



RELACIONAMENTO DE VERDADE



December 31, 2011

Complete Financial Statements

Banco Votorantim S.A.

Individual and consolidated financial statements

December 31, 2011 and 2010

Contents

Management report

Independent auditors' report on financial statements

Individual and consolidated balance sheets

Individual and consolidated statements of income

Statements of changes in shareholders' equity

Individual and consolidated statements of cash flows

Individual and consolidated statements for added value

Notes to the financial statements

2011 Management Report

To our Shareholders,

In compliance with legal and statutory provisions, we submit to your appreciation the Management Report and the individual and consolidated financial statements of Banco Votorantim S.A. ("Banco Votorantim") related to the fiscal year ended December 31, 2011 and 2010, accompanied by respective notes and independent auditors' report.

1. Economic Environment and Bank Sector

The year of 2011 was marked by important world events that interrupted the strong economic growth of the previous year. The development of the crisis in European countries and the uncertainties over American economy and Chinese growth performance have maintained the high uncertainty over the world scenario and the volatility of asset prices.

In general, the privileged position of Brazilian economy as compared to other economies has generated business opportunities in the national capital markets and attracted a high flow of foreign capital that has increased international reserves to US\$ 352 billion. GDP shall close 2011 with a healthy growth around 2.8%, driven by domestic consumption. Trade balance amounted to US\$ 29.8 billion benefiting from the high international prices of commodities and the all-time high agricultural crop.

Notwithstanding the good bases of Brazilian economy, the Brazilian domestic scenario has been significantly changed by the implantation of regulatory changes, such as macro-prudential actions, which aimed at moderating the credit expansion pace and controlling inflation. Among the main actions, Bacen announced in Dec.10 the Circular Letter 3,515, which increased capital requirements for auto finance and payroll loans, especially impacting the institutions more concentrated in consumer finance, as Banco Votorantim. Circular Letter 3,515 was revoked in Nov.11 by Circular Letter 3,563.

Under this new economic-regulatory context, marked by high levels of inflation, increased interest rates in loans to individuals, among other factors, the market registered deterioration in credit quality to individuals. Bacen data show that while the delinquency of individuals increased 29% in 2011, the delinquency in auto finance market doubled (5.0% in Dec.11; 2.5% in Dec.10). It should be noted that auto finance segment represents 60% of managed credit portfolio (including credit assignments) of Banco Votorantim.

Some actions to keep the country in a sustainable course have already been adopted, such as the resumption of an expansionist monetary policy. Banco Votorantim's Economics Department projects expansion of 3.0% of GDP in 2012, slightly below the estimated potential of the economy, due to the indirect effects of the crisis and the lower performance of the productive sector. Taking into account these two latter factors, an accommodation, although negligible, of domestic consumption in 2012 is expected. Delinquency in individuals segment is expected to maintain its upward course in 1Q12, as a consequence of available extended payroll slowdown caused by a higher inflation in 2011. In fact, market data on short-term defaults (between 15 and 90 days) began to weaken at the end of the year and indicate that the peak in delinquency shall be observed between 1Q12 and 2Q12. Reinforces this expectation the readjustment rating of 14.1% of the minimum wage (R\$ 622), in force since Jan.12. Furthermore, the proxy of GDP calculated by the Central Bank (IBC-Br) returned to register economic growth from Nov.11.

2. Key Information – Consolidated Position

	2011	2010	Δ
Results (R\$ Million)			
Gross Financial Margin (a)	5,009	4,607	8.7%
Allowance Loan Losses (b)	(3,343)	(1,189)	181.2%
Gross Income from Financial Operations (a - b)	1,666	3,418	-51.3%
Income from Rendered Services	1,247	1,373	-9.2%
Administrative and Personnel Expenses	(2,431)	(2,170)	12.0%
Operating Results	(340)	1,988	-117.1%
Net Income (Loss)	(201)	1,015	-119.8%
Balance Sheet (R\$ Million)			
Total Assets	112,445	107,818	4.3%
Loan Portfolio ¹	58,726	56,816	3.4%
Wholesale Segment	20,916	19,602	6.7%
Consumer Finance Segment	37,810	37,214	1.6%
Guarantees Provided	11,859	10,252	15.7%
Credits Assignments with Recourse	15,360	11,137	37.9%
FIDCs	5,182	2,410	115.0%
Funding Sources	79,514	67,359	18.0%
AuM	42,985	31,414	36.8%
Shareholders' Equity	8,041	8,389	-4.1%
Capital (Basel Index)	12,054	11,845	1.8%
Management Indicators (%)			
Return on Average Equity ²	-2.4%	12.7%	-15.1 p.p.
Efficiency Ratio (ER) - Accrued for the last 12 months ³	40.0%	36.9%	3.1 p.p.
Basel Index	14.1%	13.1%	1.0 p.p.

1. Excludes guarantees provided; 2. Ratio between net income and average equity of the period (annualized ratio); 3. ER: Administrative and personnel Expenses/(gross financial margin + income from rendered services and banking fees + other operating income/expenses + fiscal hedge adjustment).

3. Business Performance

Banco Votorantim operations are carried out by a group of controlled institutions that operate in the financial market in an integrated manner, including with respect to risk management. Such controlled companies include BV Financeira, BV Leasing, Votorantim Asset Management and Votorantim Corretora de Títulos e Valores Mobiliários.

Banco Votorantim relies on a robust and committed shareholder base (Votorantim Group and Banco do Brasil - BB) and a diversified business portfolio of wholesale banking, consumer finance, and asset management. These factors allied to a strategic partnership with BB, place Banco Votorantim in a privileged position to occupy the space created by bank consolidation and to capture business opportunities associated with the expansion of the middle class and the increase in infrastructure investment.

However, economic-regulatory shifts and the worsening of the international crisis have changed the Brazilian banking scenario in 2011, imposing challenges mainly to financial institutions more focused on consumer finance, such as the controlled company BV Financeira. This new

economic-regulatory context was accompanied by higher inflation and systemic increase in levels of delinquency of individuals, especially in the auto finance segment, which represents 60% of the managed credit portfolio (with credit assignments) of Banco Votorantim.

The consolidated results of Banco Votorantim totaled R\$ -201 million (R\$ -656 million in 4Q11), impacted by two main factors: increase in market delinquency of auto finance and higher prudence in provisions from 4Q11, marking the beginning of a prudential adjustment process, which will continue in 2012.

The Consumer Finance segment had its results impacted primarily by rising auto finance delinquency in the market, which represents 81% of BV Financeira's managed credit portfolio, and higher conservativeness in the treatment of provisions (e.g. civil and labor, credit assignments). In addition, expenses related to early settlements of assigned credits also affected 2011 Consumer Finance results.

The Wholesale segment composed of the Middle Market, Corporate & Investment Banking (CIB), Asset Management and Private Bank, posted strong operating performance in 2011, advancing in the main business in line with the strategic plan.

In the Middle Market, the expanded credit portfolio (with guarantees provided) reached R\$ 9.0 billion, up 51% in 12 months, with efficiency gains and delinquency under control (1.6% in Dec.11). In CIB there was strengthening of the capital discipline and of value-added product platform (e.g. derivatives, corporate finance, international distribution). With regards to asset management, in 2011 there was an increase of 37% in the volume of assets under management by Votorantim Asset Management, which deepened its partnership with the BB and consolidated its position as the 9th largest asset in the market by ranking managers Anbima, with innovative products. The Private Bank, in turn, achieved 28% growth in volume of assets under management and 29% increase in its client's base over the past 12 months, focusing on integrated estate planning through customized solutions.

The net margin from Wholesale clients grew 50% in 2011, despite the implementation of prudential non-recurring adjustments, as the completion of credit provision processes for cases related to 2008 financial crisis and the prudential increase of the Middle Market coverage ratio.

Even in this context of results, Banco Votorantim has significantly strengthened its quality of credit risk:

- Funding: following the successful average tenor extension, the slowdown of credit portfolio growth substantially reduced the need for additional funding;
- Liquidity: cash at substantially higher level (50% above the average level of 2010). In addition, Banco Votorantim has a stand-by credit facility with its shareholder Banco do Brasil, equal to its shareholders' equity, which represents an important source of liquidity and that was never used;
- Coverage ratio: prudential increase of Middle Market coverage ratio and maintenance of Corporate coverage ratio at an appropriate level; and
- Capital: Basel index closed Dec.11 at 14.1%, 100 basis points above Dec.10.

Banco Votorantim has adopted, fully supported by the shareholders (Banco do Brasil and Votorantim Group), a series of strategic initiatives in order to resume its growth with profitability:

- Improvement of Consumer Finance credit policies and operational procedures, and review of sales force incentive. On Nov.11, for example, the delay indicator of the first

installment ("Inad 30") for light vehicle financing returned to the historical level of BV Financeira, indicating the improved risk profile of recent auto loan originations;

- Review of collection processes, including intensification of recovery campaigns and use of billing rules according to client's profile;
- Constitution of the Operational Review Committee (CRO) composed of shareholder representatives working jointly with Banco Votorantim team to identify and implant operational improvements in BV Financeira;
- Increased efficiency in cost management, with the creation of a specific committee (CAAD) to review and approve expenditures;
- Aggregation to the executive board of several experienced professionals in areas such as consumer finance business, consumer finance loans, wholesale business, among others.

In 2012 Banco Votorantim will continue its prudential adjustment process, advancing in the initiatives from its Change Agenda, especially in Consumer Finance:

- Achieving efficiency gains in operational processes and synergies with the integration and consolidation of corporate areas, resulting in cost savings in 2012 and 2013;
- Broadening the focus of BV Financeira towards multi-brand dealers in order to originate loans to its own portfolio; and
- Consolidation of the new origination model with the strategic partner Banco do Brasil ("BV Financeira Originadora").

Even with the adoption of these initiatives, the results in 2012 will continue to be pressed by four factors:

- Changes in regulation, with the entry into force of Resolution 3,533, amending the form of revenues recognition for credit assignments with recourse;
- Registration of delinquency levels above the historical average of the portfolios originated by BV Financeira up to Sept.11;
- Elevation of prudential credit portfolio coverage ratio; and
- Focus on more profitable businesses, with reduced originated volumes compared to the average for 2010/2011.

Wholesale operations, in turn, shall present good performance in all businesses (Corporate & Investment Banking, Middle Market, Asset Management and Private Bank).

In summary, the strategies and initiatives adopted, whose effects are evident both in maintaining the good performance of Wholesale, and mainly in the generation of good businesses with profitability in Consumer Finance, will allow Banco Votorantim to resume its path of sustainable growth with profitability in the coming years.

This process of prudential adjustment started in 4Q11, relies on full support of shareholders, who are committed to maintaining the capital structure at appropriate levels, inclusive through capital investment. The shareholders' commitment also extends to the preparation of Banco Votorantim to the new regulatory context of Basel III.

For more information on the consolidated financial performance of Banco Votorantim, see "4Q11 Earnings Release" in the Investor Relations website (www.bancovotorantim.com.br/ir).

4. Advances in Strategic Partnership with Banco do Brasil

Banco Votorantim and Banco do Brasil (BB) have explored joint opportunities in several business segments, with tangible improvements already achieved, such as:

- **Development of auto finance operation model:** following the establishment of a partnership in 2009, BV Financeira started to operate as an extension of BB to finance vehicles out of bank branches, which has contributed to the significant growth recorded over the last three years. Over that period, BV Financeira consolidated its leading position in multi-brand dealers and significantly expanded its presence in new car dealers. Given the new economic-regulatory context, Banco Votorantim has given priority to own origination in dealer segment, in which it has a recognized expertise, and will endeavor to structure in 2012 a new BB origination model (“BV Financeira Originadora”) focused on the concessionaire segment.
- **Asset securitization:** under the Operational Agreement, BB regularly acquires credit assets portfolios originated by BV Financeira with recourse. The balance of assets assigned to BB reached R\$ 14.5 billion in Dec.11, of which R\$ 10.3 billion were auto loans and the remainder payroll loans. This program is advantageous to both institutions. It combines Banco Votorantim's high asset origination capability with BB's broad funding base. Given the new economic-regulatory scenario and the entry in force of Bacen's Circular Letter 3,533 in Jan.12, which changes the accounting rules for credit assignment operations, Banco Votorantim and BB have worked jointly to develop a model for BV Financeira operation in consumer finance, as described in the previous item.
- **Offer of investment products:** BB DTVM and Votorantim Wealth Management & Services (VWM&S), the consolidating structure of Banco Votorantim's asset management, have worked jointly to develop and distribute innovating and customized investment funds backed by receivables (FIDCs), Real Estate (FIIs), Private Equity (FIPs) and Private Credit investment funds. At the end of Dec. 11, the volume of funds associated to the partnership amounted to R\$ 2.4 billion, with emphasis on FIC BB Seleção Private, FII BB Renda Corporativa, FIDC Fênix (Lojas Americanas) and FIP-IE BB Votorantim Energia Sustentável I, II & III. The latter is an Infrastructure Equity Investment Fund for Renewable Energy segment, which is a pioneer in its kind.
- **Expansion of the business of Votorantim Corretora:** BB is making more extensive use of Banco Votorantim's brokerage firm to trade proprietary positions, investment funds and its consumer finance segment (via BB's home broker service).

5. Rating Agencies

Banco Votorantim closed 2011 with investment grade awarded by three leading rating agencies in recognition of its credit quality. In Jun.11, Moody's increased the rating for long-term deposits in foreign currency (from Baa3 to Baa2), and for long-term senior debt (from Baa2 to Baa1). In Dec. 11, S&P increased global ratings to BBB-/A-3. Fitch, in turn, maintained BBB- to IDRs in local and foreign currency.

Additionally, in 2011, Banco Votorantim conquered the highest Management grade rating (international) through its subsidiary Votorantim Asset Management, with a rating AMP-1 assigned by S&P.

6. Awards and Acknowledgements

The main awards and acknowledgements received by Banco Votorantim and its controlled companies in 2011 are listed below:

- **“10 Leading Banks in Latin America”**: an award granted to Banco Votorantim by *América Economía* magazine. Ranking of 250 Leading Banks in Latin America based on total assets, including 73 Brazilian financial institutions;
- **“Deal of the Year”**, Wind category: award granted for the second consecutive year by Project Finance/Euromoney Magazine – project SIIF Energias do Brasil;
- **Anbima ranking highlights in 2010 Project Finance operations**: ranked 5th as Financial Advisor for Concession Auction, 3rd as Organizer, and 3rd as Lender.
- **“2011 Top Management” in Fixed Income**, awarded to Votorantim Asset Management by *Valor Investe* magazine in partnership with Standard & Poor’s. In addition, twice in 2011, some of its funds were granted with the seal of **“Excellent Funds”** in the Ranking of “Best Funds for Institutional Investors” of *Investidor Institucional* magazine.
- **“100 Best Places to Work”**, Banco Votorantim and BV Financeira classification by *Época* magazine, “Great Place to Work 2011” edition.
- **“Best Companies to Work”** of *Guia Exame / Você S/A*, indicating BV Financeira for the 9th consecutive time in that ranking.
- **“Best in People Management”** of *Valor Carreira 2011*, ranking BV Financeira in 3rd place.

7. Corporate Governance

Since the strategic partnership between Votorantim Finanças and Banco do Brasil established in 2009, Banco Votorantim's governance was then divided between the two shareholders with a continuous improvement model to achieve more robustness and transparency, ensuring streamlined decision making - one of Banco Votorantim's strengths.

The governance is organized into two complementary competence levels: the first is composed of the Board of Directors and its Advisory Committees (Finance, Products & Marketing, and Human Resources), and includes the shareholders; the second is composed of the Executive Board and its Operational Committees involving Banco Votorantim executive leadership.

Additionally, Banco Votorantim counts on a Fiscal Council, which is an independent body established to supervise Banco Votorantim management acts, and an Audit Committee, which reports directly to the Board of Directors and also has supervisory duties.

The Board of Directors is composed of six members, where each shareholder has the same representation (three members each). Each member holds office for a two-year term, and the positions of Chairman and Vice-Chairman are annually alternated between both institutions. The Board of Directors meetings are periodically held to deliberate on strategic issues and track the business performance. With respect to decision-making process, the Board of Directors decisions are made by absolute majority.

The Executive Board, composed by the CEO and more five members (Vice-Presidents and Officers), is supported by a group of operational committees with the participation of main executives, which support and qualify the decision-making process. In 2011, the creation of the Cost Analysis and Approval Committee (CAAD - Comitê de Análise e Aprovação de Despesas) stands out, having the duty of supporting the management in the implementation of initiatives for a greater efficiency of cost management.

In 2011, as a part of the Change Agenda, Banco Votorantim also revised its organizational structure to obtain a greater integration of Wholesale and Consumer Finance corporate areas.

8. People Management

Banco Votorantim believes that an engaged team can be creative, contributing with innovative ideas and practices, becoming a distinction in business strategy and result achievement. To make this possible, Human Resources' involvement is critical during the organization's target development process.

Annual Human Resource planning summarizes and includes all the company's strategic guidelines based on keystones that make the achievement of business plans feasible. It includes:

- **Workforce Planning and Development:** to map actions to equip, prepare, train and qualify the employees for strategic guidelines;
- **Talent Management:** to monitor the individual performance of employees, identify talents, establish retention mechanisms and consolidate them by means of a succession program;
- **Culture and Environment:** to ensure that the workplace is consistent with the organization's culture, values and strategic guidelines.

Also with respect to culture and environment, in 2011 a new environment survey was introduced to keep the employees engaged and motivated over a period of strategic adjustments and changes in the organization. In addition to that survey, in 2011 Banco Votorantim expanded its existing channels of communication with employees, such as, for example, HR with You, Central HR and an internal consulting area for leaders. The CEO Blog was also created, which is an information exchange space that contributes to strengthening the relationship between all employees and the organization's top management.

