for contingencies - Credit risks.....	–	12.500	12.500	5.000
Allowance for losses on other receivables - PROVARZEAS KFW	304	–	304	122
Allowance for losses on other receivables - Correspondent bank .	127	–	127	51
Provision for losses - Resolution No. 696 .....	9.920	(9.126)	794	317
Provision for contingent liabilities – tax liabilities.....	1.061	41	1.102	356
Other provisions.....	1.396	861	2.257	902
Total tax credits from temporary add-backs .....	310.271	24.272	334.543	133.731
Income tax loss .....	118.684	(30.075)	88.609	22.152
Social contribution tax loss.....	286	(14)	272	41
Social contribution tax– pursuant to article 8 - Executive Act No. 2,158-35 of August 24, 2001.....	27.671	(5.014)	22.657	22.657
Total tax credit .....				178.581
Tax credit asset.....				177.481
Tax credit not recorded in assets.....				1.100

On June 30, 2008

**BANESTES MULTIPLE**

<b>Description</b>	<b>Balance as of 12/31/2007</b>	<b>Additions (deductions)</b>	<b>Balance as of 06/30/2008</b>	<b>Tax Credit</b>
Provision for other assets .....	3.110	(3.070)	40	16
Provision for labor contingencies .....	66.645	(15.177)	51.468	20.587
Provision for civil contingencies .....	14.735	170	14.905	5.962
Market value adjustment of securities .....	981	(39)	942	377
Allowance for doubtful accounts .....	125.628	16.837	142.465	56.986
Disallowance of Salary Variation Offsetting Fund (F.C.V.S.) - terminated contracts .....	30.753	(1.098)	29.655	11.862
Provision for tax risks .....	19.826	(17.939)	1.887	472
Provision for contingencies – INSS .....	11.078	425	11.503	4.601
Provision for contingencies - lawyers' fees .....	2.987	5	2.992	1.197
Provision for lending operations without the characteristics of lending operations .....	2.025	–	2.025	810
Provision for contingencies - federal land-reform agency (INCRA) .....	442	105	547	219
Provision for contingencies - COFINS .....	36.733	1.791	38.524	15.410
Provision for contingencies - Collection of INSS .....	–	2.351	2.351	940
Provision for lending operations without the characteristics of lending operations - capitalization project .....	–	911	911	364
Allowance for losses on other receivables - Resolution No. 494 ..	2.213	(56)	2.157	863
Allowance for losses on other receivables - COPRI .....	1.257	–	1.257	503
Allowance for losses on other receivables - PROVARZEAS KFW	304	–	304	122
Allowance for losses on other receivables - correspondent bank ..	127	–	127	51
Provision for contingent liabilities - tax liabilities .....	820	32	852	255
Other provisions .....	649	78	727	291
Total tax credits from temporary add-backs .....	320.313	(14.674)	305.639	121.888
Income tax loss .....	149.540	(9.287)	140.253	35.064
Social contribution tax-pursuant to article 8 - Executive Act No. 2,158-35 of August 24, 2001 .....	33.326	(1.628)	31.698	31.698
Total tax credit .....				188.650
Tax credit asset .....				173.240
Tax credit not recorded in assets .....				15.410

**BANESTES CONSOLIDATED**

Description	Balance		Balance	
	as of 12/31/2007	Additions (deductions)	as of 06/30/2008	Tax Credit
Provision for other assets .....	3.110	(3.070)	40	16
Provision for labor contingencies .....	66.702	(15.172)	51.530	20.612
Provision for civil contingencies .....	14.900	301	15.201	6.080
Market value adjustment of securities .....	981	(39)	942	377
Allowance for doubtful accounts .....	125.628	16.837	142.465	56.986
Disallowance of Salary Variation Offsetting Fund (F.C.V.S.) - terminated contracts .....	30.752	(1.098)	29.654	11.861
Provision for tax risks .....	20.262	(18.099)	2.163	582
Provision for contingencies - INSS.....	11.879	1.024	12.903	5.161
Provision for contingencies - lawyers' fees .....	2.987	5	2.992	1.197
Provision for lending operations without the characteristics of lending operations.....	2.025	-	2.025	810
Provision for contingencies - federal land-reform agency (INCRA)	459	109	568	227
Provision for contingencies - COFINS .....	40.751	1.875	42.626	17.050
Provision for contingencies - Collection of INSS.....	-	2.351	2.351	940
Provision for lending operations without the characteristics of lending operations - capitalization project.....	-	911	911	364
Allowance for losses on other receivables - Resolution No. 494 ....	2.213	(56)	2.157	863
Allowance for losses on other receivables - COPRI.....	1.257	-	1.257	503
Allowance for losses on other receivables - PROVARZEAS KFW	304	-	304	122
Allowance for losses on other receivables - correspondent bank....	127	-	127	51
Provision for contingent liabilities - tax liabilities.....	977	38	1.015	321
Other provisions.....	1.135	88	1.223	490
Total tax credits from temporary add-backs .....	326.449	(13.995)	312.454	124.613
Income tax loss .....	149.540	(9.287)	140.253	35.064
Social contribution tax- pursuant to article 8 - Executive Act No. 2,158-35 of August 24, 2001.....	33.326	(1.628)	31.698	31.698
Total tax credit .....				191.375
Tax credit asset.....				174.081
Tax credit not recorded in assets.....				17.294