This structural connection allows leaders and employees to work in a synergistic manner to promote the valuation of the organizational culture and the adoption of best practices, thus contributing to strengthening Banco Votorantim in the market by means of the following actions:

- **Attraction and Retention:** to strengthen Banco Votorantim brand by attracting professionals, with competitive characteristics and offering opportunities for professional growth;
- **Development:** to meet the organization's needs while qualifying the employees to perform their duties, thus promoting their professional and personal development through Business Schools, Leadership School and executive coaching programs;
- **Culture and Environment:** to ensure that the workplace is consistent with the organization's culture, values and strategic guidelines, as the major priorities for the continuity of the company. The organizational environment is continuously monitored by "Falando Francamente" (Plainly Speaking) program, which allows the employees' perception of our policies and practices to be objectively evaluated, thus contributing to both a proactive performance to improve the organizational environment and the engagement and satisfaction of all employees.

Banco Votorantim believes that valued, well-informed and engaged employees are more involved with and committed to the organization's objectives and have a better performance, as they perceive significance and a purpose in their work.

9. Sustainability

Concept of Sustainability is intrinsically related to the institution's business practices and our day-to-day operations. Through a continuous innovation, Banco Votorantim aims to establish ethical, transparent and everlasting relationships in the whole value chain and with all its stakeholders, with observance of all economic, social, environmental and human aspects of its processes.

To manage work fronts and implement good Sustainability performance practices, Banco Votorantim has created a Sustainability Committee made up of top executives of the organization and has established a Corporate Sustainability Policy to guide our relationships.

Sustainability sector activities are focused on the following matters – Business Sustainability, Intelligent Consumption and Social Investment.

Business Sustainability

Credit to individuals is an important banking instrument that may include several social classes and different levels of understanding in the society. Aware of this scenario, Banco Votorantim values the adoption of a credit concession process aimed to guide the client and meet his real possibilities and needs. The continued capacity building of professionals, tips in the website, tools to control personal finances and even attended presentations are some of the actions taken by Banco Votorantim to ensure a healthy financial life for its clients and allow the construction of everlasting relationships with good results for its whole business chain.

In corporate segment, Banco Votorantim has taken several actions to mitigate the indirect socio-environmental impacts and provide innovating solutions in its business chain. Among such practices, emphasis should be given to the improvement of credit concession process through the socio-environmental risk analysis of clients and the development of products with socio-environmental aspects. In 2011, a partnership with Serasa Experian was established to support the identification of clients with restrictive potentials in the socio-environmental area (e.g., government fines and the occurrence of slave labor), thus allowing a concession more inherent to the sustainable model. Also with respect to credit, Banco Votorantim has already started the training process of its business fronts in the dissemination of a sustainable culture, including employees specifically focused on the improvement of client base. With respect to investments, Banco Votorantim, through its subsidiary Votorantim Wealth, Management & Services, has developed equity investment funds for infrastructure in Renewable Energy segment, such as, for example, wind power and small hydroelectric plants.

As a guide and to reaffirm its commitment to Sustainability, since 2009 Banco Votorantim is a signatory of Green Protocol (“Protocolo Verde”). This protocol is a letter of intent between FEBRABAN, the Ministry for the Environment and signatory banks, which established principles to guide socio-environmental matters for the financial sector.

Intelligent Consumption

This includes actions to mitigate direct socio-environmental impacts from operations, such as material consumption, in relations with our whole supply chain. The international certification LEED CI GOLD conquered by Banco Votorantim's head office in 2011 is evidence of the adoption of strict socio-environmental criteria, from the construction to the installation of the building.

Social Investment

In 2011, Banco Votorantim published its Social Investment Policy and entered into partnerships with cultural, social and sport projects benefiting from the allocation of funds promoted, selected and validated by the Social Investment Commission.

In the cultural sector, funds have been allocated to projects developed by MASP, MAM, Instituto Baccarelli, OSESP, Mozarteum, among others. All projects include cultural dissemination, by valuing all popular movements and the expansion of the project's social impact.

In the social sector, funds have been allocated to several Municipal Children and Teenager Funds in areas that are strategic to Banco Votorantim and have demands in children and teenager matters, which are consistent with the Children and Teenager Statute (ECA).

Also, Viver Project stands out, which is the result of the corporate volunteering program through *Associação Viver em Família para um Futuro Melhor* (Living in Family for a Better Future Association), and the organization of ISS fund allocation system.

In the sports sector, funds have been allocated to sport democratization projects, with emphasis on three centers of the Sport and Education Institute and to the *Reação Olímpico* Project developed by Instituto Reação.

10. Acknowledgements

Banco Votorantim management is grateful to clients and shareholders for their confidence, as well as to all its employees for their continued effort and dedication.

São Paulo, February 2, 2012.

Management

Independent auditors' report on financial statements

To
The Board of Directors and Shareholders of
Banco Votorantim S.A.
São Paulo - SP

We have examined the individual and consolidated financial statements of Banco Votorantim S.A. referred as “Bank” and “Consolidated”, respectively, which comprise the balance sheet as of December 31, 2011 and the respective statements of income, changes in shareholders’ equity and cash flows for the year and semester then ended for the individual financial statements and for the year then ended for the consolidated financial statements and a summary of significant accounting practices and other accompanying notes to the financial statements.

Responsibility of management for the financial statements

The Bank's management is responsible for the preparation and adequate presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, and the internal controls it deemed necessary to enable the preparation of these financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

Responsibility of the Independent auditors

Our responsibility is to express an opinion on these financial statements based on our auditing, carried out in accordance with the Brazilian auditing and international accounting standards. These standards require the fulfillment of ethical requirements by the auditors and that the audit be planned and performed for the purpose of obtaining reasonable assurance that the financial statements are free of significant distortions.

An audit involves the carrying out of procedures selected to obtain evidence related to the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of significant distortion in the financial statements, regardless of whether the latter are caused by fraud or error. In this risk assessment, the auditor considers relevant internal controls for the preparation and adequate presentation of the financial statements of the Bank, to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the efficacy of these internal controls of the Bank. An audit also includes the assessment of the adequacy of adopted accounting practices and reasonability of accounting estimates made by Management, as well as an assessment of the presentation of financial statements taken as a whole.

We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

An opinion on the individual and consolidated financial statements

In our opinion, the individual and consolidated aforementioned financial statements present fairly, in all material respects, the financial position of Banco Votorantim S.A. at December 31, 2011, the performance of its operations and its cash flows for the year and semester then ended for the individual financial statements and for the year then ended to the consolidated financial statements, in accordance with Brazilian accounting practices applicable to institutions authorized to operate by the Brazilian Central Bank.

Other issues - Statements of added value

We have also reviewed the individual and consolidated statements of added value of Banco Votorantim S.A. for the year ended at December 31, 2011, whose presentation has been carried out in a spontaneous manner by the Bank. These statements were submitted to the same audit procedures previously described and, in our opinion, these supplementary statements are adequately presented, in all material respects, in relation to the basic financial statements taken as a whole.

São Paulo, February 2, 2012

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Alberto Spilborghs Neto
Accountant CRC 1SP167455/O-0

Luciana Liberal Sâmia
Accountant CRC 1SP198502/O-8

Banco Votorantim S.A.

Balance sheets

December 31, 2011 and 2010

(In thousands of Reals)

	Bank		Consolidated			Bank		Consolidated	
	2011	2010	2011	2010		2011	2010	2011	2010
Assets					Liabilities				
Current assets	85,908,275	71,912,391	63,500,489	67,902,934	Current liabilities	79,979,540	66,407,835	65,889,021	68,833,350
Cash	92,828	68,530	187,543	150,621	Deposits	19,814,202	18,564,155	19,633,655	18,353,701
Interbank funds applied	38,977,931	22,841,765	15,949,051	14,117,068	Demand deposits	357,307	305,007	431,764	309,431
Money market repurchase commitments	13,665,117	12,844,173	13,665,117	12,844,173	Interbank deposits	1,838,218	846,788	1,624,132	643,087
Interbank deposits	25,067,861	9,910,265	2,027,314	1,185,568	Time deposits	17,598,777	17,412,210	17,577,759	17,401,033
Foreign currency investments	244,953	87,327	256,620	87,327	Other deposits	-	150	-	150
Securities and derivative financial instruments	30,242,921	32,443,446	12,399,533	18,198,716	Money market repurchase commitments	29,141,096	31,548,633	29,141,169	30,252,996
Own portfolio	4,753,118	5,728,968	7,204,930	8,446,597	Own portfolio	22,814,362	21,247,154	22,814,435	20,861,476
Subject to repurchase commitments	23,095,311	21,318,546	2,952,471	4,633,065	Third-party portfolio	6,326,734	7,770,634	6,326,734	6,860,675
Derivative financial instruments	1,228,717	1,266,020	1,031,826	948,121	Free portfolio	-	2,530,845	-	2,530,845
Subject to guarantees provided	1,165,775	4,129,912	1,210,306	4,170,933	Acceptances and endorsements	3,536,547	1,682,349	5,156,343	3,249,475
Interbank investments	6,032,915	6,310,423	6,032,915	6,310,423	Funds from housing bonds, mortgage notes, letters of credit and alike	3,322,194	696,187	3,322,194	696,187
Brazilian Central Bank deposits	5,846,931	6,212,534	5,846,931	6,212,534	Debtsecuritization funds	-	-	1,619,796	1,567,126
Interbank repasses	157,524	72,219	157,524	72,219	Securities issued abroad	214,353	986,162	214,353	986,162
Correspondents	28,460	25,670	28,460	25,670	Interbank funds applied	122,735	32,040	122,735	32,040
Loan operations	9,024,397	8,372,061	23,016,660	21,302,491	Third-party funds in transit	122,735	32,040	122,735	32,040
Public sector	28,087	26,360	28,087	26,360	Internal funds transfer	-	-	218	3
Private sector	9,212,743	8,404,466	24,705,130	21,822,895	Liabilities from borrowings and outendings	5,304,683	6,336,105	5,307,008	6,337,430
Allowance for doubtful loan losses	(216,433)	(58,765)	(1,716,557)	(546,764)	Borrowings in local currency - Other institutions	3,938	21,357	3,938	21,357
Lease operations	-	-	2,736,989	4,014,857	Foreign borrowings	2,547,796	3,649,406	2,547,796	3,649,406
Lease receivable - Private sector	-	-	4,070,754	5,839,045	Outending in the country - Official institutions	2,732,949	2,665,342	2,735,274	2,666,667
Unearned income from leasing	-	-	(1,224,782)	(1,754,650)	National Treasury	121,474	50,838	121,474	50,838
Provision for doubtful commercial leasing receivables	-	-	(108,983)	(69,538)	BNDES	1,580,875	1,532,607	1,580,875	1,532,607
Other receivables	1,416,694	1,866,943	2,833,175	3,624,557	FINAME	1,050,600	1,081,897	1,052,925	1,083,222
Foreign exchange portfolio	885,166	1,292,751	885,166	1,292,751	Derivative financial instruments	20,477,273	6,025,418	2,882,998	4,758,587
Income receivable	29,572	4,695	48,669	27,691	Derivative financial instruments	20,477,273	6,025,418	2,882,998	4,758,587
Securities clearing accounts	102,446	78,748	129,844	97,275	Other liabilities	1,583,004	2,219,135	3,644,895	5,849,118
Other	488,209	528,996	1,818,195	2,244,687	Collection and levy of taxes and alike	10,573	9,770	21,919	24,292
(Allowance for other doubtful accounts)	(48,699)	(37,847)	(48,699)	(37,847)	Foreign exchange portfolio	71,323	1,368,672	71,323	1,368,672
Other assets	120,589	9,223	344,623	184,201	Social and statutory	44,121	202,883	99,555	379,649
Other assets	-	4,264	97,210	87,719	Tax and social security	167,789	274,832	661,300	1,199,774
Prepaid expenses	120,589	4,959	247,413	96,482	Securities clearing accounts	7,855	64,521	63,760	128,471
Long-term assets	38,705,550	42,969,525	48,700,046	39,707,526	Subordinated debts	1,136,579	-	1,136,579	1,451,075
Interbank funds applied	17,090,710	24,941,264	357,521	884,842	Other	144,764	298,457	1,390,459	1,297,185
Interbank deposits	17,090,710	24,941,264	357,521	884,842	Long-term liabilities	39,060,528	43,217,775	38,472,387	30,553,546
Securities and derivative financial instruments	10,138,050	7,076,935	14,333,078	6,964,284	Deposits	6,074,340	5,294,904	5,990,988	5,244,755
Own portfolio	4,674,307	2,039,283	7,705,774	2,039,283	Interbank deposits	1,315,423	133,328	1,232,071	83,179
Subject to repurchase commitments	3,374,859	3,428,472	3,374,859	3,428,472	Time deposits	4,758,917	5,161,576	4,758,917	5,161,576
Derivative financial instruments	946,390	941,710	610,651	829,059	Money market repurchase commitments	4,384,455	4,126,924	4,393,826	4,126,924
Subject to guarantees provided	1,142,494	667,470	2,641,794	667,470	Own portfolio	4,375,990	4,058,757	4,385,361	4,058,757
Loan operations	10,367,952	10,444,174	28,687,876	29,635,739	Free portfolio	8,465	68,167	8,465	68,167
Public sector	25,330	30,658	25,330	30,658	Acceptances and endorsements	11,198,949	5,602,215	12,710,301	7,048,656
Private sector	10,730,082	10,582,588	29,872,377	30,053,623	Funds from housing bonds, mortgage notes, letters of credit and alike	5,481,082	3,704,923	5,481,082	3,704,923
Allowance for doubtful accounts	(387,460)	(189,072)	(1,209,831)	(468,542)	Debtsecuritization funds	-	-	1,511,352	1,446,441
Lease operations	-	-	378,558	209,697	Securities issued abroad	5,717,867	1,897,292	5,717,867	1,897,292
Lease receivable - Private sector	-	-	2,004,711	1,612,702	Liabilities from borrowings and outendings	6,149,588	4,889,911	6,171,354	4,917,050
Unearned income from leasing	-	-	(1,503,896)	(1,372,360)	Borrowings in local currency - Other institutions	11,341	-	11,341	-
Provision for doubtful commercial leasing receivables	-	-	(122,257)	(30,645)	Foreign borrowings	2,600,322	588,024	2,600,322	588,024
Other receivables	959,512	493,252	3,778,523	1,547,539	Outending in the country - Official institutions	3,537,925	4,301,887	3,559,691	4,329,026
Securities clearing accounts	10,105	-	10,105	-	National Treasury	33,615	22,500	33,615	22,500
Other	949,407	493,252	3,768,418	1,547,539	BNDES	1,920,088	2,548,720	1,920,088	2,548,720
Other assets	149,326	13,900	1,164,490	465,425	FINAME	1,584,242	1,730,667	1,606,008	1,757,806
Other assets	5,007	-	5,007	-	Derivative financial instruments	4,323,763	17,179,956	520,386	1,662,401
Prepaid expenses	144,319	13,900	1,159,483	465,425	Derivative financial instruments	4,323,763	17,179,956	520,386	1,662,401
Permanent assets	2,509,528	3,174,331	244,168	207,132	Other liabilities	6,929,433	6,123,865	8,685,532	7,553,760
Investments	2,421,870	3,093,123	62,910	54,761	Tax and social security	668,702	640,886	2,334,278	1,961,185
Ownership interest in Brazilian subsidiaries	2,337,943	3,023,080	281	-	Securities clearing accounts	-	24,966	-	24,966
Ownership interest in subsidiaries abroad	59,276	46,774	-	-	Subordinated debts	6,260,731	5,453,187	6,260,731	5,453,187
Other investments	35,685	33,567	105,070	94,817	Other	-	4,826	90,523	114,422
Provision for losses	(11,034)	(10,298)	(42,441)	(40,056)	Deferred income	41,866	41,760	41,866	41,760
Fixed assets	37,947	41,979	110,436	87,786	Interest of non-controlling quotaholders	-	-	10	59
Other fixed assets for use	81,602	77,882	197,215	153,811	Shareholders' equity	8,041,419	8,388,877	8,041,419	8,388,877
Accumulated depreciation	(43,655)	(35,903)	(86,779)	(66,025)	Capital	5,026,841	4,026,841	5,026,841	4,026,841
Intangible assets	20,050	7,035	40,250	20,691	Domestic	585,104	585,104	585,104	585,104
Intangible assets	20,050	7,035	47,483	23,806	Capital reserves	2,504,820	3,834,288	2,504,820	3,834,288
Accumulated amortization	-	-	(7,233)	(3,115)	Profit reserves	(75,346)	(57,356)	(75,346)	(57,356)
Deferred assets	29,661	32,194	30,572	43,804	Equity assessment adjustments	-	-	-	-
Organizational and expansion expenses	35,128	35,130	43,166	83,869					
Accumulated amortization	(5,477)	(2,936)	(12,594)	(39,966)					
Total assets	127,123,353	118,056,247	112,444,703	107,817,592	Total liabilities	127,123,353	118,056,247	112,444,703	107,817,592

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Statements of income

Years ended December 31, 2011 and 2010 and semester ended December 31, 2011

(In thousands of Reais, except net income for the period per thousand quotas)

	Bank			Consolidated	
	2nd semester	Years		Years	
	2011	2011	2010	2011	2010
Financial operations income	<u>7.109.757</u>	<u>11.905.092</u>	<u>7.630.392</u>	<u>17.644.775</u>	<u>13.189.891</u>
Loans	1.605.067	2.635.277	1.815.724	11.092.364	8.087.575
Lease operations	-	-	-	2.095.773	2.640.143
Securities income	6.091.594	11.336.910	8.471.561	4.862.081	4.313.478
Derivative financial instruments	(1.013.864)	(2.836.318)	(3.015.793)	(1.174.603)	(2.210.189)
Foreign exchange operations	91.300	106.646	30.310	106.583	30.294
Compulsory deposits	335.660	662.577	328.590	662.577	328.590
Financial operations expenses	<u>(7.233.104)</u>	<u>(11.111.306)</u>	<u>(6.363.163)</u>	<u>(15.979.024)</u>	<u>(9.772.171)</u>
Deposits, money market and interbank funds	(6.035.592)	(9.786.813)	(6.086.210)	(10.129.156)	(6.357.153)
Loans, assignments and onlendings	(918.218)	(904.073)	(206.717)	(905.686)	(209.071)
Lease operations	-	-	-	(1.601.305)	(2.016.982)
Foreign exchange income	-	-	-	-	-
Allowance for loan losses	(279.294)	(420.420)	(70.236)	(3.342.877)	(1.188.965)
Gross income from financial operations	<u>(123.347)</u>	<u>793.786</u>	<u>1.267.229</u>	<u>1.665.751</u>	<u>3.417.720</u>
Other operating income/ (expenses)	<u>(821.325)</u>	<u>(1.046.690)</u>	<u>56.338</u>	<u>(2.005.290)</u>	<u>(1.429.354)</u>
Income from rendered services	156.976	269.533	254.891	480.787	568.890
Income from banking fees	5.258	10.036	1.246	765.986	804.464
Personnel expenses	(165.772)	(326.503)	(287.909)	(858.650)	(774.724)
Other administrative expenses	(157.984)	(316.360)	(345.351)	(1.572.587)	(1.395.344)
Tax expenses	(77.930)	(178.737)	(148.403)	(622.804)	(580.428)
Equity in income of associated companies and subsidiaries	(712.380)	(603.366)	582.510	(321)	-
Other operational income	143.655	160.377	56.510	246.385	122.989
Other operational expenses	(13.148)	(61.670)	(57.156)	(444.086)	(175.201)
Operating results	<u>(944.672)</u>	<u>(252.904)</u>	<u>1.323.567</u>	<u>(339.539)</u>	<u>1.988.366</u>
Non-operating results	<u>(988)</u>	<u>995</u>	<u>(8.975)</u>	<u>(75.689)</u>	<u>(28.567)</u>
Income before taxation and profit sharing	<u>(945.660)</u>	<u>(251.909)</u>	<u>1.314.592</u>	<u>(415.228)</u>	<u>1.959.799</u>
Income and social contribution taxes	<u>240.296</u>	<u>172.125</u>	<u>(152.694)</u>	<u>569.524</u>	<u>(546.575)</u>
Provision for income tax	13.924	10.384	(62.211)	(28.850)	(690.982)
Provision for social contribution	6.337	333	(43.703)	(162.541)	(206.874)
Deferred tax assets	220.035	161.408	(46.780)	760.915	351.281
Profit sharing	<u>(36.300)</u>	<u>(121.294)</u>	<u>(146.651)</u>	<u>(355.373)</u>	<u>(397.987)</u>
Net income (loss) before interest of non-controlling shareholders	<u>(741.664)</u>	<u>(201.078)</u>	<u>1.015.247</u>	<u>(201.077)</u>	<u>1.015.237</u>
Interest of non-controlling shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>10</u>
Net income (loss) for the period	<u>(741.664)</u>	<u>(201.078)</u>	<u>1.015.247</u>	<u>(201.078)</u>	<u>1.015.247</u>
Net income (loss) per thousand shares (R\$)	<u>(9,10)</u>	<u>(2,47)</u>	<u>12,45</u>		

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Statements of changes in shareholders' equity

Years ended December 31, 2011 and 2010 and semester ended December 31, 2011

(In thousands of Reals)

	Capital		Capital reserves	Profit reserves			Equity value adjustments	Retained earnings	Total
	Realized capital	Capital increase		Legal	Expansion	Tax incentives			
Balances at December 31, 2009	3.544.896	-	617.049	343.821	2.716.341	-	(76.664)	-	7.145.443
Paid-up capital	450.000	-	-	-	-	-	-	-	450.000
Capital increase	-	31.945	(31.945)	-	-	-	-	-	-
Equity assessment adjustments	-	-	-	-	-	-	19.308	-	19.308
Net income	-	-	-	-	-	-	-	1.015.247	1.015.247
Distribution of net income:									
Legal reserve	-	-	-	50.762	-	-	-	(50.762)	-
Dividends and interest on own capital	-	-	-	-	-	-	-	(241.121)	(241.121)
Expansion reserve	-	-	-	-	723.364	-	-	(723.364)	-
Balances at December 31, 2010	<u>3.994.896</u>	<u>31.945</u>	<u>585.104</u>	<u>394.583</u>	<u>3.439.705</u>	<u>-</u>	<u>(57.356)</u>	<u>-</u>	<u>8.388.877</u>
Capital increase	31.945	968.055	-	-	(1.000.000)	-	-	-	-
Equity assessment adjustments	-	-	-	-	-	-	(17.990)	-	(17.990)
Net income (loss) for the period	-	-	-	-	-	-	-	(201.078)	(201.078)
Legal reserve	-	-	-	27.029	-	-	-	(27.029)	-
Dividends (R\$ 1.57 per thousand share)	-	-	-	-	-	-	-	(128.390)	(128.390)
Reversal of expansion reserve	-	-	-	-	(356.497)	-	-	356.497	-
Balances at December 31, 2011	<u>4.026.841</u>	<u>1.000.000</u>	<u>585.104</u>	<u>421.612</u>	<u>2.083.208</u>	<u>-</u>	<u>(75.346)</u>	<u>-</u>	<u>8.041.419</u>
Balances at June 30, 2011	4.026.841	-	585.104	421.612	3.439.705	-	(152.882)	385.167	8.705.547
Capital increase	-	1.000.000	-	-	(1.000.000)	-	-	-	-
Net income (loss) for the period	-	-	-	-	-	-	-	(741.664)	(741.664)
Equity assessment adjustments	-	-	-	-	-	-	77.536	-	77.536
Reversal of expansion reserve	-	-	-	-	(356.497)	-	-	356.497	-
Balances at December 31, 2011	<u>4.026.841</u>	<u>1.000.000</u>	<u>585.104</u>	<u>421.612</u>	<u>2.083.208</u>	<u>-</u>	<u>(75.346)</u>	<u>-</u>	<u>8.041.419</u>

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Consolidated statements of cash flows

Years ended December 31, 2011 and 2010
and semester ended december 31, 2010

(In thousands of Reais)

	Bank			Consolidated	
	2nd semester 2011	2011	2010	2011	2010
Cash flows from operations					
Net income (loss)	(741.664)	(201.078)	1.015.247	(201.078)	1.015.247
Adjustments to net income:	1.001.511	1.080.477	(388.678)	3.642.117	1.651.351
Depreciation and amortization	5.035	10.267	9.432	37.195	28.448
Equity in earnings of subsidiary	712.380	603.366	(582.510)	321	-
Allowance for doubtful accounts	279.294	420.420	70.236	3.342.877	1.188.965
Provision for loss in investments	736	736	4.345	2.385	16.634
Provision for contingent liabilities/legal obligations	4.319	46.076	105.189	342.981	350.871
Non-operating income	(253)	(388)	4.630	(83.642)	66.433
Balance sheet variations					
Interbank investments	1.074.034	(3.682.621)	(13.841.323)	3.346.245	(1.700.214)
Securities and derivative financial instruments	4.922.922	5.737.527	(2.501.422)	6.675.137	(2.786.231)
Interbank accounts and investments	78.269	368.203	(6.219.010)	368.418	(6.222.568)
Loans and lease operations	(466.841)	(996.534)	(3.422.975)	(3.000.174)	(15.623.340)
Other receivables	698.872	(16.011)	(779.885)	(1.470.185)	(1.679.940)
Other assets	46.340	(246.399)	(12.828)	(745.521)	(268.653)
Deposits	1.985.736	2.029.483	(906.588)	2.026.187	(878.965)
Money market repurchase agreements	(7.918.328)	(2.150.006)	10.071.653	(844.925)	9.612.452
Acceptances and endorsements	2.068.532	7.450.932	3.965.189	7.568.513	4.027.638
Liabilities from borrowings and repass	(1.221.331)	228.255	3.956.824	223.882	3.951.725
Other liabilities	(1.599.988)	(1.692.468)	1.308.201	(1.779.913)	2.220.452
Deferred income	2.994	106	6.841	106	6.841
Equity evaluation adjustment - Securities available for sale	77.536	(17.989)	19.307	(17.989)	19.307
Cash generated (used) in the operations	8.594	7.891.877	(7.729.447)	15.790.820	(6.654.898)
Cash flows from financing activities					
Capital increase	-	-	450.000	-	450.000
Dividends paid	(128.390)	(256.691)	(112.821)	(256.691)	(112.821)
Interest of non-controlling shareholders	-	-	-	(59)	35
Subordinated debts	1.717.082	1.944.123	2.525.372	493.048	2.537.441
Cash generated (used) in financing activities	1.588.692	1.687.432	2.862.551	236.298	2.874.655
Cash flows from investment activities					
Available for sale securities	1.339.732	(5.002.454)	(4.404.856)	(11.262.352)	(4.360.627)
Sale of fixed assets for use	-	23	480	3.124	1.102
Sales of investments	-	-	11.342	-	13.072
Disposal of deferred assets	-	3	-	591	-
Disposals in intangible assets	6.038	6.642	-	7.226	-
Acquisition of fixed assets for use	(2.330)	(3.724)	(16.517)	(46.241)	(44.655)
Investment acquisition	(439)	(3.160)	(18.868)	(81.167)	(27.273)
Deferred charges	-	-	(24.136)	-	(28.679)
Investments in intangible assets	(11.285)	(19.657)	(7.035)	(30.777)	(17.693)
Dividends received	-	70.311	-	70.311	-
Others	(4)	(4)	85.387	(4)	31.937
Net cash generated (used) in investment activities	1.331.712	(4.952.020)	(4.374.203)	(11.339.289)	(4.432.816)
Net variation in cash and cash equivalents	2.928.998	4.627.289	(9.241.099)	4.687.829	(8.213.059)
Cash and cash equivalents at the beginning of the period	2.515.253	816.962	10.058.060	906.219	9.119.278
Cash and cash equivalents at the end of the period	5.444.251	5.444.251	816.961	5.594.048	906.219
Increase (decrease) in cash and cash equivalents	2.928.998	4.627.289	(9.241.099)	4.687.829	(8.213.059)

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Statements of added value

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Bank		Consolidated	
	2011	2010	2011	2010
Revenues	11.863.943	7.806.672	15.275.281	13.293.501
Income from Financial intermediation	11.905.092	7.630.392	17.644.775	13.189.891
Income from rendered service and fees	279.569	256.137	1.246.773	1.373.354
Allowance for doubtful accounts	(420.420)	(70.236)	(3.342.877)	(1.188.965)
Other income (expenses)	98.707	(646)	(197.701)	(52.212)
Non-operating income	995	(8.975)	(75.689)	(28.567)
Financial operations expenses	(10.690.886)	(6.292.927)	(12.636.147)	(8.583.206)
Inputs acquired from third parties	(265.241)	(299.084)	(1.401.786)	(1.256.754)
Materials, energy and other	(2.965)	(3.421)	(9.836)	(11.602)
Outsourced services	(3.770)	(3.401)	(17.273)	(20.840)
Other	(258.506)	(292.262)	(1.374.677)	(1.224.312)
Communications	(13.440)	(12.679)	(101.453)	(102.374)
Maintenance and preservation of assets	(5.160)	(6.163)	(17.183)	(13.967)
Data processing	(64.929)	(65.112)	(152.249)	(118.137)
Promotions and public relations	(9.971)	(10.621)	(16.221)	(22.779)
Publications	(794)	(1.498)	(960)	(1.777)
Publicity and advertising	(1.315)	(1.986)	(10.211)	(33.841)
Financial system services	(66.107)	(60.159)	(195.506)	(181.612)
Specialized technical services	(66.686)	(103.938)	(485.924)	(432.023)
Transportation	(5.271)	(4.611)	(24.156)	(21.491)
Other	(24.833)	(25.495)	(370.814)	(296.311)
Gross added value	907.816	1.214.661	1.237.348	3.453.541
Depreciation and amortization expenses	(10.267)	(9.432)	(37.195)	(28.448)
Net added value produced by the Entity	897.549	1.205.229	1.200.153	3.425.093
Added value received as transfer	(603.366)	582.510	(321)	-
Equity in income of associated companies and subsidiaries	(603.366)	582.510	(321)	-
Distribution of added value	294.183	1.787.739	1.199.832	3.425.093
Total added value paid	294.183	1.787.739	1.199.832	3.425.093
Personnel	394.361	385.675	1.080.006	1.051.722
Salaries and fees	204.732	189.973	529.853	489.243
Profit sharing	121.294	146.651	355.373	397.987
Benefits and training programs	49.698	33.967	144.375	124.364
FGTS (Government Severance Indemnity Fund for Employees)	18.493	15.059	50.162	39.622
Others	144	25	243	506
Taxes	60.048	349.982	187.297	1.247.992
INSS on salaries	53.436	48.885	134.017	120.989
Tax expenses (except Income and Social contribution taxes)	178.737	148.403	622.804	580.428
Income and social contribution taxes	(172.125)	152.694	(569.524)	546.575
Remuneration of Third-party capital	40.852	36.835	133.606	110.142
Rental	40.852	36.835	133.606	110.142
Remuneration of own capital	(201.078)	1.015.247	(201.077)	1.015.237
Dividends	128.390	241.121	128.390	241.121
Retained earnings (loss)	(329.468)	774.126	(329.468)	774.106
Minority interests in retained earnings	-	-	1	10

See the accompanying notes to the financial statements.

Banco Votorantim S.A.

Notes to the financial statements

Years ended December 31, 2011 and 2010

(In thousands of Reais)

1 Operations

Banco Votorantim S.A. is a closed corporation that, operating in the form of a Multiple Bank, develops banking activities in authorized categories, by means of its commercial, financing and foreign exchange operation portfolios.

Through its subsidiaries, the Company also operates in various other categories, with an emphasis on the activities of consumer credit, leasing, administration of investment funds and credit cards.

Transactions are conducted in the context of a set of institutions that operate in an integrated manner in the financial market, including in relation to risk management, and certain transactions have the joint participation or the intermediation of member institutions, which form an integral part of the financial system. The benefits of the services provided between these institutions and the costs of the operational and administrative structure, are absorbed based on the practicality and reasonableness of the allocation of benefits and costs, jointly or individually.

2 Presentation of financial statements

The financial statements were prepared on a basis of the accounting guidelines derived from Corporation Law and rules and instructions of the National Monetary Council (CMN).

Law 11638/07 was enacted on December 28, 2007, amended by Law 11941/09, which amended Corporate Law regarding accounting practices adopted in Brazil. Although said Law is already effective, some changes it introduced depend on normatization by the National Monetary Council. The amendments approved by CMN were:

- Procedures to measure the recoverable value of assets;
- Elaboration of the statement of cash flows in place of the statement of changes in financial position;
- The disclosure of related party information in notes to the financial statements;
- Share based payment;
- Defines the criteria for the selection, alteration and disclosure of account policies, for alterations in accounting estimates and for error corrections;
- Subsequent events;

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

- Procedures for the recognition, measurement and disclosure of provisions, contingent assets and liabilities.

The following pronouncements that do not conflict with Brazilian Central Bank standards were also applied, as determined by prevailing law:

- Statement of added-value

The consolidated financial statements includes Banco Votorantim and the direct subsidiaries in the country and overseas, listed below:

	Ownership interest	
	12/31/2011	12/31/2010
Direct subsidiaries in Brazil		
Votorantim Corretora de Títulos e Valores Mob. Ltda.	100%	99.98%
Votorantim Asset Management Distrib. de TVM Ltda.	99.99%	99.99%
BV Financeira S.A. Crédito, Financiamento e Investimento	100%	100%
BV Leasing Arrendamento Mercantil S.A.	100%	99.99%
BVIP - BV Investimentos e Participações S.A.	100%	100%
BVIA - BV Inv. Alternativos e Gestão de Recursos S.A.	100%	100%
Direct subsidiaries overseas		
Votorantim Bank Limited	100%	100%
Banco Votorantim Securities Inc.	100%	100%
Banco Votorantim Securities (UK) Limited	100%	-

Interest in corporations, as stated in the chart above, are comprised only of common shares.

The consolidated financial statements were prepared in conformity with the consolidation rules and instructions of National Monetary Council (CMN).

The main procedures adopted in the consolidation process of the financial statements of the Financial Conglomerate are:

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

- a. Elimination of the balances of accounts of assets, liabilities, income and expenses between parent company and subsidiary companies;
- b. Elimination of investments in the subsidiaries' capital, reserves and retained earnings;
- c. Presentation of lease operations under the financial method, reclassifying "Lease property" to "Lease operations", net of the residual value received in advance;
- d. The book balances of the overseas direct subsidiaries, which are prepared according to international accounting standards, were translated into reais, using the US dollar quotation on the closing date of the period, and were adjusted to accounting practices described in Note 4;
- e. The exchange variation of the operations of the branch and of the subsidiary companies overseas was distributed on the lines of the statement of income, according to the respective assets and liabilities that originated them.
- f. The consolidation process does not include the consolidation of the exclusive investment funds and of the credit receivable investment funds in conformity with the consolidation rules established by the National Monetary Council (CMN); and

Income statement balances as of December 31, 2010 were reclassified to permit comparability of financial statements, as a result of the change in internal aggregation policies of revenue and expense accounts, in order to provide users with a better understanding of the Company's results. In the Consolidated, the main reclassifications were:

- a. Balances previously presented under caption "Other Operational Income", in the amount of R\$ 1,966,788, substantially for captions "Leases", in the amount of R\$ 12,514, "Foreign exchange income", of R\$ 38,878, "Money market repurchase agreements", in the amount of R\$ 593,744 and "Liabilities from borrowings and repass", in the amount of R\$ 233,879.
- b. Balances previously presented in caption "Other Operational Expenses", in the amount of R\$ 2,748,182, substantially for captions "Loan Operations", in the amount of R\$ 1,505,476, "Lease Transactions", in the amount of R\$ 127,593, "Securities' income", in the amount of R\$ 251,771 and "Foreign Exchange Income", in the amount of

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

R\$ 306,873.