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

	BANESTES MULTIPLE			
	06/30/2009		06/30/2008	
	IT	SCT	IT	SCT
<b>Prior balance - as of January 1 (1)</b> .....	<b>105.168</b>	<b>72.939</b>	<b>104.763</b>	<b>56.537</b>
<b>Recognitions</b>				
Temporary add-backs.....	28.268	16.960	18.540	26.598
<b>Total recognitions (2)</b> .....	<b>28.268</b>	<b>16.960</b>	<b>18.540</b>	<b>26.598</b>
<b>Realizations</b>				
Temporary add-backs.....	22.183	13.310	19.139	10.110
Income tax loss .....	7.515	-	2.321	-
Social contribution tax (pursuant to article 8, Executive Act No. 2,158-35) .....	-	5.014	-	1.628
<b>Total realizations (3)</b> .....	<b>29.698</b>	<b>18.324</b>	<b>21.460</b>	<b>11.738</b>
<b>Total tax credit asset (1+2-3)</b> .....	<b>103.738</b>	<b>71.575</b>	<b>101.843</b>	<b>71.397</b>
<b>Effect on income (2-3)</b> .....	<b>(1.430)</b>	<b>(1.364)</b>	<b>(2.920)</b>	<b>14.860</b>

	<b>BANESTES CONSOLIDATED</b>			
	<b>06/30/2009</b>		<b>06/30/2008</b>	
	<b>IT</b>	<b>SCT</b>	<b>IT</b>	<b>SCT</b>
<b>Prior balance - as of January 1 (1)</b> .....	<b>106.554</b>	<b>73.771</b>	<b>104.958</b>	<b>56.607</b>
<b>Recognitions</b>				
Temporary add-backs .....	29.623	17.773	19.093	26.945
<b>Total recognitions (2)</b> .....	<b>29.623</b>	<b>17.773</b>	<b>19.093</b>	<b>26.945</b>
<b>Realizations</b>				
Temporary add-backs .....	23.569	14.142	19.294	10.280
Income tax loss .....	7.515	-	2.321	-
Social contribution tax (pursuant to article 8, Executive Act No. 2,158-35) .....	-	5.014	-	1.628
<b>Total realizations (3)</b> .....	<b>31.084</b>	<b>19.156</b>	<b>21.615</b>	<b>11.908</b>
<b>Total tax credit asset (1+2-3)</b> .....	<b>105.093</b>	<b>72.388</b>	<b>102.436</b>	<b>71.644</b>
<b>Effect on income (2-3)</b> .....	<b>(1.461)</b>	<b>(1.383)</b>	<b>(2.522)</b>	<b>15.037</b>

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 realization of the tax credits within 10 years.

Tax credits amounting to R\$1.100 (BANESTES Consolidated) were not recognized for temporary add-backs, income and social contribution tax losses of the controlled company BANESTES Dist. de Títulos e Val. Mobiliários as they do not comply with the provisions of Resolution No. 3,059 of December 20, 2002.

Tax credits were recognized 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 December 20, 2002, changed by Resolution No. 3,355 of March 31, 2006 of the National Monetary Council are complied with to recognize, maintain and write-off the credits.

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

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

On June 30, 2009

	<b>BANESTES MULTIPLE</b>				
	<b>Tax credit asset</b>				
	<b>Temporary add-backs</b>			<b>Social Contribution tax pursuant to article 8, Executive act No. 2,158-35</b>	<b>Total recorded in assets</b>
<b>Income Tax</b>	<b>Social contribution tax</b>	<b>Income Tax Loss</b>			
2009.....	7.101	4.261	7.391	3.865	22.618
2010.....	15.791	9.674	14.672	7.847	47.984
2011.....	14.066	8.440	-	8.975	31.481
2012.....	13.053	7.832	-	1.970	22.855
2013.....	15.459	9.190	-	-	24.649
2014.....	8.290	4.974	-	-	13.264
From 2015 to 2018.....	7.915	4.547	-	-	12.462
<b>Total</b> .....	<b>81.675</b>	<b>48.918</b>	<b>22.063</b>	<b>22.657</b>	<b>175.313</b>
<b>Present value</b> .....	<b>60.226</b>	<b>36.078</b>	<b>19.887</b>	<b>19.005</b>	<b>135.196</b>

**BANESTES CONSOLIDATED**

	Total tax credit					
	Temporary differences			Social Contribution		
	Income Tax	Social contribution tax	Income Tax Loss	Social Contribution tax loss	tax pursuant to article 8, Executive act No. 2,158-35	Total Tax Credit
2009.....	7.101	4.261	7.401	5	3.865	22.633
2010.....	15.791	9.674	14.694	11	7.847	48.017
2011.....	14.066	8.440	38	15	8.975	31.534
2012.....	13.157	7.894	19	10	1.970	23.050
2013.....	17.057	10.149	–	–	–	27.206
2014.....	8.290	4.974	–	–	–	13.264
From 2015 to 2018.....	8.173	4.704	–	–	–	12.877
<b>Total.....</b>	<b>83.635</b>	<b>50.096</b>	<b>22.152</b>	<b>41</b>	<b>22.657</b>	<b>178.581</b>
<b>Present value.....</b>	<b>61.433</b>	<b>36.803</b>	<b>19.959</b>	<b>33</b>	<b>19.005</b>	<b>137.233</b>