	Bank		
	Previous disclosure	Reclassification	Balance reclassified
Loan operations	1,777,943	37,781	1,815,724
Securities income	8,463,073	8,488	8,471,561
Income from derivative financial instruments	(2,901,864)	(113,929)	(3,015,793)
Foreign exchange income	41,664	(11,354)	30,310
Money market repurchase agreements	(6,087,056)	846	(6,086,210)
Tax expenses	(85,192)	(63,211)	(148,403)
Other operational income	57,443	(933)	56,510
Other operational expenses	(199,468)	142,312	(57,156)
	Consolidated		
	Previous disclosure	Reclassification	Balance reclassified
Loan operations	8,813,205	(725,630)	8,087,575
Lease transactions	2,644,084	(3,941)	2,640,143
Securities income	4,306,730	6,748	4,313,478
Income from derivative financial instruments	(2,004,047)	(206,142)	(2,210,189)
Foreign exchange income	41,664	(11,370)	30,294
Money market repurchase agreements	(6,359,754)	2,601	(6,357,153)
Lease expenses	(1,972,778)	(44,204)	(2,016,982)
Service fee income	440,220	128,670	568,890
Other Administrative Expenses	(1,535,746)	140,402	(1,395,344)
Tax expenses	(457,400)	(123,028)	(580,428)
Other operational income	2,089,777	(1,966,788)	122,989
Other operational expenses	(2,923,383)	2,748,182	(175,201)
Non-operating results	(83,067)	54,500	(28,567)

The issuance of financial statements was given by Company's directors on February 02, 2012.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

3 Risk management

Risk management policies comply with market best practices and are in line with the guidelines defined by the CMN. They encompass Bank Institutions that comprise Votorantim Financial Conglomerate (“Conglomerate”).

The Company implemented policies and procedures and management system capable of managing, evaluating and mitigating the risks inherent to its business, providing the Management with a view of all risks.

Market risk

Market risk is defined as the possibility of financial losses arising from the variation in the market value of positions held. Management is executed in a centralized manner, by an area that maintains independence in relation to the front office.

The basic procedures adopted for risk management are: (a) integrity of the pricing of assets and derivatives; (b) assessment of the risk using the Value at Risk methodology and from simulating scenarios; and (c) accompanying the daily results using the back-test methodology.

The Conglomerate undertakes operations that involve derivative financial instruments, operating in organized and over the counter markets, in order to ensure the management of market risk appropriate to its policy. These instruments are used for hedging positions to meet the demand of counterparties and as a means of reversing the positions at times of significant oscillations.

Operational risk

Operating risk is defined as the loss risk resulting from fault, deficiency or inadequacy of internal processes, people and systems or from external events - includes Legal Risk but excludes Strategic Risk and Image Risk.

Basic principles that are observed by the Institution in the management and control of operating risks are in accordance with prevailing regulation of the Brazilian Central Bank and best market practices:

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

- Top Management is involved in the global supervision of risk acceptance through committees and commissions;
- Mapping of operating and system processes, mapping of existing controls and analysis of inherent and residual risks;
- Assessment of the possible financial impact and of the possibility of mapped risks taking place.
- Based on this assessment, operating risk exposure is defined, in accordance with risk matrix standardized for the entire institution;
- Capture of operating losses and maintenance of the database structured with information referring to events;
- Analysis, communication and implementation of action plans to improve processes and controls to mitigate incurred risks; and
- Capital calculation allocated to operating risks based on structured methodologies, and on best market practices and complying with regulatory requirements."

Credit risk

Credit risk consists of the possibility of occurring losses associated to a borrower or a counterpart's failure to fulfill their respective financial obligations under the agreed-upon conditions, and losses associated to devaluation of a loan agreement due to deterioration of the borrower's risk classification, reduction in gains or compensations, advantages granted in renegotiations and loan recovery costs.

As part of the credit risk management process, monitoring are conducted for policies, rules, processes, established limits, in addition to risk analysis and submission to appropriate levels and approving committees. The credit policy is formulated upon the analysis of internal indicators in the portfolio, company pricing and assessment processes, and of external factors related to the financial situation of the companies and the economic situation of the country and foreign countries.

Conglomerate carries out credit risk assessments of their operations, determined by means of judgment and statistical models. It is worth emphasizing that in the identification of the deterioration of the loan portfolio quality, risk mitigation measures are taken, such as reassessment of customer risk profile and industry analysis that influence threshold management and management and control of guarantees.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Asset and liability management

The Assets & Liabilities Operating Committee ("ALM") is in charge of managing the structural risks of interest rate, liquidity and exchange rate, as well as the capital management, aiming to optimize the risk/return ratio and seeking greater efficiency when composing the factors that impact the Solvability Index (Basel).

Basel Index	12/31/2011	12/31/2010
Capital (PR)	12,054,180	11,844,719
Level I	8,086,351	8,405,405
Shareholders' equity	8,041,429	8,388,935
Deferred permanent assets	(30,424)	(40,886)
Adjustment to market value	75,346	57,356
Level II	3,967,829	3,439,314
Adjustment to market value	(75,346)	(57,356)
Subordinated debt eligible to capital	4,109,087	3,496,670
Excess preferred shares issued under a redemption clause with original maturity below 10 (ten) years and Subordinated debts	(65,912)	-
Capital Requirement (PRE)	9,385,719	9,945,507
Credit risk	8,923,692	8,759,342
Market risk	193,114	769,232
Operational risk	268,913	416,933
Excess of Capital	2,668,461	1,899,212
Basel Index (PR x 100/(PRE/0.11))	14.1%	13.1%

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Fixed assets limit	12/31/2011	12/31/2010
Fixed assets limit	6,027,089	5,922,359
Value of fixed assets limit position	213,741	166,244
Value of margin or insufficiency	5,813,348	5,756,115

4 Significant accounting policies

a. Statement of income

The Income and expenses are recorded according to the accrual basis and are recorded by the pro rata criterion and calculated with a basis on the exponential method, excepting those related to transactions with foreign countries, which are calculated by the straight-line method.

b. Cash and cash equivalents

Cash are represented by available funds, interbank deposits, investments in foreign currency with high liquidity and insignificant risk of changes in value and money market repurchase agreements – own portfolio, maturity up to 90 days.

c. Interbank funds applied

Interbank funds applied are recorded at investment value, plus income accrued up to the balance sheet date, calculated pro rata with a basis on the variation of the index and on the agreed interest rate.

d. Securities

Securities are recorded by the amount effectively paid and classified in keeping with Management's intention in three different categories:

- i. Securities for trading** - Acquired for the purpose of being actively and frequently traded. Adjusted to its market value with the corresponding entry to the results for the

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

period;

- ii. **Available for sale** - Securities that are not for trading or held to maturity. Adjusted to its market value with the corresponding entry to a separate account in shareholders' equity, reduced for any tax effects; and
- iii. **Securities held to maturity** - Securities acquired with the intention and financial capacity to hold them in the portfolio to maturity. Recorded at cost of acquisition, plus income accrued in contra account to results for the period. In this category, the securities are not adjusted to market value.

The market valuation methodology was established in compliance with consistent and verifiable criteria, which take into consideration the average price of trading on the date of calculation, or, in the absence thereof, the daily adjustment value of future market transactions disclosed by external sources, or the probable net realizable value obtained using interest rate future value curves, exchange rates, price and currency indexes, besides any adjustments in the prices of securities of low liquidity.

Income accrued with securities, regardless of the category in which it is classified, is calculated pro rata with a basis on the variation of the index and on the agreed interest rate, by the exponential or straight-line method, up to the date of maturity or of the final sale of the security, and is recognized directly in income for the period.

e. Derivative financial instruments

Derivative financial instruments are stated at its market value, with consistent and verifiable criteria, considering the average price of trading on the date of calculation, or, in the absence thereof, conventional and proven methodologies.

The derivative financial instruments are classified according to the intention of Management, taking into account its purpose. Financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in asset or liability market values are considered *hedge* instruments and are classified according to their nature as:

- i. **Market risk hedge** - adjustments to market value of the derivative financial instruments classified in this category, as well as of the *item hedged*, are recorded in counter entry to income (loss) for the period; and

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

- ii. **Cash flow hedge** - Derivative financial instruments classified in this category have their adjustments to market value recorded in the account in shareholders' equity, reduced for any tax effects.

Derivative financial instruments that do not fulfill the hedge criteria have their adjustments to market value recorded directly in income for the period.

For derivative financial instruments traded in association with funding operations, both the derivative and the funding are accounted for by the intrinsic conditions contracted, and are not adjusted by the market value.

f. Hedge accounting

Conglomerate maintains financial hedge derivative instruments to hedge against foreign currency and interest rate variation risk exposure.

Upon initial designation of the hedge, the Management formally documents the relationship between the hedge instruments and the hedgeable instruments, including the risk management goals and the strategy in the execution of the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedge relationship, considering the conventional and well-established calculation methods. The Management makes an assessment, both in the beginning of this relationship, and continuously, to check if it is expected that these instruments are highly effective in the compensation of changes in fair value of respective items object of hedge during the period for which is designed, and if real results are within the range of 80-125 per cent, as provided in the regulation in force.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

g. Loan and lease operations, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for possible loan losses

Loan and lease operations, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's discernment with respect to the level of risk, taking into consideration the economic panorama, past experience and specific risks in relation to the operation, to obligators and guarantors, periods of delinquency, and economic group, observing the parameters established by CMN, which requires the analysis of the portfolio and its rating at nine levels, ranging from AA (minimum risk) to H (maximum risk). In relation to the period of delinquency verified in retail operations with a term of over thirty-six (36) months, a double count is permitted over intervals of delinquency defined for the nine levels. Income from loans overdue for more than 60 days, regardless of their level of risk, are only recognized as income when effectively received.

Operations rated at level H continue in this status for 180 days, when they are written off against the existing provision and controlled in memorandum accounts. Renegotiated operations are maintained, at a minimum, at the same level at which they were rated, in conformity with CMN Resolution nº 2682. Renegotiations of loans that had already been written off against provision that were in memorandum accounts are rated as H and any gains from renegotiation are recognized as income when effectively received.

Loan and lease operations that are subjects of *hedges* of derivative financial instruments are stated at market value using consistent and verifiable criterion. The adjustments of valuation at market value of these operations are recorded, when positive, in Other Receivables - Sundry, and, when negative, in Other Liabilities - Sundry, in counter entry to income from loans and income from leases.

Loan assignment calculated recognizing income at the time of assignment, irrespectively of retention or not of risk.

For the portfolio of loan operations granted with recourse, Management established a provision for losses, recorded under "Other liabilities - Sundry".

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

h. Prepaid expenses

Funds applied in prepayments, where the benefits or rendering of services are to occur in future periods, are recorded. Prepaid expenses are recorded at cost and amortized as realized.

i. Accounting estimates

Preparation of the financial statements requires that Management use its judgment in determining and recording accounting estimates. The settlement of transactions involving these estimates may result in significantly different amounts due to the lack of precision inherent to the process of their determination. Significant items subject to these estimates and assumptions include assessment of financial assets and liabilities and derivative financial instruments at their fair value, analysis of credit risk to determine allowance for doubtful accounts, as well as analysis on contingent liabilities. The Management reviews the estimates and assumptions on a regular basis.

The main amounts recognized in the Financial Statements through estimates are included in the following notes:

- n° 8 – Securities;
- n° 9 – Derivative Financial Instruments;
- n° 12 – Lending Transactions; and
- n° 50 – Contingent assets and liabilities and Legal obligations

j. Permanent assets

- i.** Investments in equity interest are valued using the equity method. Other permanent investments are valued at cost of acquisition less allowance for losses, when applicable;
- ii.** Property, plant and equipment stated at acquisition cost, less accumulated depreciation. Depreciation of fixed assets is calculated using the straight line method, based on the following annual rates according to the useful economic lives of the assets, as follows:
 - Facilities, furniture and equipment in use - 10%
 - Communication, security, and transportation system - 10%
 - Data processing systems - 20%

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

- iii. Deferred assets are stated at acquisition or formation cost, deduced from respective composed amortization, basically, for expenses on third-party properties up to September 30, 2008. Amortization is calculated by the straight-line method, based on the period over which the benefit is generated. During the year, there were no acquisitions as a result of regulation in force; and
- iv. Intangible assets include rights relating to intangibles that are intended for the maintenance of the company or exercised for this purpose. Amortization is calculated by the straight-line method, based on the period over which the benefit is generated.

Non-financial assets are subject to assessment of the recoverable value yearly.

k. Taxes

Income tax was determined with a basis on the rate of 15%, plus a surcharge of 10%, and social contribution was determined with a basis on the rate of 15%, both applicable to the taxable income.

Deferred income tax is recognized at the subsidiary BV Leasing, calculated at the rate of 25%, on the adjustment of supervenience of depreciation of the lease portfolio.

Recognition of Income Tax and Social Contribution credits is based on a technical study on the capacity of realization prepared by Management.

PIS (social integration program) was calculated based on the rate of 0.65% and COFINS (contribution for the financing of social security) was calculated based on the rate of 4%, both applicable to revenues earned by the Company, less exclusions and deductions allowed by prevailing laws.

ISS (service tax) was determined considering the rate of 2% to 5% (rates are different in each municipality) on revenue from services provided by the Company.

l. Contingent assets and liabilities and legal obligations

The recognition, measuring and disclosure of contingent assets, contingent liabilities and legal obligations are carried out according to the following criteria:

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

- i. Contingent assets-** These are not recorded except when Management has full control over the situation or when there are secured guarantees or favorable sentences to which no further appeals are applicable, characterizing a favorable judgment as practically certain;
- ii. Contingent liabilities** - These are recognized in the financial statements when, based on the opinion of the legal counsel and of Management, the risk of loss of a lawsuit or administrative proceeding is considered probable, with a probable outflow of financial resources for the settlement of obligations and when the sums involved are measurable with sufficient assurance. Contingent liabilities classified as possible losses are not accounted for, and should only be disclosed in the notes to the financial statements, whereas those classified as remote do not require provision and disclosure; and
- iii. Legal obligations** - Fiscal and social security - Are lawsuits related to tax obligations, where the subject being contested is their legality or constitutionality which, regardless of the probability of success of the lawsuits in progress, have their amounts recognized in full in the financial statements.

m. Other assets and liabilities

Assets are stated at realizable values, including, when applicable, monetary and exchange variations earned (on a pro rata daily basis) and a provision for losses, when considered necessary. Liabilities are stated at known or calculated amounts, plus charges and monetary variations and exchange variations incurred (on a pro rata daily basis).

5 Breakdown of cash and cash equivalents

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Cash	92,828	68,530	187,543	150,621
Interbank funds applied	5,351,423	748,431	5,406,505	755,598
Purchase and sale commitments - own portfolio	4,062,555	196,232	4,062,555	196,232
Interbank deposits	1,043,915	464,872	1,087,330	472,039
Investments in foreign currency	244,953	87,327	256,620	87,327

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

	Total	5,444,251	816,961	5,594,048	906,219
6	Cash				
		Bank		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
	Cash	372	231	420	301
	Bank deposits	28	70	80,554	68,219
	Cash in foreign currency	92,428	68,229	106,569	82,101
	Total	92,828	68,530	187,543	150,621

7 Interbank funds applied

		Bank		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
	Purchase and sale commitments - own portfolio	7,352,276	2,521,543	7,352,276	2,521,543
	Financial treasury bills	1,340,294	-	1,340,294	-
	National treasury bills	2,435,576	224,835	2,435,576	224,835
	National treasury notes	3,576,406	2,270,109	3,576,406	2,270,109
	Other	-	26,599	-	26,599
	Purchase and sale commitments - Financed operations	6,312,841	7,792,317	6,312,841	7,792,317
	Financial treasury bills	2,465,337	-	2,465,337	-
	National treasury bills	3,649,107	5,817,573	3,649,107	5,817,573
	National treasury notes	198,397	1,974,744	198,397	1,974,744
	Purchase and sale commitments - Short position	-	2,530,313	-	2,530,313
	National treasury notes	-	2,530,313	-	2,530,313
	Interbank deposits	42,158,571	34,851,529	2,384,835	2,070,410
	Foreign currency investments	244,953	87,327	256,620	87,327

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Total	<u>56,068,641</u>	<u>47,783,029</u>	<u>16,306,572</u>	<u>15,001,910</u>
-------	-------------------	-------------------	-------------------	-------------------

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

8 Securities

Composition by category, in the Country and Overseas

Bank	12/31/2011			12/31/2010		
	Accrual value	Market value (book value)	Unrealized gain/ (Loss)	Accrual value	Market value (book value)	Unrealized gain/ (Loss)
Trading securities						
Local	24,308,953	24,357,130	48,177	24,979,135	25,143,596	164,461
Financial treasury bills	223,366	223,387	21	493,112	493,109	(3)
National treasury bills	515,304	515,161	(143)	753,671	754,824	1,153
National Treasury notes	2,726,964	2,761,264	34,300	5,707,181	5,732,455	25,274
Real estate receivables	-	-	-	7,148	7,148	-
Certificates						
Debentures	20,301,435	20,301,449	14	17,191,758	17,234,064	42,306
Agricultural debt securities	18,591	19,563	972	53,981	55,153	1,172
Rural Product Bills	401,986	416,603	14,617	457,896	466,384	8,488
Promissory notes	101,507	101,507	-	31,137	31,119	(18)
Shares of listed companies	19,800	18,196	(1,604)	40,050	38,945	(1,105)
Shares of non-listed companies	-	-	-	243,201	330,395	87,194
Overseas	173,065	174,561	1,496	3,570,053	3,497,337	(72,716)
Foreign governments	-	-	-	1,778,693	1,779,691	998
National Treasury	104,069	106,299	2,230	279,270	283,820	4,550
Other securities	68,996	68,262	(734)	1,512,090	1,433,826	(78,264)
Total	24,482,018	24,531,691	49,673	28,549,188	28,640,933	91,745
Bank						
Securities available for sale						
Local	11,524,377	11,542,158	17,781	8,422,591	8,364,637	(57,954)
National treasury bills	1,104,175	1,099,334	(4,841)	-	-	-
National Treasury notes	5,462,539	5,506,373	43,834	4,826,837	4,771,068	(55,769)
Real estate receivables	28,401	29,247	846	26,939	28,638	1,699
Certificates						
Debentures	1,644,087	1,640,955	(3,132)	1,299,780	1,325,597	25,817
Agricultural debt securities	12,877	13,556	679	-	-	-
Promissory notes	261,144	261,126	(18)	-	-	-
Quotas of FIDC	318,006	318,006	-	425,581	425,574	(7)
FIP shares	930,782	930,782	-	61,615	61,615	-
Shares of listed companies	62,326	54,343	(7,983)	203,452	217,053	13,601