**BANESTES CONSOLIDATED**

	Tax credit asset					
	Temporary add-backs		Income Tax Loss	Social Contribution tax pursuant to article 8, Executive act No. 2,158-35		Total recorded in assets
	Income Tax	Social contribution tax				
2009.....	7.101	4.261	7.391	3.865	22.618	
2010.....	15.791	9.674	14.672	7.847	47.984	
2011.....	14.066	8.440	–	8.975	31.481	
2012.....	13.157	7.894	–	1.970	23.021	
2013.....	16.511	9.821	–	–	26.332	
2014.....	8.290	4.974	–	–	13.264	
From 2015 to 2018.....	8.113	4.668	–	–	12.781	
<b>Total.....</b>	<b>83.029</b>	<b>49.732</b>	<b>22.063</b>	<b>22.657</b>	<b>177.481</b>	
<b>Present value.....</b>	<b>61.040</b>	<b>36.567</b>	<b>19.887</b>	<b>19.005</b>	<b>136.499</b>	

In order to determine the present value of tax credits, the average yearly borrowing rate has been adopted, projected by the Bank.

**22. OTHER LIABILITIES - SUNDRY**

Items	BANESTES MULTIPLE		BANESTES CONSOLIDATED	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
<b>Current liabilities</b> .....	<b>175.675</b>	<b>135.901</b>	<b>181.340</b>	<b>140.638</b>
Liabilities for acquisition of assets .....	48	115	48	115
Liabilities for official partnerships.....	20.954	21.035	20.954	21.035
Provision for unsettled payments.....	29.056	28.757	31.314	30.331
Provision for contingent liabilities.....	42.965	49.463	42.965	49.463
Sundry payables – domestic.....	51.314	35.878	51.329	35.888
Other .....	31.338	653	34.730	3.806
<b>Long-term liabilities</b> .....	<b>73.098</b>	<b>74.798</b>	<b>81.664</b>	<b>81.713</b>
Provision for contingent liabilities.....	73.097	74.798	81.452	81.490
Other .....	1	–	212	223

**23. CONTINGENCIES**

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

Nature	BANESTES MULTIPLE					BANESTES CONSOLIDATED				
	06/30/2009					06/30/2009				
	Labor	Civil	Tax	Other	Total	Labor	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).....	-	1.008	8.404	12.550	21.962	13	1.325	9.778	12.550	23.666
Payments/ Reversals	6.920	2.948	21.216	-	31.084	6.967	3.167	22.306	-	32.440
Current balance.....	41.620	12.488	49.265	12.689	116.062	41.696	12.904	57.128	12.689	124.417

Nature	BANESTES MULTIPLE					BANESTES CONSOLIDATED				
	06/30/2008					06/30/2008				
	Labor	Civil	Tax	Other	Total	Labor	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).....	1	1.995	6.432	49	8.477	7	2.164	7.228	49	9.448
Payments/ Reversals	15.178	1.825	32.518	12	49.533	15.179	1.863	32.708	12	49.762
Current balance.....	51.468	14.905	57.792	96	124.261	51.530	15.201	64.126	96	130.953

(1) The amounts of Tax Recognitions also include the captions 4.9.4.20.20-1- Taxes and contributions on payroll referring to INCRA, whose amounts are recognized under the caption 8.1.7.30.50-2- Personnel expenses - Social security.

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

**Labor 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 labor lawsuits in the 1st business day of the current year's each month. As of June 30, 2009, BANESTES had a labor provision of R\$41.620 (BANESTES Multiple) and R\$ 41.696 (BANESTES Consolidated) and as of the same date an escrow deposit of R\$30.624 (BANESTES Multiple) and R\$ 30.626 (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 labor litigations by means of a transaction.

Solving measure:

A Labor 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 check 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 recognized considering the history of unfavorable 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			
	06/30/2009		06/30/2008		06/30/2009		06/30/2008	
	Provision	Escrow deposit	Provision	Escrow deposit	Provision	Escrow deposit	Provision	Escrow deposit
INSS related Deficiency Notices and Tax Debt Assessment Notices (NFLD) (1)....	12.511	32.959	13.803	28.426	15.079	37.055	15.203	32.435
Income and Social contribution taxes - Law No. 8,200 (2).....	–	16.158	–	15.885	–	16.158	–	15.885
Social contribution tax (CSLL) - Non-employer company - Lease (3) .....	1.558	1.558	1.484	1.484	1.558	1.558	1.484	1.484
COFINS (tax on sales) (4) .....	21.436	42.651	38.524	38.524	22.777	45.070	40.750	40.750
Social security contribution (4).....	–	–	–	–	2.011	30	1.876	–
Fees - Sundry Actions .....	3.175	–	3.043	–	3.424	–	3.295	–
CSLL - 6% - increase in rate.....	8.738	8.738	–	–	9.462	9.462	–	–
Other .....	1.847	5.216	938	5.070	2.817	5.912	1.518	6.224
<b>Total.....</b>	<b>49.265</b>	<b>107.280</b>	<b>57.792</b>	<b>89.389</b>	<b>57.128</b>	<b>115.245</b>	<b>64.126</b>	<b>96.778</b>

### (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 check clearance and similar provided by third parties and characterized as labor assignment), 35.776.172-3 and 35.776.171-5 (non-fulfillment 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). With respect to the NFLD whereby INSS disregarded the legal entity and assessed social security contribution payable for the insured employee hired by the Bank, a partial provision was set up in 2006 in the amount of R\$8.278, grounded in a report, corresponding to the amount recorded for the last five years and, therefore, not included in the lapse period. It also refers to NFLDs No. 35.059.563 and 35.059.564-0 (levy of social security contribution on amounts paid as daycare allowance) and NFLD No. 32.354.434-7 (levy of social security contribution on an amount paid and not specified in a labor claim settlement approved in court). In 2007, the amount of R\$1.504 referring to NFLD No. 32.354.434-7 was provided for. As for the remaining NFLDs, the lawyers in charge consider the chances of a favorable outcome excellent, whether for the merits or lapse period.

### (2) Income and 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 recognized in article 3, item I of Law No. 8,200/91 (IPC – Consumer Price Index/ BTNF – Brazilian Treasury Bonus). The decisions have been favorable to the Bank. The debt was not recorded by tax authorities causing, according to the responsible legal counselors, 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 completely benefited from the monetary restatements portion arising from the difference from the Consumer Price Index (IPC) and the National Treasury Bonus (BTN). The proceeding is very likely to obtain a favorable 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 January 3, 2008, which became Law No. 11,727 on June 23, 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 to file a tax appeal was made by BANESTES S.A. on May 17, 2007 in the amount of R\$34.510 and another by BANESTES Seguros S.A. on July 28, 2005 in the amount of R\$1.611 at Caixa Econômica Federal referring to the COFINS due on account of the disallowance of the offsetting 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 February 1, 2006, confirmed by a judgment rendered on April 26, 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. 2005.50.01.006012-6 and debt annulment action No. 2005.50.01.007607-9.

A escrow deposit of 30% to file a tax appeal was made by Banestes DTVM S.A. on November 23, 2005 in the amount of R\$59 and on June 29, 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.

Analyzing all these lawsuits, legal counselors decided to classify the chance of favorable outcome as probable. Despite this classification, and because it is a legal obligation, the management decided to set up on September 28, 2007 a provision for the FINSOCIAL/COFINS offset at BANESTES S.A. and BANESTES SEGUROS S.A. in the amounts of R\$ 35.846 and R\$ 2.101, respectively.

Due to the right granted by item I, paragraph 3, article 1, of Law No. 11,941 of May 27, 2009, the payment of debts with decrease in fines and legal charges had been converted into provision for COFINS in June 2009 for Banestes S.A. and Banestes Seguros S.A. amounting to R\$21.215 and R\$1.076, respectively, keeping the provision in the amount of R\$ 21.435 and R\$ 1.341, corresponding to the principal and SELIC (Central Bank overnight rate) interest amounts, according to the legal liability arising from Law No. 9,718/98 and Law No. 11,941/09.

Also on September 28, 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 offsetting".

**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 October 31, 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 realized in the first half of 2009 through depreciation in the amount of R\$220 (R\$220 in 2008); write-off through disposal - R\$130 (R\$189 in 2008) and IRPJ (corporate income tax) and CSLL (social contribution tax) - R\$140 (R\$143 in 2008).

In May 2008, a provision for deferred social contribution tax on revaluation surplus for buildings was adjusted due to the increase in the rate from 9% to 15% whose amount was R\$407.

In the first half of 2009 income and social contribution taxes on plots of land in the amount of R\$27 (R\$44 in the first half of 2008) were recognized in equity due to the sale of revalued properties.

**c. Income reserves** - Net income, as defined in article 191 of Law No. 6,404/76 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** - recognized 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:

<b>Calculation base:</b>	<b>06/30/2009</b>	<b>06/30/2008</b>
Net income at the first half.....	74.426	74.587
Legal reserve.....	(3.721)	(3.729)
Realization of revaluation surplus transferred to retained earnings or accumulated losses ..	214	271
Calculation base (25%).....	70.919	71.129
Interim dividends .....	370	4.519
Interest on equity capital.....	17.484	13.354
<b>Total Interest on Equity Capital and Dividends in the first half of the year .....</b>	<b>17.854</b>	<b>17.873</b>
Withholding income tax levied on interest on equity capital.....	(124)	(91)
<b>Total Interest on Equity Capital and Dividends (net of IRRF) in the first half of the year</b>	<b>17.730</b>	<b>17.782</b>

At the Board of Director's Meeting of August 26, 2009, the payment of interim dividends for the first half of 2009, to be made on October 1, 2009, was approved, for ratification at the Annual General Meeting of 2010. After deduction of R\$17.360 of interest on equity capital from January to June 2009, net of withholding income tax, these dividends amount to R\$370.

**d.2 Interest on equity capital** - Interest on equity capital accounted for in the first half of 2009 amount to R\$17,484 (R\$13.354 in 2008) with 15% of withholding tax - R\$124 (R\$91 in 2008), except for immune or exempt shareholding companies. After deduction of Withholding Income Tax this interest totals R\$17.360 (R\$13.263 in 2008), calculated based on the TJLP - Long-Term Interest Rate, according to article 9 of Law No. 9,249/95.