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Bank	12/31/2011			12/31/2010		
	Accrual value	Market value (book value)	Unrealized gain/ (Loss)	Accrual value	Market value (book value)	Unrealized gain/ (Loss)
Securities available for sale						
Shares of non-listed companies	1,700,040	1,688,436	(11,604)	1,578,387	1,535,092	(43,295)
Overseas	<u>2,158,611</u>	<u>2,132,015</u>	<u>(26,596)</u>	<u>330,127</u>	<u>307,081</u>	<u>(23,046)</u>
Foreign governments	1,325,956	1,332,558	6,602	-	-	-
Other securities	<u>832,655</u>	<u>799,457</u>	<u>(33,198)</u>	<u>330,127</u>	<u>307,081</u>	<u>(23,046)</u>
Total	<u><u>13,682,988</u></u>	<u><u>13,674,173</u></u>	<u><u>(8,815)</u></u>	<u><u>8,752,718</u></u>	<u><u>8,671,718</u></u>	<u><u>(81,000)</u></u>
Consolidated						
Trading securities						
Local	<u>4,339,289</u>	<u>4,394,296</u>	<u>55,007</u>	<u>10,487,986</u>	<u>10,663,999</u>	<u>176,013</u>
Financial treasury bills	457,144	457,191	47	570,874	570,872	(2)
National treasury bills	515,304	515,161	(143)	753,671	754,824	1,153
National Treasury notes	2,778,912	2,820,015	41,103	5,770,153	5,806,977	36,824
Real estate receivables	-	-	-	7,148	7,148	-
Certificates						
Debentures	2,428	2,443	15	308,626	350,933	42,307
Agricultural debt securities	18,591	19,563	972	53,981	55,153	1,172
Rural Product Bills	401,986	416,603	14,617	457,896	466,384	8,488
Promissory notes	101,507	101,507	-	31,137	31,119	(18)
Shares in invest. funds	43,617	43,617	-	1,508,317	1,508,317	-
Quotas of FIDC	-	-	-	742,932	742,932	-
Shares of listed companies	19,800	18,196	(1,604)	40,050	38,945	(1,105)
Shares of non-listed companies	-	-	-	243,201	330,395	87,194
Overseas	<u>233,071</u>	<u>233,327</u>	<u>(744)</u>	<u>3,593,380</u>	<u>3,520,663</u>	<u>(72,717)</u>
Foreign governments	50,815	50,834	19	1,802,020	1,803,017	997
National Treasury	104,069	106,299	2,230	279,270	283,820	4,550
Other securities	<u>78,187</u>	<u>75,194</u>	<u>(2,993)</u>	<u>1,512,090</u>	<u>1,433,826</u>	<u>(78,264)</u>
Total	<u><u>4,572,360</u></u>	<u><u>4,626,623</u></u>	<u><u>54,263</u></u>	<u><u>14,081,366</u></u>	<u><u>14,184,662</u></u>	<u><u>103,296</u></u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Consolidated	12/31/2011			12/31/2010		
	Accrual value	Market value (book value)	Unrealized gain/ (Loss)	Accrual value	Market value (book value)	Unrealized gain/ (Loss)
Securities available for sale						
Local	18,330,133	18,331,496	1,363	8,952,024	8,894,077	(57,947)
National treasury bills	5,145,765	5,125,335	(20,430)	-	-	-
National Treasury notes	5,968,134	6,011,139	43,005	4,826,837	4,771,068	(55,769)
Real estate receivables Certificates	28,401	29,247	846	26,939	28,638	1,699
Debentures	1,644,087	1,640,955	(3,132)	1,299,780	1,325,597	25,817
Agricultural debt securities	12,877	13,556	679	-	-	-
Promissory notes	261,144	261,126	(18)	-	-	-
Shares in invest. Funds (a)	1,836,959	1,836,959	-	527,711	527,711	-
Short-term Fund Shares	3,712	3,712	-	1,730	1,730	-
Quotas of FIDC	735,906	735,906	-	425,573	425,573	-
FIP shares	930,782	930,782	-	61,615	61,615	-
Shares of listed companies	62,326	54,343	(7,983)	203,452	217,053	13,601
Shares of non-listed companies	1,700,040	1,688,436	(11,604)	1,578,387	1,535,092	(43,295)
Overseas	2,158,611	2,132,015	(26,596)	330,127	307,081	(23,046)
Foreign governments	1,325,956	1,332,558	6,602	-	-	-
Other securities	832,655	799,457	(33,198)	330,127	307,081	(23,046)
Total	<u>20,488,744</u>	<u>20,463,511</u>	<u>(25,233)</u>	<u>9,282,151</u>	<u>9,201,158</u>	<u>(80,993)</u>

- a) In 2011, in the Consolidated, quotas of investment funds are mainly comprised by funds that invest in subordinated quotas of credit receivable investment funds (see note 12.g.).

As of December 31, 2011, reclassification of Certificates of Real Estate Receivables, Agricultural Debt Securities and Debentures that went from category "Trading" to category "Available for Sale", as a result of the revision of Management's intentions on these securities. Reclassification of these securities did not impact Results and shareholders' equity in the respective base date.

	Accrual value	Market value	Unrealized gain/ (Loss)
Certificates of real estate receivables	12,247	12,246	(1)
Debentures	259,145	288,740	29,595
Agricultural debt securities	12,876	13,555	679

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

At December 31, 2011, there are no securities classified as "held to maturity".

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

9 Derivative financial instruments

a. Composition in assets and liabilities

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Assets				
Differential receivable from <i>swap</i>	1,469,230	1,225,434	936,600	794,884
Term currency contracts	1,561	538	1,561	538
Purchase of call options - shares	548	3,017	548	3,017
Purchase of put options - shares	796	-	796	-
Purchase of call options - financial assets/goods	448,504	194,521	448,504	194,521
Purchase of put options - financial assets/goods	32,821	319,989	32,821	319,989
Credit derivatives	45,216	346,888	45,216	346,888
Non Deliverable Forward	176,431	114,964	176,431	114,964
Other	-	2,379	-	2,379
Total	<u>2,175,107</u>	<u>2,207,730</u>	<u>1,642,477</u>	<u>1,777,180</u>
Liabilities				
Differential payable from swap	931,721	1,332,130	851,590	2,030,659
Term currency contracts	935	171	935	171
Sale of call options - Shares	1,170	3,817	1,170	3,817
Sale of put options - Shares	339	2,970	339	2,970
Sale of call options - financial assets/goods	379,642	260,326	379,642	260,326
Sale of put options - financial assets/goods	157,677	89,081	157,677	89,081
Option box - Fixed income strategy	23,246,286	21,209,523	1,928,765	3,726,608
Credit derivatives	36,146	190,405	36,146	190,405
Non Deliverable Forward	47,120	116,951	47,120	116,951
Total	<u>24,801,036</u>	<u>23,205,374</u>	<u>3,403,384</u>	<u>6,420,988</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

b. Composition of the swap contracts by index

Bank	12/31/2011			12/31/2010		
	Original value	Accrual value	Market value	Original value	Accrual value	Market value
Asset position	<u>52,606,253</u>	<u>58,880,185</u>	<u>60,544,234</u>	<u>58,924,564</u>	<u>62,879,470</u>	<u>62,885,680</u>
DI	14,011,399	14,873,324	15,922,252	11,862,496	13,427,810	13,437,993
Dollar	4,684,884	5,272,414	5,362,487	5,212,038	4,957,009	5,000,538
Euro	479,815	504,654	506,797	152,730	150,550	151,096
IGPM	1,172,403	1,509,120	1,536,882	980,573	1,233,364	1,249,515
IPCA	3,774,454	4,153,412	4,179,558	1,998,340	1,671,213	1,499,340
Pre-fixed	26,191,026	30,229,950	30,734,199	31,688,942	34,405,490	34,504,631
Libor	1,566,664	1,534,893	1,517,827	-	-	-
Yen	-	-	-	33,844	33,778	33,863
Commodities	3,192	19,720	2,999	6,554,554	6,554,614	6,554,592
Swiss Franc	441,047	501,328	511,258	-	-	-
Other	281,369	281,370	269,975	441,047	445,642	454,112
Liability position	<u>52,606,253</u>	<u>58,471,599</u>	<u>60,006,725</u>	<u>58,924,564</u>	<u>63,034,551</u>	<u>62,992,376</u>
DI	31,772,131	36,246,896	36,261,877	34,428,820	36,646,230	36,631,923
Dollar	2,220,743	2,442,167	2,475,333	3,641,200	3,551,150	3,562,879
Euro	88,792	89,228	89,073	140,129	137,640	138,167
IGPM	837,270	1,203,870	1,229,837	892,270	1,193,484	1,210,735
IPCA	5,411,638	6,870,856	7,054,138	5,589,428	6,013,227	5,922,478
Pre-fixed	11,665,996	11,008,884	12,319,341	7,590,217	8,840,494	8,872,876
Libor	345,964	331,402	303,892	-	-	-
Yen	-	-	-	33,478	33,978	34,064
Long Term Interest Rate (TJLP)	247,121	255,276	249,476	39,247	44,025	44,025
Commodities	4,270	4,150	3,950	6,556,445	6,556,453	6,556,408
Other	12,328	18,870	19,808	13,330	17,870	18,821
Net differential	<u>-</u>	<u>408,586</u>	<u>537,509</u>	<u>-</u>	<u>(155,081)</u>	<u>(106,696)</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Consolidated	12/31/2011			12/31/2010		
	Original value	Accrual value	Market value	Original value	Accrual value	Market value
Asset position	26,413,149	28,598,238	29,802,418	29,905,335	31,980,106	31,893,747
DI	11,788,416	12,212,857	13,261,785	9,003,016	10,221,170	10,231,353
Dollar	4,561,641	5,129,083	5,219,953	6,169,147	6,235,878	6,278,987
Euro	479,815	504,654	506,797	152,730	150,550	151,096
IGPM	1,172,403	1,509,120	1,536,882	980,573	1,233,364	1,249,515
IPCA	3,774,454	4,153,412	4,179,558	1,998,340	1,671,213	1,499,340
Pre-fixed	2,344,148	2,751,801	2,795,384	4,569,418	5,431,231	5,438,223
Libor	1,566,664	1,534,893	1,517,827	2,666	2,666	2,666
Yen	-	-	-	33,844	33,778	33,863
Commodities	3,192	19,720	2,999	6,554,554	6,554,614	6,554,592
Swiss Franc	441,047	501,328	511,258	-	-	-
Other	281,369	281,370	269,975	441,047	445,642	454,112
Liability position	26,413,149	28,216,829	29,717,408	29,905,335	33,303,053	33,129,522
DI	7,802,011	8,695,648	8,710,616	8,266,406	10,087,094	10,072,748
Dollar	2,144,944	2,357,482	2,391,096	3,345,816	3,255,515	3,267,736
Euro	88,792	89,228	89,073	140,129	137,640	138,167
IGPM	837,270	1,203,870	1,229,837	892,270	1,193,484	1,210,735
IPCA	5,411,638	6,870,856	7,054,138	5,589,428	6,013,227	5,922,478
Pre-fixed	9,518,811	8,390,047	9,665,522	5,026,120	5,961,101	5,861,674
Libor	345,964	331,402	303,892	2,666	2,666	2,666
Yen	-	-	-	33,478	33,978	34,064
Long Term Interest Rate (TJLP)	247,121	255,276	249,476	39,247	44,025	44,025
Commodities	4,270	4,150	3,950	6,556,445	6,556,453	6,556,408
Other	12,328	18,870	19,808	13,330	17,870	18,821
Net differential	-	381,409	85,010	-	(1,322,947)	(1,235,775)

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

c. Composition of the forward contracts by index

Bank and Consolidated	12/31/2011			12/31/2010		
	Original value	Accrual value	Market value	Original value	Accrual value	Market value
Asset position						
Forward currency	24,853	1,561	1,561	34,773	538	538
Total	<u>24,853</u>	<u>1,561</u>	<u>1,561</u>	<u>34,773</u>	<u>538</u>	<u>538</u>
Asset position						
Forward currency	24,853	935	935	34,773	171	171
Total	<u>24,853</u>	<u>935</u>	<u>935</u>	<u>34,773</u>	<u>171</u>	<u>171</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

d. Composition of the options contracts by index

Bank and Consolidated	12/31/2011		12/31/2010	
	Amount contracted	Market value (book value)	Amount contracted	Market value (book value)
Long position				
Dollar	5,689,314	360,527	6,166,038	156,175
Index	112,383	1,599	70,000	1,977
DI	248,425,587	27,616	510,543,740	344,231
Shares	177,824	1,344	42,812	3,017
Commodities	770	2	359,138	856
Flexible	1,662,055	91,581	5,007,326	11,271
Total	256,067,933	482,669	522,189,054	517,527
	12/31/2011		12/31/2010	
Short position	Amount contracted	Market value (book value)	Amount contracted	Market value (book value)
Dollar	9,990,840	348,182	9,359,763	69,964
Index	158,579	2,477	165,200	1,577
DI	200,482,188	137,828	465,653,280	161,119
Shares	122,726	1,509	391,400	6,787
Commodities	19,769	1,648	165,325	225
Flexible	2,085,477	47,184	6,672,349	116,522
Total	212,859,579	538,828	482,407,317	356,194

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

e. Composition of the futures contracts by index

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Commitment of purchase	<u>75,672,583</u>	<u>43,775,964</u>	<u>75,672,583</u>	<u>43,775,964</u>
DDI	12,615,757	8,549,436	12,615,757	8,549,436
Dollar	285,048	1,746,739	285,048	1,746,739
DI	61,717,665	31,853,930	61,717,665	31,853,930
Exchange Coupon	414,948	391,624	414,948	391,624
Commodities	8,886	-	8,886	-
T-Note	-	54,118	-	54,118
Index	52,577	288,956	52,577	288,956
SCC	577,702	891,161	577,702	891,161
Commitment of sale	<u>41,718,879</u>	<u>61,402,478</u>	<u>79,210,346</u>	<u>95,353,657</u>
DDI	12,527,641	7,300,113	12,527,641	7,344,453
Dollar	635,806	807,292	635,806	807,292
DI	27,559,973	51,577,049	65,051,440	85,483,888
Exchange Coupon	397	-	397	-
Commodities	33,911	28,640	33,911	28,640
T-Note	330,588	588,117	330,588	588,117
Index	35,993	-	35,993	-
Euro	17,814	212,282	17,814	212,282
BGI	96	-	96	-
SCC	576,660	887,059	576,660	887,059
Other	-	1,926	-	1,926
Total	<u>33,953,704</u>	<u>(17,626,514)</u>	<u>(3,537,763)</u>	<u>(51,577,693)</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

f. Composition of the NDF contracts by index

Bank and Consolidated	12/31/2011		12/31/2010	
	Amount contracted	Market value (Book value)	Amount contracted	Market value (Book value)
Assets				
Dollar	2,303,510	99,912	2,430,964	36,899
Euro	3,445	313	1,020	2,434
Other	263,367	76,206	22,324	75,631
Total	2,570,322	176,431	2,454,308	114,964
Liabilities				
Dollar	934,598	36,632	1,502,367	89,665
Euro	10,290	11	29,399	2,325
Other	370,470	10,477	1,099	24,961
Total	1,315,358	47,120	1,532,865	116,951
Net differential	1,254,964	129,311	921,443	(1,987)

g. Credit derivatives

Bank and Consolidated	12/31/2011		12/31/2010	
	Reference value	Market value	Reference value	Market value
Risk taken				
Credit swaps	3,132,586	(20,798)	5,393,489	(6,090)
Total	3,132,586	(20,798)	5,393,489	(6,090)
Risk transferred				
Credit swaps	946,491	(29,868)	5,393,489	1,111
Credit Linked Notes	-	-	141,027	147,544
Equity linked notes	-	-	9,164	9,315
Total	946,491	(29,868)	5,543,680	157,970

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

h. Credit derivatives by index

Bank and Consolidated

	12/31/2011			12/31/2010		
	Original value	Accrual value	Market value	Original value	Accrual value	Market value
Asset position						
Other	3,722,675	34,236	45,216	5,393,489	346,888	346,888
Total	<u>3,722,675</u>	<u>34,236</u>	<u>45,216</u>	<u>5,393,489</u>	<u>346,888</u>	<u>346,888</u>
Liability position						
Other	356,402	565	36,146	5,543,680	190,405	190,405
Total	<u>356,402</u>	<u>565</u>	<u>36,146</u>	<u>5,543,680</u>	<u>190,405</u>	<u>190,405</u>
Net differential	<u><u>3,366,273</u></u>	<u><u>33,671</u></u>	<u><u>9,070</u></u>	<u><u>(150,191)</u></u>	<u><u>156,483</u></u>	<u><u>156,483</u></u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

i. Composition of the Option box contracts - fixed income strategy

Bank	12/31/2011		12/31/2010	
	Amount contracted	Market value / Risk exposure	Amount contracted	Market value / Risk exposure
Prefixed risk				
Liability position				
Sale of Call with high limit	7,036,669	7,698,813	7,394,300	6,065,351
Sale of Put with low limit	13,101,749	15,547,473	12,646,935	15,144,172
Total	<u>20,138,418</u>	<u>23,246,286</u>	<u>20,041,235</u>	<u>21,209,523</u>
Dollar risk				
Asset position				
Sale of Put with low limit	-	19,078,949	-	16,950,331
Subtotal	<u>-</u>	<u>19,078,949</u>	<u>-</u>	<u>16,950,331</u>
Liability position				
Sale of Call with high limit	-	19,078,949	-	16,950,331
Subtotal	<u>-</u>	<u>19,078,949</u>	<u>-</u>	<u>16,950,331</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Consolidated	12/31/2011		12/31/2010	
	Amount contracted	Market value / Risk exposure	Amount contracted	Market value / Risk exposure
Prefixed risk				
Liability position				
Sale of Call with high limit	609,708	654,618	1,273,391	1,017,132
Sale of Put with low limit	1,121,764	1,274,147	2,271,161	2,709,476
Total	1,731,472	1,928,765	3,544,552	3,726,608
Dollar risk				
Asset position				
Sale of Put with low limit	-	1,680,296	-	3,033,099
Subtotal	-	1,680,296	-	3,033,099
Liability position				
Sale of Call with high limit	-	1,680,296	-	3,033,099
Subtotal	-	1,680,296	-	3,033,099
Total	-	-	-	-

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

j. Securities given in guarantee

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Stock Exchange transactions	<u>492,303</u>	<u>1,786,509</u>	<u>2,015,730</u>	<u>1,815,813</u>
National Treasury notes	232,662	1,781,741	256,790	1,811,045
Financial treasury bills	21,920	4,768	21,920	4,768
National treasury bills	237,721	-	1,737,020	-
Clearing	<u>61,463</u>	<u>71,383</u>	<u>61,463</u>	<u>71,383</u>
National Treasury notes	6,652	26,081	6,652	26,081
Financial treasury bills	-	24,288	-	24,288
National treasury bills	54,811	21,014	54,811	21,014
Other	<u>1,754,503</u>	<u>2,939,490</u>	<u>1,774,907</u>	<u>2,951,207</u>
National Treasury notes	410,859	84,286	410,859	84,286
Financial treasury bills	1,416	1,268	21,820	12,985
Other (a)	1,342,228	2,853,936	1,342,228	2,853,936
Total	<u><u>2,308,269</u></u>	<u><u>4,797,382</u></u>	<u><u>3,852,100</u></u>	<u><u>4,838,403</u></u>

(a) In 2011, basically refer to securities of foreign governments, in the amount of R\$1,332,557 (R\$1,546,455 in 2010), and other securities overseas, in the amount of R\$ 9,671 (R\$1,307,481 in 2010).