Statement of the interest on equity capital and dividends for:

- **1st half of 2009:**

<b>Description</b>	<b>Gross Amount Provided for/ Paid</b>	<b>IRRF (Withholding income tax) 15%</b>	<b>Net book Provided for/ Paid</b>	<b>Gross Amount per Common share and/or preferred share</b>
Interest on monthly equity capital of the 1st quarter of 2009.....	8.742	62	8.680	0,057707343
Interest on monthly equity capital of the 2nd quarter of 2009.....	8.742	62	8.680	0,057707343
Additional Dividends of the 1st half of 2009...	370	—	370	0,002441813
<b>Total Interest on equity capital and dividends .....</b>	<b>17.854</b>	<b>124</b>	<b>17.730</b>	

• **1st half of 2008:**

Description	Gross Amount Provided for/ Paid	IRRF (Withholding income tax) 15%	Net book Provided for/ Paid	Gross Amount per Common share and/or preferred share
Interest on monthly equity capital of the 1st quarter of 2008.....	6.677	45	6.632	0,004407498
Interest on monthly equity capital of the 2nd quarter of 2008.....	6.677	46	6.631	0,044074986
Additional Dividends of the 1st half of 2008.....	4.519	–	4.519	0,029833217
<b>Total Interest on equity capital and dividends .....</b>	<b>17.873</b>	<b>91</b>	<b>17.782</b>	

## 25. EMPLOYEE BENEFITS

### a. Pension Plans - Social Security

BANESTES S.A. is among the sponsors of “Fundação BANESTES de Seguridade Social”, a non-profit entity whose purpose is to supplement 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 November 22, 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, in which:

- 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)

In the first half of 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\$2.767 for BANESTES Multiple (R\$2.526 in 2008), and to R\$2.871 for BANESTES Consolidated (R\$2.632 in 2008).

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 November 20, 1997), a Debt Assumption Agreement between the State of Espírito Santo and Fundação Banestes de Seguridade Social - BANESTES was signed on June 29, 1998. Under Clauses One, Two and Three of that Agreement, the State of Espírito Santo assumed the R\$147.000 actuarial liability recognized by BANESTES.

According to Clause Six of the Debt Assumption Agreement, the State of Espírito Santo authorizes 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.

### b. 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 the first half of 2009, the sponsor’s monthly contributions, the equivalent to 3,5% of the employee’s monthly income, amounted to R\$1.379 for BANESTES Multiple (R\$1.118 in 2008), and to R\$1.436 for BANESTES Consolidated (R\$1.165 in 2008).

### c. 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 the first half of 2009 to R\$5.875 for BANESTES Multiple (R\$5.298 in 2008), and to R\$6.060 for BANESTES Consolidated (R\$5.503 in 2008).

## 26. OTHER INFORMATION

**a. Beneficiaries of guarantees given** -The liability for surety and guarantees given by the Bank amounts to R\$7.636 (R\$4.462 in the first half of 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 June 30, 2009 refers to fire insurance policies amounting to some 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 recognized, 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 06/30/2009, 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** - In the first half of 2009 the compensation paid to the Board of Directors and management of BANESTES Multiple totaled R\$743 (R\$682 in the first half of 2008) and BANESTES (Consolidated) R\$1.353 (R\$1.224 in the first half of 2008).

### f. Other Operating Revenues

Description	BANESTES MULTIPLE		BANESTES CONSOLIDATED	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
Recovery of Charges and Expenses .....	3.090	9.656	3.462	9.238
Reversal of provisions - Civil Contingencies .....	4	302	4	302
Reversal of provisions – Labor contingencies .....	–	3.909	–	3.909
Reversal of provisions – Other .....	26.813	1.384	26.857	1.386
Monetary adjustment of escrow deposits.....	7.971	5.606	8.437	6.028
Interest on the Provision for the payment of INSS benefit..	1.757	1.727	1.757	1.727
Other operating revenues - Interest on equity capital and dividends .....	1.125	1.012	1.125	1.012
Monetary gains.....	–	15	–	15
Financial income on insurance operations.....	–	–	647	846
Other operating revenues .....	1.377	1.141	3.931	3.143
<b>Total</b> .....	<b>42.137</b>	<b>24.752</b>	<b>46.220</b>	<b>27.606</b>

### g. Other operating expenses

Description	BANESTES MULTIPLE		BANESTES CONSOLIDATED	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
Labor Contingencies .....	–	–	–	2
Civil contingencies.....	895	1.995	927	2.110
Tax contingencies.....	3.649	4.677	3.692	4.718
Contingencies - Other .....	12.720	1.097	12.720	1.097
Lending operations - Discounts granted .....	5.769	4.779	5.769	4.779
Interest on the amount collected of INSS .....	2.168	2.103	2.168	2.103
Monetary variation losses .....	339	533	358	553
INSS - Social charges - Labor claims .....	1.072	716	1.072	716
Collection expenses - insurance.....	–	–	1.433	49
Financial expenses - insurance operations.....	–	–	958	713
Other operating expenses.....	2.485	2.999	3.208	3.377
<b>Total</b> .....	<b>29.097</b>	<b>18.899</b>	<b>32.305</b>	<b>20.217</b>

## h. Non-Operating Income

Non-operating income is as follows:

Description	BANESTES MULTIPLE		BANESTES CONSOLIDATED	
	06/30/2009	06/30/2008	06/30/2009	06/30/2008
<b>Non-operating revenues</b> .....	<b>1.091</b>	<b>3.929</b>	<b>1.118</b>	<b>3.955</b>
Income on disposal of investments.....	–	59	–	59
Income on disposal of assets.....	348	272	375	308
Capital gains.....	182	114	182	114
Rental revenues.....	35	32	35	21
Reversal of provision for non-operating items - devaluation of other assets.....	10	1.120	10	1.120
Reversal of provision for non-operating items – other.....	264	139	264	139
Other non-operating revenues - Receivable from purchase of assets - Other.....	234	420	234	420
Other non-operating revenues – other (*).....	18	1.773	18	1.774
<b>Non-operating expenses</b> .....	<b>(786)</b>	<b>(938)</b>	<b>(809)</b>	<b>(938)</b>
Loss on disposal of assets.....	(24)	(10)	(41)	(10)
Capital losses.....	(633)	(816)	(633)	(816)
Expenses on provisions for non-operating items - devaluation of other assets.....	(12)	(22)	(12)	(22)
Expenses on provisions for non-operating items - Other.....	(63)	(41)	(63)	(41)
Other non-operating expenses.....	(54)	(49)	(60)	(49)
<b>Non-Operating Income</b> .....	<b>305</b>	<b>2.991</b>	<b>309</b>	<b>3.017</b>

(\*) In 2008, the sale of 22,193 Visa shares, in the total pre-tax amount of 1.593, was recorded in “Other non-operating income - 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 half year ended June 30, 2009, calculated in accordance with the New Basel Accord.

	BANESTES CONSOLIDATED 06/30/2009	
	Financial	Economic and financial
<b>Adjusted shareholders' equity</b> .....	<b>623.930</b>	<b>624.401</b>
(-) Revaluation surpluses.....	7.640	7.640
(-) Decrease in Deferred Charges.....	14.983	14.983
(-) Adjustment to market value.....	(16)	(16)
<b>(=) Tier 1 capital</b> .....	<b>601.323</b>	<b>601.794</b>
<b>(=) Tier 2 capital</b> .....	<b>7.624</b>	<b>7.624</b>
<b>(=) Tier 1 plus Tier 2 Equity Capital (a)</b> .....	<b>608.947</b>	<b>609.418</b>

### Capital Allocation (per Risk) - Resolution No. 3,490/2007 (as from 07/01/2008)

Credit risk (PEPR).....	409.494	403.125
Market risk.....	594	594
Operating risk.....	39.475	39.475
<b>Required Tier 1 capital + tier 2 capital (b)</b> .....	<b>449.563</b>	<b>443.194</b>
<b>Banking Portion Risk (Rban) (c)</b> .....	<b>66.735</b>	<b>66.735</b>
<b>Margin (a – b – c)</b> .....	<b>92.649</b>	<b>99.489</b>
<b>Capital adequacy (Basel Accord II)</b> .....	<b>14,90%</b>	<b>15,13%</b>

In the half year ended June 30, 2009, the consolidated financial Bank's Basel II capital ratio was 14,90% and the economic and financial consolidated Bank's Basel capital ratio was 15,13%, 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\$608.947, against a required tier 1 + tier 2 capital of R\$ 449.563 which, less the banking portion risk of R\$66.735, leads to a margin of R\$92.649 in relation to capital allocation. Regarding the economic and financial consolidated financial statements, tier 1 + tier 2 capital was R\$609.418, against a required tier 1 + tier 2 capital of R\$443.194 which, less the banking portion risk of R\$66.735, leads to a margin of R\$99.489 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.

The Basel capital ratio for the half year ended June 30, 2008 was calculated in accordance with Resolution No. 2099 passed by the Brazilian Monetary Council and additional regulations, and does not include the changes required to comply with the Basel II Accord. The indexes consisted of:

	<b>BANESTES CONSOLIDATED</b>	
	<b>06/30/2008</b>	
	<b>Financial</b>	<b>Economic and financial</b>
<b>Basel</b>		
Tier 1 capital + tier 2 capital .....	593.460	598.071
Risk-weighted assets .....	3.000.855	3.002.800
Capital adequacy .....	19,78%	19,92%

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

NOTE: As from (including) July 2008, Banco de Desenvolvimentos do Espírito Santo S.A. is no longer part of the consolidated financial statements in which BANESTES is the leading institution.

- 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 maximization, ultimately ensuring return on capital and in compliance with the economic environment.

Credit granting by branches is limited, whereas the Credit Committees analyze 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 restrict, and the monetary authority has firmly acted to reestablish 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 possible delays in their payments.

**k. Risk Management** - BANESTES' risk management is constantly improved pursuant to an integrated management of the main financial risks, allowing the Bank to reach its goals with an acceptable level of exposure to risks, not compromising the good performance of business. This allows a more efficient allocation of capital so as to optimize the stakeholders' capital through the best risk benefit ratio.