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

k. Financial derivative instruments segregated by trading location and counterpart

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Asset position				
Stock Exchange transactions	482,669	430,040	482,669	430,040
Over-the-Counter	<u>1,692,438</u>	<u>1,777,690</u>	<u>1,159,808</u>	<u>1,347,140</u>
Financial Institutions	1,442,103	1,736,818	909,473	1,306,268
Trade accounts receivable	250,335	40,872	250,335	40,872
Total	<u><u>2,175,107</u></u>	<u><u>2,207,730</u></u>	<u><u>1,642,477</u></u>	<u><u>1,777,180</u></u>
	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Liability position				
Stock Exchange transactions	538,828	624,082	538,828	637,407
Over-the-Counter	<u>24,262,208</u>	<u>22,581,292</u>	<u>2,864,556</u>	<u>5,783,581</u>
Financial Institutions	24,191,017	22,450,784	2,793,365	5,653,073
Trade accounts receivable	71,191	130,508	71,191	130,508
Total	<u><u>24,801,036</u></u>	<u><u>23,205,374</u></u>	<u><u>3,403,384</u></u>	<u><u>6,420,988</u></u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

l. Breakdown of derivative financial instruments used in hedge strategies

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Hedge instruments				
Market risk hedge				
Assets				
Futures	13,983,520	10,128,635	13,983,520	10,128,635
Swap	3,640,741	4,812,869	3,413,970	7,109,750
Options	3,431,791	499,369	3,431,791	499,369
Liabilities				
Futures	13,696,175	8,563,273	48,903,688	40,475,092
Swap	2,617,866	3,350,660	2,391,096	31,253,720
Options	1,866,703	7,473,791	1,866,703	7,473,791
Cash flow risk hedge				
Assets				
Swap	477,771	-	477,771	-
Items to be hedged				
Assets				
Loan operations	1,711,456	1,887,648	38,719,115	34,427,691
Securities	389,656	1,060,520	448,407	18,717,959
Lease operations	-	-	3,654,881	4,543,427
Foreign investments	720,041	690,044	720,041	690,044
Other assets	1,194,860	715,014	1,194,860	715,014
Liabilities				
Other liabilities	7,376,627	5,217,306	7,376,627	5,217,306

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

10 Interbank accounts

Assets	Bank and Consolidated	
	12/31/2011	12/31/2010
Mandatory reserves - BACEN	5,846,931	6,212,534
Compulsory deposits related to deposits on demand	125,136	118,338
Compulsory charge on time funds	3,241,943	3,377,523
Compulsory charge on additional requirement	2,474,000	2,712,976
Compulsory charge on microfinance transactions	5,852	3,697
Interbank onlendings	157,524	72,219
Correspondent relations	28,460	25,670
Total	<u>6,032,915</u>	<u>6,310,423</u>

11 Interbank relations

Liabilities	Bank	
	12/31/2011	12/31/2010
Funds in transit - Associated companies	4,648	16,528
Payment orders in foreign currency	<u>118,087</u>	<u>15,512</u>
Total	<u>122,735</u>	<u>32,040</u>
-		
Liabilities	Consolidated	
	12/31/2011	12/31/2010
Funds in transit - Associated companies	4,648	16,528
Payment orders in foreign currency	118,087	15,512
Local transfer of funds	<u>218</u>	<u>3</u>
Total	<u>122,953</u>	<u>32,043</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

12 Loan and lease operations, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for loan losses

a. Composition of operations by category and past due and falling due installments

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Advances to depositors	895	784	895	784
Loans	9,824,960	9,017,423	16,230,625	14,109,183
Discounted securities	61,127	27,080	61,127	27,080
Loans and financing	5,155,137	5,755,232	33,384,154	33,552,936
Export financing	3,291,980	2,549,302	3,291,980	2,549,302
Financing in foreign currency	550,594	270,727	550,594	270,727
Rural financing agreements	877,329	1,333,247	877,329	1,333,247
Real estate financing agreements	234,220	110,277	234,220	110,277
Subtotal	<u>19,996,242</u>	<u>19,064,072</u>	<u>54,630,924</u>	<u>51,953,536</u>
Advances on exchange contracts	748,484	537,799	748,484	537,799
Lease operations	-	-	3,346,787	4,324,737
Total lending operations	<u>20,744,726</u>	<u>19,601,871</u>	<u>58,726,195</u>	<u>56,816,072</u>
Installments past due (from 15 days)	177,457	49,345	1,793,585	709,009
Payments falling due	<u>20,567,269</u>	<u>19,552,526</u>	<u>56,932,610</u>	<u>56,107,063</u>
Total installments	<u>20,744,726</u>	<u>19,601,871</u>	<u>58,726,195</u>	<u>56,816,072</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

b. Concentration of operations

	<u>Bank</u>		<u>Consolidated</u>	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Ten largest debtors	2,957,994	3,075,616	3,018,213	3,129,462
Fifty following largest debtors	4,173,687	4,510,045	4,266,170	4,570,739
Hundred following largest debtors	3,393,053	3,573,836	3,458,730	3,625,949
Other debtors	<u>10,219,992</u>	<u>8,442,374</u>	<u>47,983,082</u>	<u>45,489,922</u>
Total	<u>20,744,726</u>	<u>19,601,871</u>	<u>58,726,195</u>	<u>56,816,072</u>

c. Composition of operations by sector of economic activity

	<u>Bank</u>		<u>Consolidated</u>	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Corporate entities	20,093,935	18,645,645	21,971,937	20,174,947
Public sector				
Services	53,417	77,018	53,417	77,018
Private sector				
Industry	10,369,579	9,530,096	10,535,227	9,641,526
Commerce	3,195,815	2,486,995	3,995,092	3,283,583
Rural	877,330	1,313,368	877,330	1,313,368
Services	5,597,794	5,238,168	6,510,871	5,859,452
Individuals	<u>650,791</u>	<u>956,226</u>	<u>36,754,258</u>	<u>36,641,125</u>
Total	<u>20,744,726</u>	<u>19,601,871</u>	<u>58,726,195</u>	<u>56,816,072</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

d. Composition of the operations at the corresponding levels of risk

Bank	12/31/2011			12/31/2010		
Risk level	Loans to fall due	Loans overdue	Total	Loans to fall due	Loans overdue	Total
AA	10,514,377	-	10,514,377	12,041,990	-	12,041,990
A	5,387,024	-	5,387,024	5,527,438	-	5,527,438
B	2,517,083	87,095	2,604,178	1,517,995	19,863	1,537,858
C	1,032,830	34,399	1,067,229	161,087	7,869	168,956
D	275,782	34,470	310,252	10,098	1,953	12,051
E	366,528	38,389	404,917	5,497	7,428	12,925
F	21,343	12,282	33,625	94,517	24,295	118,812
G	120,187	67,718	187,905	24,929	4,167	29,096
H	4,690	230,529	235,219	92,149	60,596	152,745
Total	20,239,844	504,882	20,744,726	19,475,700	126,171	19,601,871
Consolidated	12/31/2011			12/31/2010		
Risk level	Loans to fall due	Loans overdue	Total	Loans to fall due	Loans overdue	Total
AA	10,646,664	-	10,646,664	12,710,491	-	12,710,491
A	35,383,885	-	35,383,885	38,395,293	-	38,395,293
B	2,633,744	1,972,370	4,606,114	1,620,997	1,397,510	3,018,507
C	1,098,346	1,712,701	2,811,047	203,718	923,447	1,127,165
D	306,618	1,002,445	1,309,063	29,735	383,391	413,126
E	379,455	690,183	1,069,638	14,146	180,404	194,550
F	30,379	548,272	578,651	100,873	138,992	239,865
G	126,527	522,712	649,239	29,362	101,725	131,087
H	45,035	1,626,859	1,671,894	122,890	463,098	585,988
Total	50,650,653	8,075,542	58,726,195	53,227,505	3,588,567	56,816,072

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

e. Composition of allowance for loan losses by level of risk and portfolio type

Levels of risk	% Provision	Bank		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
A	0.5	26,935	27,637	176,919	191,977
B	1	26,042	15,378	46,061	30,185
C	3	32,017	5,069	84,332	33,815
D	10	31,025	1,205	130,906	41,312
E	30	153,007	3,877	352,423	58,366
F	50	16,813	59,406	289,325	119,932
G	70	131,534	20,367	454,467	91,761
H	100	235,219	152,745	1,671,894	585,988
Total		<u>652,592</u>	<u>285,684</u>	<u>3,206,327</u>	<u>1,153,336</u>
Percentage of the portfolio		<u>3.2%</u>	<u>1.5%</u>	<u>5.5%</u>	<u>2.0%</u>

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Provision for loans and discounted notes	387,186	98,221	737,464	382,656
Provision for financing	209,205	143,985	2,181,422	627,018
Provision for rural and agro-industrial financing	7,072	5,430	7,072	5,430
Provision for Real Estate financing	430	201	430	201
Provision for financial leases	-	-	231,240	100,183
Provision for other credits	<u>48,699</u>	<u>37,847</u>	<u>48,699</u>	<u>37,847</u>
Total	<u>652,592</u>	<u>285,684</u>	<u>3,206,327</u>	<u>1,153,336</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

f. Movement of allowance for loan losses in the year

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Opening balance	285,684	329,815	1,153,336	1,361,982
Formation / (reversals)	420,420	70,236	3,342,877	1,188,965
Write-offs to loss	(53,512)	(114,367)	(1,289,886)	(1,397,611)
Closing balance	<u>652,592</u>	<u>285,684</u>	<u>3,206,327</u>	<u>1,153,336</u>

g. Information on credit assignments

	<u>12/31/2011</u>	<u>12/31/2010</u>
Transfer amount of assets assigned in the period	17,926,398	14,707,955
Book value of assets assigned in the period	(15,682,441)	(13,326,899)
Gross income from assignments	<u>2,243,957</u>	<u>1,381,056</u>
Expenses with assigned contracts' early settlement	(726,200)	(603,906)
Provision for losses on assigned contracts	(174,656)	(55,398)
Income from assignments before costs and taxes	<u>1,343,101</u>	<u>721,752</u>
Acceleration of the recognition in profit or loss of the costs associated with the asset assigned	(497,889)	(381,798)
Income from assignments before taxes	<u>845,212</u>	<u>339,954</u>
Tax effects	(366,539)	(147,012)

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Net Income (loss) from assignments	<u>478,673</u>	<u>192,942</u>
	<u>12/31/2011</u>	<u>12/31/2010</u>
Balance of credit assignments with recourse		
Financial institutions – Related parties	16,891,967	8,744,732
Other Financial Institutions	877,204	2,407,343
	<u>17,769,171</u>	<u>11,152,075</u>
Total	<u>17,769,171</u>	<u>11,152,075</u>

Banco Votorantim and its subsidiary BV Financeira hold, indirectly and directly 100% of subordinated quotas of investment funds in credit right described as follows:

	<u>12/31/2011</u>	<u>12/31/2010</u>
BV Financeira FIDC I	262,546	253,598
BV Financeira FIDC II	227,339	153,071
BV Financeira FIDC III	169,496	137,187
BV Financeira FIDC IV	400,743	199,076
BV Financeira FIDC V	308,668	-
BV Financeira FIDC VI	710,234	-
	<u>2,079,026</u>	<u>742,932</u>
Total investments in quotas	<u>2,079,026</u>	<u>742,932</u>

h. Accounting hedge strategies

Credit portfolio market value was determined as defined in BACEN Resolution 3082/02. This determination considered the respective derivative hedge that reflects the effects of interest rate change in credit portfolio, in accordance with installment maturities flow, to offset adjustments carried out in derivatives market.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Consolidated	12/31/2011			12/31/2010		
	Accrual value	Market value	Unrealized gain/ (Loss)	Accrual value	Market value	Unrealized gain/ (Loss)
Loan and Lease Operations	43,448,825	44,418,406	969,581	38,645,311	38,971,119	325,808
Total	43,448,825	44,418,406	969,581	38,645,311	38,971,119	325,808

On December 31, 2011, the assessment of such assets generated an unrealized positive adjustment of R\$969,581 (R\$325,808 in 2010), recorded under Other Credits – Sundry, in the Consolidated.

In order to hedge the risks of the pre-fixed interest rate of loans, financing and lease operations, the Conglomerate entered into contracts on the Interbank Deposit (DI) futures market with BM&FBOVESPA, in accordance with the maturity schedule of the installments. The market value of these derivatives amounts totalized R\$ 46,918,582.

To hedge against variable foreign exchange risks (US dollar) of export financing, Conglomerate negotiated contracts in the DDI futures market with BM&FBOVESPA, in accordance with installment maturities flow. The market value of these derivatives amounts totalized R\$ 2,407,808.

i. Supplementary information

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Amount of credit renegotiated in the period	9,565,565	8,710,731	9,981,306	8,906,615
Amount part of credits recovered, written off as loss	4,276	12,444	175,718	192,743
Guarantees granted	11,858,993	10,252,394	11,858,993	10,252,394

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

13 Foreign exchange portfolio

Bank and Consolidated

Other receivables

	12/31/2011	12/31/2010
Purchased foreign exchange to be settled	856,544	1,221,375
Receivables from foreign exchange sales	9,625	643,639
Advances in national currency received	(4,504)	(2,315)
Advances in foreign currency received	-	(582,890)
Earnings receivable from granted advances	23,501	12,942
	<u>885,166</u>	<u>1,292,751</u>
Total	<u>885,166</u>	<u>1,292,751</u>

Other liabilities

	12/31/2011	12/31/2010
Sold foreign exchange to be settled	9,642	641,385
Liabilities for foreign exchange purchases	786,635	1,252,142
Advances against exchange	(724,983)	(524,855)
Amount in foreign currency – payable	29	-
	<u>71,323</u>	<u>1,368,672</u>
Total	<u>71,323</u>	<u>1,368,672</u>

Foreign exchange net position

	<u>813,843</u>	<u>(75,921)</u>
--	----------------	-----------------

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

14 Securities Clearing Accounts

Other receivables	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Cash pending settlement	15,791	9,055	15,791	17,118
Debtors accounting settlement pending	9,374	-	36,295	10,022
Oper. with unsettled financial assets and commodities	28,152	46,627	28,152	46,627
Other receivables	59,234	23,066	59,711	23,508
Total	112,551	78,748	139,949	97,275
Other liabilities	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Cash pending settlement	6	7	11,524	95
Commissions and brokerage fees payable	620	1,059	980	1,408
Creditors - unsettled accounts	211	165	39,703	52,778
Stock loan creditors	4,169	24,966	4,169	24,966
Operations with unsettled financial assets and commodities	2,849	63,290	7,384	74,190
Total	7,855	89,487	63,760	153,437

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

15 Other receivables - Sundry

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Advanced and prepaid salaries	1,204	1,303	2,980	2,784
Advances to suppliers	1,847	1,943	2,245	1,987
Tax credit of taxes and contributions	670,447	509,039	2,887,586	2,120,104
Deposits in guarantee	160,401	77,529	495,789	125,180
Taxes and contributions recoverable	170,672	134,322	542,137	568,883
Recoverable taxes and contributions	-	-	6	5
Credit card transactions	-	-	281,823	188,660
Market adjustments for loans and lease	149,185	96,930	969,581	325,808
Settlement of securities overseas	233,741	191,156	233,741	191,156
Other	12,419	9,626	173,025	267,659
Total	1,399,916	1,021,848	5,588,913	3,792,226

16 Other assets

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Insurance costs	897	1,141	7,360	4,902
Data processing expenses	3,586	2,852	4,828	3,075
Commission for intermediation of operations (a)	-	-	1,035,652	509,472
Expenses with issue of securities	978	1,588	2,657	3,532
Financial system service expenses	4,170	4,746	58,702	12,237
Specialized technical service expenses	5,615	8,532	29,227	26,370
Non operating assets – real estate	4,326	2,380	4,326	4,326
Non operating assets - Vehicles and related	290	1,494	105,735	83,004
Provision to devaluation of other assets	-	-	(8,234)	-
Usufruct rights on shares	241,006	-	241,006	-
Other	9,047	390	27,854	2,708
Total	269,915	23,123	1,509,113	649,626

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

(a) Refer to the deferral of costs associated to loan transactions granted by BV Financeira.

17 Investments

a. Equity in the income of subsidiaries in the country and overseas

	Balance at 12/31/10	Dividends received	Capital increase	Equity in income of subsidiaries	Direct adjustments to the shareholders' equity	Balance at 12/31/11
Domestic	<u>3,023,080</u>	<u>(70,310)</u>	<u>602</u>	<u>(605,629)</u>	<u>(9,800)</u>	<u>2,337,943</u>
Votorantim CTVM Ltda.	250,519	(1,063)	-	7,609	51	257,116
Votorantim Asset DTVM Ltda	60,032	(2,570)	-	26,407	-	83,869
BV Financeira S.A.	1,399,450	(64,586)	-	(624,183)	(9,851)	700,831
BV Leasing Arrend. Merc. S.A.	1,313,079	(2,091)	-	(15,141)	-	1,295,847
BVIP – BV Inv. e Partic. S.A.	-	-	301	(192)	-	109
BVIA – BV Inv. Alt. Gestão S.A.	-	-	301	(129)	-	172
Overseas	<u>46,774</u>	<u>-</u>	<u>10,239</u>	<u>2,263</u>	<u>-</u>	<u>59,276</u>
Votorantim Bank Limited	33,402	-	-	3,188	-	36,590
Banco Votorantim Securities	13,372	-	-	(2,353)	-	11,019
Votorantim Securities (UK) Limited (a)	-	-	10,239	1,428	-	11,667
Total	<u>3,069,854</u>	<u>(70,310)</u>	<u>10,841</u>	<u>(603,364)</u>	<u>(9,800)</u>	<u>2,397,219</u>

(a) The Company Votorantim Securities (UK) started up on July 29, 2011 with na initial capital transfer of £4,000.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

	12/31/2011			
	Capital	Shareholders' equity	Net income	Number of common shares/quotas held by the Bank (in units)
Domestic	2,060,936	2,329,869	(605,627)	21,582,737,024
Votorantim CTVM Ltda.	169,280	255,307	7,610	16,928,021,130
Votorantim Asset DTVM Ltda.	46,536	77,596	26,407	4,653,477,129
BV Financeira S.A.	845,718	700,830	(624,182)	126,361
BV Leasing Arrend. Merc. S.A.	998,800	1,295,855	(15,141)	510,404
BVIP – BV Inv. e Partic. S.A.	301	109	(192)	301,000
BVIA – BV Inv. Alt. Gestão S.A.	301	172	(129)	301,000
Overseas	111,622	59,276	(4,715)	14,002,120
Votorantim Bank Limited	77,453	36,590	(1,080)	6,002,120
Banco Votorantim Securities	22,510	11,019	(3,643)	4,000,000
Votorantim Securities (UK)	11,659	11,667	8	4,000,000
Total	2,172,558	2,389,145	(610,342)	21,596,739,144

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

b. Other investments

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Investments via tax incentives	35,405	33,287	104,759	94,506
Membership certificates	175	175	176	176
Shares and quotas	6	6	6	6
Other	99	99	129	129
	35,685	33,567	105,070	94,817
Provision for losses in invest. for fiscal incentives	(11,034)	(10,298)	(42,441)	(40,056)
Total	24,651	23,269	62,629	54,761

18 Fixed assets for use

Bank	12/31/2011			12/31/2010
	Cost	Depreciation	Net	Net
Constructions in progress	111	-	111	111
Furniture and equipment in use	32,995	(11,059)	21,936	23,120
Communication system	7,317	(4,571)	2,746	3,270
System data processing	37,738	(26,091)	11,647	13,714
Security system	2,260	(753)	1,507	1,662
Transportation system	1,181	(1,181)	-	102
Total	81,602	(43,655)	37,947	41,979

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Consolidated	12/31/2011			12/31/2010
	Cost	Depreciation	Net	Net
Constructions in progress	111	-	111	111
Facilities	49,795	(6,040)	43,755	17,046
Furniture and equipment in use	55,433	(18,854)	36,579	34,972
Communication system	11,966	(7,069)	4,897	5,709
System data processing	75,917	(52,605)	23,312	27,834
Security system	2,308	(718)	1,590	1,678
Transportation system	1,685	(1,493)	192	436
Total	197,215	(86,779)	110,436	87,786
	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Opening balance	41,979	33,124	87,786	58,131
Acquisitions	3,724	16,517	46,240	45,655
Disposals	(23)	(480)	(3,124)	(1,102)
Depreciation	(7,733)	(7,182)	(20,466)	(14,898)
Closing balance	37,947	41,979	110,436	87,786

On December 31, 2011, there were no relevant assets indicating impairment loss.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

19 Intangible

	<u>12/31/2011</u>			<u>12/31/2010</u>
Bank	Accrual value	Accumulated amortization	Net balance	Net balance
Corporate projects	20,050	-	20,050	7,035
Total	<u>20,050</u>	<u>-</u>	<u>20,050</u>	<u>7,035</u>

	<u>12/31/2011</u>			<u>12/31/2010</u>
Consolidated	Accrual value	Accumulated amortization	Net balance	Net balance
SISBEX BMF&Bovespa	-	-	-	200
Software	1,695	(712)	983	1,036
Licenses	17,243	(5,355)	11,888	7,835
Trading right agreement	5,000	(1,166)	3,834	4,585
Corporate projects	23,545	-	23,545	7,035
Total	<u>47,483</u>	<u>(7,233)</u>	<u>40,250</u>	<u>20,691</u>

	<u>Bank</u>		<u>Consolidated</u>	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Opening balance	7,035	-	20,691	5,121
Acquisitions	19,657	7,035	30,777	17,693
Write-offs	(6,642)	-	(7,226)	-
Amortization	-	-	(3,992)	(2,123)
Closing balance	<u>20,050</u>	<u>7,035</u>	<u>40,250</u>	<u>20,691</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Amortization estimates for software, licenses and trading right agreement

	2011	
	Bank	Consolidated
<i>In 2012</i>	1,142	4,529
<i>In 2013</i>	4,010	4,529
<i>In 2014</i>	4,010	4,529
<i>In 2015</i>	4,010	2,337
<i>In 2016</i>	4,010	741
<i>Above 5 years</i>	2,868	23,585
<i>Total</i>	<u>20,050</u>	<u>40,250</u>

On December 31, 2011, there were no relevant assets indicating impairment loss.

20 Deferred charges

Bank	12/31/2011			12/31/2010
	Cost	Depreciation	Net	Net
Expenses on third-party properties	<u>35,138</u>	<u>(5,477)</u>	<u>29,661</u>	<u>32,194</u>
Total	<u>35,138</u>	<u>(5,477)</u>	<u>29,661</u>	<u>32,194</u>
Consolidated	12/31/2011			12/31/2010
	Cost curve	Depreciation	Net	Net
Expenses on third-party properties	41,557	(11,222)	30,335	43,262
Expenses on software acquisition and development	1,609	(1,372)	237	632

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Total	43,166	(12,594)	30,572	43,894
	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Opening balance	32,194	27,541	43,894	43,875
Acquisitions	-	24,136	-	28,679
Write-offs	(3)	(17,233)	(591)	(17,233)
Foreign exchange	4	-	6	-
Amortization	(2,534)	(2,250)	(12,737)	(11,427)
Closing balance	29,661	32,194	30,572	43,894

On December 31, 2011, there were no relevant assets indicating impairment loss.

21 Deposits

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Demand deposits	357,207	305,007	431,764	309,431
Individuals	26,083	11,220	26,581	19,362
Legal entities	331,092	293,786	405,152	290,069
Financial institutions	4	1	3	-
Other	28	-	28	-
Interbank deposits	3,173,641	980,116	2,856,203	726,266
Time deposits	22,357,694	22,573,786	22,336,676	22,562,609
Individuals	814,362	-	814,362	-
Legal entities	21,543,332	1,344,644	21,522,314	1,344,644
Other	-	21,229,142	-	21,217,965
Other deposits	-	150	-	150

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Total	<u>25,888,542</u>	<u>23,859,059</u>	<u>25,624,643</u>	<u>23,598,456</u>
-------	-------------------	-------------------	-------------------	-------------------

22 Money market repurchase commitments

	<u>Bank</u>		<u>Consolidated</u>	
	<u>12/31/2011</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2010</u>
Own portfolio	27,190,352	25,305,911	27,199,796	24,920,233
Financial treasury bills	6,537	368,918	6,537	368,918
National treasury bills	1,275,690	579,083	1,275,690	579,083
National treasury notes	4,249,810	5,742,823	4,249,810	5,355,984
Other	21,658,315	18,615,087	21,667,759	18,616,248
Third-party portfolio	6,326,734	7,770,634	6,326,734	6,860,675
Financial treasury bills	2,465,628	-	2,465,628	-
National treasury bills	3,662,673	5,815,100	3,662,673	5,761,542
National treasury notes	198,433	1,955,534	198,433	1,099,133
Free portfolio	8,465	2,599,012	8,465	2,599,012
National treasury notes	-	2,525,824	-	2,525,824
Other	8,465	73,188	8,465	73,188
Total	<u>33,525,551</u>	<u>35,675,557</u>	<u>33,534,995</u>	<u>34,379,920</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

23 Acceptances and endorsements

		Bank		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
Debentures					
With exchange variation		-	-	-	1,567,126
Post-fixed	(a)	-	-	3,131,148	1,446,441
Real estate credit note funds					
Post-fixed	(b)	6,980	4,632	6,980	4,632
Agribusiness credit bill funds					
Post-fixed	(c)	1,635,424	1,789,518	1,635,424	1,789,518
Pre-fixed		16,535	-	16,535	-
Financing bills					
Pre-fixed	(d)	56,886	13,644	56,886	13,644
Post-fixed	(e)	7,087,451	2,593,316	7,087,451	2,593,316
Foreign securities					
Pre-fixed	(f)	-	369,806	-	369,806
With exchange variation	(g)	5,932,220	2,513,648	5,932,220	2,513,648
Total		14,735,496	7,284,564	17,866,644	10,298,131

(a) Rate of restatement in 2011: DI + 0.35% p.a.

(b) Rate of restatement in 2011: from 87.00% to 95.50% of DI

(c) Rate of restatement in 2011: from 45.00% to 96.50% of DI

(d) Rate of restatement in 2011: from 11.86% to 12.35% p.a.

(e) Rate of restatement in 2011: from 10.90% to 14.00% p.a.

(f) Rate of restatement in 2011: from 100% to 112% DI / from 108% to 109% Selic / from 4.50% to 7.81% + IPCA / from 5.05% to 5.99% + IGPM

(g) Rate of restatement in 2011: from 2.75 % p.a. to 3.59% p.a. + foreign exchange

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Accounting hedge strategies

Consolidated	12/31/2011			12/31/2010		
	Accrual value	Market value	Unrealized gain/ (Loss)	Accrual value	Market value	Unrealized gain/ (Loss)
Foreign securities	2,837,870	2,888,897	(51,027)	2,877,050	2,883,454	(6,404)
Total	<u>2,837,870</u>	<u>2,888,897</u>	<u>(51,027)</u>	<u>2,877,050</u>	<u>2,883,454</u>	<u>(6,404)</u>

To hedge against variable foreign exchange risks (US dollar) from a part of securities overseas, Conglomerate negotiated contracts in the DDI futures market with BM&FBOVESPA, in accordance with installment maturities flow. The market value of these derivatives amounts totalized R\$ 3,104,967.

24 Liabilities from borrowings and onlendings

		Bank		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
Local Loans					
With exchange variation	(a)	15,279	21,357	15,279	21,357
Foreign borrowings					
With exchange variation	(b)	5,148,118	4,237,430	5,148,118	4,237,430
Local onlendings – National Treasury					
Pre-fixed	(c)	155,089	73,338	155,089	73,338
Local Onlendings - BNDES					
Pre-fixed	(d)	1,138,657	1,538,129	1,138,657	1,538,129

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

		Bank		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
Local Loans					
Post-fixed	(e)	2,265,248	2,476,730	2,265,248	2,476,730
With exchange variation	(f)	97,038	66,468	97,038	66,468
Local Onlendings - FINAME					
Pre-fixed	(g)	2,105,548	2,223,378	2,129,639	2,251,842
Post-fixed	(h)	529,294	589,186	529,294	589,186
Total		11,454,271	11,226,016	11,478,362	11,254,480

(a) Rate of restatement in 2011: 0.40% p.a. + foreign exchange

(b) Rate of restatement in 2011: from 0.40% p.a. to 7.42% p.a. + foreign exchange

(c) Rate of restatement in 2011: 6.75% p.a. + CDI

(d) Rate of restatement in 2011: from 1.50% p.a. to 8.00% p.a. + CDI

(e) Rate of restatement in 2011: from 9.08% p.a. to 9.91% p.a. + IPCA / from 6,90% p.a. to 10.50% p.a. + TJLP

(f) Rate of restatement in 2011: from 0.90% p.a. to 6.27% p.a. + foreign exchange variation

(g) Rate of restatement in 2011: from 0.30% p.a. to 9.80% p.a. + CDI

(h) Rate of restatement in 2011: from 6.50% p.a. to 11.50% p.a. + TJLP

Cash flow hedge strategies

Consolidated	12/31/2011			12/31/2010		
	Accrual value	Market value	Unrealized gain/ (Loss)	Accrual value	Market value	Unrealized gain/ (Loss)
Foreign borrowings	475,496	477,589	2,093	-	-	-
Total	475,496	477,589	2,093	-	-	-

In order to hedge the cash flow of Foreign borrowings against exchange variation (Euro), the Conglomerate negotiated a swap agreement with BM&F/BOVESPA, maturing in 2013, making the cash flow prefixed in Reais. The market value of this derivative totalized R\$ 477,771.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

The effectiveness verified in the hedge portfolio complies with the provisions of regulation in force.

25 Other liabilities - Social and statutory

	<u>Bank</u>		<u>Consolidated</u>	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Dividends and bonuses payable	-	128,300	-	128,300
Provision for profit sharing	44,121	74,564	99,555	251,330
Bonuses and profit sharing payable	-	19	-	19
Total	<u>44,121</u>	<u>202,883</u>	<u>99,555</u>	<u>379,649</u>

26 Other liabilities - Taxes and social security contributions payable

	<u>Bank</u>		<u>Consolidated</u>	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Taxes and contributions on income payable	107,923	121,405	353,691	517,666
Taxes and contributions on outsourced services	739	1,343	5,880	12,312
Taxes and contribution on the salary	4,377	3,793	7,886	6,672
Taxes and contributions on interest earning bank deposits	29,780	34,156	31,348	34,180
PIS	3,231	5,733	7,987	9,453
COFINS	-	1,340	21,545	7,234
ISS	2,228	2,201	5,335	8,377
Provision for tax risks	608,425	564,825	1,525,170	1,400,348
Provision for deferred taxes and contributions	79,784	180,922	1,036,732	1,164,706
Other taxes and contributions	4	-	4	11
Total	<u>836,491</u>	<u>915,718</u>	<u>2,995,578</u>	<u>3,160,959</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

27 Other liabilities - Subordinated debts

		Bank		Consolidated	
		12/31/2011	12/31/2010	12/31/2011	12/31/2010
Bank deposit certificates					
Post-fixed	(a)	3,088,122	3,262,539	3,088,122	3,262,539
Subordinated financing bills					
With exchange variation	(b)	2,199,747	1,885,684	2,199,747	1,885,684
Subordinated financial bills					
Post-fixed	(c)	2,109,441	304,964	2,109,441	304,964
Debentures					
Post-fixed		-	-	-	1,451,075
Total		<u>7,397,310</u>	<u>5,453,187</u>	<u>7,397,310</u>	<u>6,904,262</u>

(a) Rate of restatement in 2011: from 0.49% p.a. to 1.67% p.a. + CDI / 7.22% p.a. + IGPM / from 7.92% p.a. to 8.00% p.a. + IPCA

(b) Rate of restatement in 2011: 7.38% p.a. + PTAX

(c) Rate of restatement in 2011: from 1.30% p.a. to 1.94% p.a. + CDI or from 109% to 119% of CDI / from 6.71% p.a. to 7.70% p.a. + IGPM / from 5.45% p.a. to 8.02% p.a. + IPCA

Accounting hedge strategies

Consolidated	12/31/2011			12/31/2010		
	Accrual value	Market value (book value)	Unrealized gain/ (Loss)	Accrual value	Market value (book value)	Unrealized gain/ (Loss)
Subordinated bill	<u>2,236,638</u>	<u>2,199,747</u>	<u>(36,891)</u>	<u>1,986,505</u>	<u>1,885,684</u>	<u>(100,821)</u>
Total	<u>2,236,638</u>	<u>2,199,747</u>	<u>(36,891)</u>	<u>1,986,505</u>	<u>1,885,684</u>	<u>(100,821)</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

To hedge against risks (US dollar) from a part of subordinated debts, Conglomerate negotiated contracts in the DDI futures market with BM&FBOVESPA, in accordance with installment maturities flow. The market value of these derivatives amounts to R\$ 2,841,284.

28 Other liabilities - Sundry

	<u>Bank</u>		<u>Consolidated</u>	
	<u>12/31/2011</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2010</u>
Provision for personnel expenses	33,460	25,405	96,732	84,118
Provision for Administrative Expenses	6,388	8,574	53,904	69,726
Provision for contingent liabilities	12,036	9,560	331,850	113,691
Commission for intermediation of operations	-	-	33,057	107,102
Amounts subject to onlendings to assignees	-	-	350,040	204,868
Provision for assigned credit losses	-	-	254,746	80,090
Credit card transactions	-	-	287,103	194,023
Settlement of securities overseas	1,642	209,333	2,111	209,933
Loan operations and leases to be released	4,575	4,337	35,939	30,549
Other (a)	86,663	46,074	235,500	317,507
Total	<u>144,764</u>	<u>303,283</u>	<u>1,680,982</u>	<u>1,411,607</u>

(a) In the Consolidated, it basically refers to unprocessed amounts arising from the operating cash flow from the loan operation portfolio and lease.