The main financial instrument risks arising from the Bank's businesses are the following: credit risk, market risk, liquidity risk. Managing these risks requires various policies and strategies. The Bank's risk management policies are conservative and seek to limit losses to a minimum.

A specific risk and internal control management position, directly subordinated to the Managing Director, was created to implement this model of risk management and strengthen the Bank's Corporate Governance. Specific units to manage and assess Credit, Market, Liquidity and Operating Risks, duly separated into the related business areas, were also created. An internal control and risk committee was also created to analyze and approve all the issues related to the Bank's internal control and risk management, comprising quality and quantity aspects. These issues are subject to the Bank's Management Panel and Board of Directors.

The Bank's management risk model also includes the dissemination of the risk and internal control management culture within the organization, and also the adoption of preventive and recovery measures in case of interruption of processes, to ensure the Bank's capacity to continue its business.

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

**k.1 Credit Risk** - Credit is defined as the expectation of receipt of a sum, within a previously determined period of time. While credit risk is the probability that the expectation is not met; it is the exposure to losses on the other party's default on the fulfillment of its obligation under the transaction.

Credit risk management is assigned to a department independent from the related business areas. The Bank's main purpose is the creation of fundamental areas of financial activity by means of a solid theoretical preparation followed by its practical application.

In order 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 systematized, 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 differences in terms, currencies and indexing units of the Bank's assets and liabilities portfolio.

Supervision allows the analysis of risk exposures regarding the limits established and the identification of trends by using specific models, as well as the control of capital requirements.

BANESTES uses statistical methodology to measure and manage the market risk of its positions, in line with the market's reality and the complexity of the transactions that it may perform. The Bank adopts the VaR (Value at Risk), measure of maximum loss expected in monetary amounts, under normal market conditions, over a period of 10 days, with a 99,00% confidence level chosen.

Considering our increased volume of floating-rate transactions, exposure level to market risk was in compliance with the variations observed in financial market. As of June 30, 2009 VaR was R\$594 thousand.

**Sensitivity Analysis** - BANESTES has been constantly improving its risk management using corporate governance best practices. The Bank manages market risk with the purpose of identifying and controlling all its exposures, using state-of-the-art tools and in compliance with requirements established by the Central Bank of Brazil following the New Basel Accord (BIS II).

Operating limits are proposed by the Market Committee and analyzed by the Management Panel and the Board of Directors, according to the internal investment policy and the characteristics of the transactions.

Each operation, according to its purposes, may be classified 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.

This segregation of portfolios is in accordance with the classification criteria set forth on the Brazilian Monetary Council's Resolution No. 3,464/07 and Central Bank of Brazil's Circular Letter No. 3,354/07, which is based on the portfolio concepts defined by the New Basel Accord.

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 June 30, 2009.

**Scenario 2:** Possible situation. Worsening of 25% in market risk variables was assumed, considering the conditions as of June 30, 2009.

**Scenario 3:** Remote situation. Worsening of 50% in market risk variables was assumed, considering the conditions as of June 30, 2009.

The summarized results calculated are as follows:

<b>Risk factor</b>	<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 3</b>
Interest fixed rate.....	(2.123)	(6.688)	(11.238)
Currency.....	(5)	(130)	(259)

The Trading Portfolio comprises only public securities, repurchase and reverse repurchase agreements, and foreign currency.

Banking Portfolio operations were not included in the quantitative sensitivity analysis, because these calculations may provide inaccurate information to the users of the financial statements, given that these operations are accounted for at the yield 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 purpose of BANESTES’ liquidity risk management policy is to control mismatches of the settlement dates of transactions and positions, in addition to maintaining the level of liquidity of financial instruments. This monitoring uses statistical tests to guarantee comfortable and profitable cash for the Bank.

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** - BANESTES’ Operating Risk Management follows a set of guidelines established for all units and employees regarding existing processes and their respective controls. This allows the Bank to identify, assess, monitor and mitigate organizational risks.

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

The roles and responsibilities of each employee and units in the management of operational risks are clearly defined in the Bank’s internal policy, which is prepared and approved by the proper approval levels.

The Bank adopts the “Qualitative” and “Quantitative” approaches to properly manage operational risks. 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. Therefore, the Bank meets the requirements set forth by the Brazilian Monetary Council on Resolutions No. 3,380/06 and 3,490/07, which address the operational risk management structure and the required tier 1 + tier 2 capital, as well as Circular Letter No. 3,383/08 issued by the Central Bank of Brazil, which rules the calculation of the capital allocation portion for operating risk.

In compliance with Circular Letter No. 3,383/08 BANESTES strategically opted to change the capital allocation methodology called basic indicator approach for the Simplified Alternative Standardized Approach to calculate the portion of the required tier 1 + tier 2 capital referring to operational risk (POPR), which bases allocation on the distribution of operations among eight business areas (retail, commercial, corporate finance, trading and sales, payments and settlements, finance agent services, management of assets, and brokerage services). The capital to be allocated is obtained by applying 15% on the added amounts of the business areas “Commercial” and “Retail” (balance of lending operations, lease, other receivables from credit granting, and marketable securities not classified under trading portfolio), and 18% on the added amounts of the remaining business areas. For the “Commercial” and “Retail” areas, a spread of 0.035 is levied on the average of the half-year balances for each year corresponding to the period before the percentage referred to above. This procedure is adopted for the last six half-year periods, applying the reduction factor “Z” on the sum of both totals above. The choice of the Simplified Alternative Standardized Approach was approved by the Board of Directors on December 22, 2008 and informed to the Central Bank of Brazil on March 06, 2009, in accordance with Circular Letter No. 3,383/08.

At the same time, BANESTES studies other allocation models - Alternative Standardized Approach to analyze the better allocation option for the Bank.

BANESTES is concluding the implementation of a control and risk management tool to map process risks, control mitigation actions, calculate capital allocation, conduct control tests through self-assessment and to generate information about operating risk losses.

**k.5 Money Laundering Prevention** - In order to preserve its image and prevent the Bank from being used to commit the crimes described in Federal Act No. 9,613/98 which addresses the matter, BANESTES has improved the rules of its monitoring system to detect and avoid situations characterized as money laundering by law. Suspect situations are analyzed by the Money Laundering Prevention Committee, coordinated by the Risk and Control Management and made up of the Business, Internal Control, Master File, Legal, Internal Audit, Deposit Account and Security Departments.

Adding to its actions and in line with market best practices, the Bank has been promoting money laundering prevention culture, continuously providing training courses to its staff with the purpose of informing them about the legislation.

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

<b>Funds</b>	<b>06/30/2009</b>	<b>06/30/2008</b>
Fundo BANESTES Giro Fix - Bonificado - long-term fixed income.....	23.571	27.112
Fundo BANESTES Institucional - fixed income.....	75.521	79.479
Fundo BANESTES Investidor - short-term.....	156.733	113.799
Fundo BANESTES Invest Money - fixed income.....	199.044	118.613
Fundo BANESTES Invest Public - fixed income.....	319.220	315.944
Fundo BANESTES Institucional - fixed income.....	25.757	-
Fundo BANESTES Reserva Capitalização - fixed income.....	26.099	27.044
Fundo BANESTES VIP - DI - Referenciado - long-term.....	262.933	295.575
<b>Total</b> .....	<b>1.088.878</b>	<b>977.566</b>

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

<b>Funds/Clubs</b>	<b>06/30/2009</b>	<b>06/30/2008</b>
Stock funds.....	6.433	8.863
Investment club - Marlin Azul.....	-	2.524
<b>Total</b> .....	<b>6.433</b>	<b>11.387</b>

**m. Termination Policy** - Given the permanent need to renovate the Bank's personnel the Management Panel enacted Resolution No. 696 on March 26, 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 labor 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 statement of income for the first half of 2008 of BANESTES Consolidated) was reclassified, due to the adjustments in the elimination of retained premiums and Other Operating Revenues, as shown below:

<b>Description</b>	<b>BANESTES CONSOLIDATED</b>	
	<b>From:</b>	<b>To:</b>
Retained Premiums.....	48.823	48.257
Other Operating Revenues.....	27.040	27.606

**27. SIGNIFICANT FACTS****a. Recalculation of the Payment of Interest on Equity Capital and Dividends for 2009**

The policy on the payment of Interest on Equity Capital and Dividends of BANESTES for 2009 approved by the Bank's Board of Directors on February 16, 2009 is restricted to the limit of deductibility of TJLP of each quarter, according to the legislation in force and the monthly accrued amount calculated of the Statutory Minimum Dividends, corresponding to 25% of adjusted net income, as established in the Bank's by-laws.

As the TJLP reduced from 6,25% to 6,00% p.a., interest on equity capital of the months from July to December 2009 was recalculated to R\$2.797.438,89 (two million, seven hundred and ninety-seven thousand, four hundred and thirty-eight Brazilian reais and eighty-nine cents) and to R\$0,018466351 per common and/or preferred share. The monthly payment of the Interest on Equity Capital fixed for the following months continues, and the beneficiaries are the shareholders included in the records of the Bank up to the last business day of each month. They payment is made in the first day of the second month following reference date, as informed in the significant fact disclosed on July 14, 2009.

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

On June 22, 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 February 5, 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 August 25, 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 strategical and business decisions.

**BOARD OF DIRECTORS**

Roberto da Cunha Penedo (Presidente)  
Constantino Colodetti  
Haroldo Corrêa Rocha  
Jesse Gomes de Alvarenga  
José Armando de Figueiredo Campos  
Leandro Antônio da Silva Tavares  
Neivaldo Bragato  
Paulo Roberto Mendonça França  
Sérgio Aboudib Ferreira Pinto

**MANAGEMENT**

Paulo Roberto Mendonça França (Presidente)  
Anderson Ferrari Júnior  
Bruno Curty Vivas  
Mônica Campos Torres  
Ranieri Feres Doellinger  
Ronaldo Hoffmann  
Usiel Carneiro de Souza

**AUDIT COMMITTEE**

Bruno Pessanha Negrís  
Luiz Carlos Menegatti  
Ronaldo Soares Vieira

**ACCOUNTANT**

Anselmo Custódio Lamas Lopes  
Regional Association of  
Accountants of Espírito Santo State  
CRC-ES 8.896/O-1