29 Shareholders' equity

a. Capital

Capital is represented by 81,538,822,950 nominative shares, 66,713,582,406 of which are common shares with no par value and 14,825,240,544 nominative preferred shares with no par value.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

In accordance with the Extraordinary Shareholders' Meeting held on December 22, 2010, the shareholders approved the allocation of the balances of capital reserves comprised of tax incentives and updating of membership participates to increase capital by R\$ 31,945 thousand. The capital increase was approved by the Brazilian Central Bank (BACEN) on June 24, 2011.

Extraordinary Shareholders' Meeting held on December 30, 2011 decided and approved a capital increase of R\$ 1,000,000, using the "Expansion Reserve" without the issuance of shares, to comply with requirements provided for in corporate law.

b. Dividends

Shareholders are assured a minimum compulsory dividend equivalent to 25% of net profit for each period, deducted from the statutory reserve. At December 31, 2010, Management proposed dividend distribution on income for the period.

	<u>2010</u>
Net income	1,015,247
Legal reserve	<u>50,762</u>
Calculation basis	<u>964,485</u>
Interest on own capital	-
Dividends	<u>241,121</u>
Amount proposed	<u>241,121</u>
% on the basis for calculation	<u>25%</u>

c. Profit reserve

Legal reserve

Formed compulsorily on the basis of 5% of net income for the period, until it reaches 20% of the capital stock. Legal reserve may not be formed when the result of its addition to capital reserves is greater than 30% of capital stock. The legal reserve can only be used for capital

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

increase or to offset loss.

Expansion reserve

To fulfill the requirements established in the corporate legislation and rules of the Central Bank of Brazil, Management proposes that, the portion of retained profits not distributed (if it exists) is destined for “Expansion reserve”. The balance in reserves will remain at the shareholders’ disposal for a subsequent resolution by the General Shareholders’ Meeting.

d. Adjustments to equity value recognized in shareholders’ equity in the year

	Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Opening balance	(57,356)	(76,665)
Securities available for sale	(5,240)	62,627
Banco Votorantim	19,366	110,457
Subsidiary companies	(24,606)	(47,830)
Cash flow hedge	(5,004)	-
Banco Votorantim	(5,004)	-
Tax effects	(7,746)	(43,319)
Closing balance	<u>(75,346)</u>	<u>(57,357)</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

30 Balance sheet by maturity brackets

The "balance sheet by maturity brackets" statement of December 31, 2011 was prepared considering the maturity term of the assets and liabilities, regardless of the category in which they are classified.

Regarding assets and liabilities of indefinite term, operations with assets are classified in non-current assets and operations with liabilities in current liabilities. Permanent assets and shareholders' equity are being presented as "over 5 years".

In the "Balance Sheet" statement, securities classified in the "Trading securities" category are presented as Current Assets, regardless of the maturity terms.

Lease operations are presented at the financial method, which consists in reclassifying leased property, plant and equipment to the caption lease transactions, less residual value received in advance.

Bank

a. Assets

	Up to <u>90 days</u>	From 91 to <u>360 days</u>	From 1 <u>to 3 years</u>	From 3 to 5 <u>years</u>	Over <u>5 years</u>	<u>Total</u>
Cash	92,828	-	-	-	-	92,828
Interbank funds applied	19,447,000	19,530,931	17,076,804	-	13,906	56,068,641
Purchase and sale commitments – own portfolio	6,841,281	510,995	-	-	-	7,352,276
Purchase and sale commitments - Financed operations	6,204,041	108,800	-	-	-	6,312,841
Interbank deposits	6,156,725	18,911,136	17,076,804	-	13,906	42,158,571
Foreign currency investments	244,953	-	-	-	-	244,953
Securities	3,695,178	1,320,120	3,358,340	5,748,740	24,083,486	38,205,864
Trading securities	301,962	230,823	1,762,744	2,898,171	19,337,991	24,531,691
Securities available for sale	3,393,216	1,089,297	1,595,596	2,850,569	4,745,495	13,674,173
Derivative financial instruments	275,397	953,320	567,323	293,947	85,120	2,175,107
Differential from <i>swap</i>	119,841	476,160	497,272	291,623	84,334	1,469,230

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

	Up to	From 91 to	From 1	From 3	Over	Total
	90 days	360 days	to 3 years	to 5	5 years	
	<u>90 days</u>	<u>360 days</u>	<u>to 3 years</u>	<u>to 5</u>	<u>5 years</u>	<u>Total</u>
Term currency contracts	462	1,055	44	-	-	1,561
Purchase of options - shares	1,344	-	-	-	-	1,344
Purchase of options – financial assets/goods	84,480	385,383	11,417	45	-	481,325
Credit derivatives	38,596	6,620	-	-	-	45,216
NDF	30,674	84,102	58,590	2,279	786	176,431
Interbank accounts/ relations	6,032,915	-	-	-	-	6,032,915
Loans	3,374,151	5,866,679	7,087,276	1,818,679	1,849,457	19,996,242
Allowance for loan losses	(138,793)	(77,640)	(258,804)	(35,301)	(93,355)	(603,893)
Other receivables	1,411,422	5,272	707,238	66,107	186,167	2,376,206
Foreign exchange portfolio	885,166	-	-	-	-	885,166
Income receivable	29,572	-	-	-	-	29,572
Securities Clearing Accounts	99,394	3,052	8,995	1,110	-	112,551
Other	436,337	11,872	698,243	64,997	186,167	1,397,616
Allowance for loan losses	(39,047)	(9,652)	-	-	-	(48,699)
Other assets	74,498	46,091	108,891	35,836	4,599	269,915
Permanent	-	-	-	-	2,509,528	2,509,528
Total	<u>34,264,596</u>	<u>27,644,773</u>	<u>28,647,068</u>	<u>7,928,008</u>	<u>28,638,908</u>	<u>127,123,353</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

b. Liabilities

	Up to <u>90 days</u>	From 91 to <u>360 days</u>	From 1 <u>to 3 years</u>	From 3 to 5 <u>years</u>	Over <u>5 years</u>	<u>Total</u>
Judicial	5,512,094	14,302,108	5,331,034	110,074	633,232	25,888,542
Demand deposits	357,207	-	-	-	-	357,207
Interbank deposits	1,030,542	827,676	695,501	1,607	618,315	3,173,641
Time deposits	4,124,345	13,474,432	4,635,533	108,467	14,917	22,357,694
Money market repurchase commitments	14,346,810	14,794,286	4,085,426	196,992	102,037	33,525,551
Own portfolio	8,669,771	14,144,591	4,082,242	191,711	102,037	27,190,352
Third-party portfolio	5,677,039	649,695	-	-	-	6,326,734
Free portfolio	-	-	3,184	5,281	-	8,465
Acceptances and endorsements	203,599	3,332,948	7,351,726	3,765,986	81,237	14,735,496
Interbank accounts/ relations.	122,735	-	-	-	-	122,735
Liabilities from borrowings and onlendings	1,813,771	3,490,912	4,772,619	679,356	697,613	11,454,271
Derivative financial instruments	391,255	20,086,018	4,007,864	191,490	124,409	24,801,036
Differential from <i>swap</i>	111,500	278,140	226,207	191,465	124,409	931,721
Term currency contracts	-	935	-	-	-	935
Purchase of options - shares	1,509	-	-	-	-	1,509
Purchase of options – financial assets/goods	182,919	343,161	11,214	25	-	537,319
Option box	40,447	19,436,181	3,769,658	-	-	23,246,286
Credit derivatives	29,052	7,094	-	-	-	36,146
NDF	25,828	20,507	785	-	-	47,120
Other liabilities	(61,693)	1,644,697	2,649,481	465,461	3,814,491	8,512,437
Collection and levy of taxes and alike	10,573	-	-	-	-	10,573
Foreign exchange portfolio	(428,023)	499,346	-	-	-	71,323
Social and statutory	44,121	-	-	-	-	44,121
Tax and social security	159,017	8,772	647,005	19,702	1,995	836,491
Securities Clearing Accounts	7,855	-	-	-	-	7,855
Subordinated debts	-	1,136,579	2,002,476	445,759	3,812,496	7,397,310
Other	144,764	-	-	-	-	144,764
Deferred income	41,620	139	107	-	-	41,866
Shareholders' equity	-	-	-	-	8,041,419	8,041,419
Total	22,370,191	57,651,108	28,198,257	5,409,359	13,494,438	127,123,353

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Consolidated

a. Assets

	Up to 90 days	From 91 to 360 days	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Cash	187,543	-	-	-	-	187,543
Interbank funds applied	14,802,393	1,146,658	357,521	-	-	16,306,572
Purchase and sale commitments – own portfolio	6,841,281	510,995	-	-	-	7,352,276
Purchase and sale commitments - Financed operations	6,204,041	108,800	-	-	-	6,312,841
Interbank deposits	1,500,451	526,863	357,521	-	-	2,384,835
Foreign currency investments	256,620	-	-	-	-	256,620
Securities	4,215,966	1,320,120	7,528,797	6,217,639	5,807,612	25,090,134
Trading securities	404,461	230,823	1,972,431	1,461,557	557,351	4,626,623
Securities available for sale	3,811,505	1,089,297	5,556,366	4,756,082	5,250,261	20,463,511
Derivative financial instruments	245,716	786,110	264,263	261,320	85,068	1,642,477
Differential from <i>swap</i>	90,160	308,950	194,212	258,996	84,282	936,600
Term currency contracts	462	1,055	44	-	-	1,561
Purchase of options - shares	1,344	-	-	-	-	1,344
Purchase of options – financial assets/goods	84,480	385,383	11,417	45	-	481,325
Credit derivatives	38,596	6,620	-	-	-	45,216
NDF	30,674	84,102	58,590	2,279	786	176,431
Interbank accounts/ relations.	6,032,915	-	-	-	-	6,032,915
Loans	8,977,092	15,756,125	22,699,498	5,303,660	1,894,549	54,630,924
Lease Operations	2,553,506	292,466	493,684	7,131	-	3,346,787
Allowance for loan losses	(1,200,312)	(625,228)	(1,053,154)	(185,579)	(93,355)	(3,157,628)
Other receivables	2,187,347	645,828	2,565,833	505,227	707,463	6,611,698
Foreign exchange portfolio	885,166	-	-	-	-	885,166
Income receivables	48,669	-	-	-	-	48,669
Securities Clearing Accounts	126,792	3,052	8,995	1,110	-	139,949
Other	1,165,767	652,428	2,556,838	504,117	707,463	5,586,613
Allowance for loan losses	(39,047)	(9,652)	-	-	-	(48,699)
Other assets	279,909	64,714	898,519	261,372	4,599	1,509,113
Permanent	-	-	-	-	244,168	244,168
Total	38,282,075	19,386,793	33,754,961	12,370,770	8,650,104	112,444,703

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

b. Liabilities

	Up to 90 days	From 91 to 360 days	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Judicial	5,377,912	14,255,743	5,247,682	123,980	619,326	25,624,643
Demand deposits	431,764	-	-	-	-	431,764
Interbank deposits	821,803	802,329	612,149	15,513	604,409	2,856,203
Time deposits	4,124,345	13,453,414	4,635,533	108,467	14,917	22,336,676
Money market repurchase commitments	14,346,826	14,794,343	4,094,797	196,992	102,037	33,534,995
Own portfolio	8,669,787	14,144,648	4,091,613	191,711	102,037	27,199,796
Third-party portfolio	5,677,039	649,695	-	-	-	6,326,734
Free portfolio	-	-	3,184	5,281	-	8,465
Acceptances and endorsements	203,599	4,952,744	8,862,668	3,766,397	81,236	17,866,644
Interbank/ accounts/ relations.	122,953	-	-	-	-	122,953
Liabilities from borrowings and onlendings	1,813,798	3,493,210	4,780,924	692,817	697,613	11,478,362
Derivative financial instruments	342,687	2,540,311	210,362	185,616	124,408	3,403,384
Differential from <i>swap</i>	97,358	277,160	167,073	185,591	124,408	851,590
Term currency contracts	-	935	-	-	-	935
Purchase of options - shares	1,509	-	-	-	-	1,509
Purchase of options – financial assets/goods	182,919	343,161	11,214	25	-	537,319
Option box	6,021	1,891,454	31,290	-	-	1,928,765
Credit derivatives	29,052	7,094	-	-	-	36,146
NDF	25,828	20,507	785	-	-	47,120
Other liabilities	1,630,079	2,014,816	4,229,210	623,458	3,832,864	12,330,427
Collection and levy of taxes and alike	21,919	-	-	-	-	21,919
Foreign exchange portfolio	(428,023)	499,346	-	-	-	71,323
Social and statutory	99,555	-	-	-	-	99,555
Tax and social security	506,670	154,630	2,136,211	177,699	20,368	2,995,578
Securities Clearing Accounts	63,760	-	-	-	-	63,760
Subordinated debts	-	1,136,579	2,002,476	445,759	3,812,496	7,397,310
Other	1,366,198	224,261	90,523	-	-	1,680,982
Deferred income	41,620	139	107	-	-	41,866
Shareholders' equity	-	-	-	-	8,041,429	8,041,429
Total	23,879,474	42,051,306	27,425,750	5,589,260	13,498,913	112,444,703

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

31 Loan operations income

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Advances to depositors	126	26	126	26
Loans	1,402,475	1,094,947	2,549,524	1,609,207
Discounted securities	10,272	4,904	10,272	4,904
Loans and financing	463,655	341,938	6,212,469	3,700,824
Income from real estate project financing	22,670	176	22,670	176
Export financing	551,134	264,991	551,134	264,991
Financing operations in foreign currency	31,741	7,705	31,741	7,705
Rural financing agreements	109,872	75,469	109,872	75,469
Income from credit assignments	6,651	-	1,343,101	721,752
Recovery of loans written off	4,073	12,445	166,919	186,610
Income from rights arising from share loans	5,849	10,860	5,849	10,860
Other	26,759	2,263	88,687	1,505,051
Total	<u>2,635,277</u>	<u>1,815,724</u>	<u>11,092,364</u>	<u>8,087,575</u>

32 Lease operations income

	Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Income from consideration	924,031	730,196
Profit on sale of leased assets	792,136	346,361
Income with excess depreciation	408,822	1,537,822
Other	(29,216)	25,764
Total	<u>2,095,773</u>	<u>2,640,143</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

33 Securities income

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Money market repurchase agreements	1,724,898	1,388,405	1,724,898	1,388,405
Interbank deposits	4,832,665	3,059,298	111,303	112,836
Fixed income securities	4,195,252	3,549,572	2,169,811	2,061,115
Securities overseas	411,701	368,933	411,717	368,960
Variable income securities	441,734	21,498	439,523	30,437
Investments in investment funds	75,076	4,918	353,959	289,261
Adjustment to market value	(160,262)	69,604	(164,984)	53,131
Other	(184,154)	9,333	(184,146)	9,333
Total	<u>11,336,910</u>	<u>8,471,561</u>	<u>4,862,081</u>	<u>4,313,478</u>

34 Income from derivative financial instruments

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Swap contracts	412,075	(329,272)	(222,126)	(771,961)
Forward contracts	2,520	(8,248)	2,520	(8,248)
Futures contracts	(451,967)	(409,746)	(1,408,274)	(767,434)
Agreements of share options	1,198	(28,269)	1,198	(28,269)
Option agreement – financial assets/goods	87,132	65,249	87,132	65,249
Credit derivatives	41,287	13,112	41,287	13,112
“Box” of options	(2,996,988)	(2,123,109)	(336,285)	(424,914)
NDF - Non Deliverable Forward	18,556	(18,674)	18,556	(18,674)
Adjustment to market value	52,247	(113,927)	643,767	(206,141)
Other	(2,378)	(62,909)	(2,378)	(62,909)
Total	<u>(2,836,318)</u>	<u>(3,015,793)</u>	<u>(1,174,603)</u>	<u>(2,210,189)</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

35 Foreign exchange income

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Income from exports	42,726	25,367	42,726	25,367
Income from imports	7,932	7,073	7,932	7,073
Financial income (loss)	(242)	(976)	(242)	(976)
Variations and differences in rates	26,147	(19,912)	26,147	(19,912)
Cash in foreign currencies	29,881	20,717	29,819	20,701
Other	202	(1,959)	201	(1,959)
Total	<u>106,646</u>	<u>30,310</u>	<u>106,583</u>	<u>30,294</u>

36 Expenses on funding from the market

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Securities transactions overseas	(1,522,506)	(10,983)	(1,522,506)	(10,983)
Interbank deposits	(215,082)	(104,198)	(183,357)	(75,646)
Time deposits	(2,842,603)	(2,483,529)	(2,841,376)	(2,483,529)
Purchase and sale commitments	(4,462,606)	(3,292,707)	(4,300,471)	(3,189,618)
Agribusiness credit bills (LCA)	(165,136)	(146,747)	(165,136)	(146,747)
Real estate credit note	(370)	(3,462)	(370)	(3,462)
Financing bills	(765,578)	(113,573)	(765,578)	(113,573)
Debentures	-	-	(537,430)	(402,584)
Adjustment to market value	219,553	100,821	219,553	100,821
Other	(32,485)	(31,832)	(32,485)	(31,832)
Total	<u>(9,786,813)</u>	<u>(6,086,210)</u>	<u>(10,129,156)</u>	<u>(6,357,153)</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

37 Expenses with loans, assignments and onlendings

	<u>Bank</u>		<u>Consolidated</u>	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Domestic loans	(952)	(3,996)	(952)	(3,996)
Foreign borrowings	(610,701)	(77,179)	(610,701)	(77,179)
National Treasury Onlendings	(6,522)	(1,499)	(6,522)	(1,499)
BNDES Onlendings	(259,623)	(256,953)	(259,623)	(256,953)
Onlendings - FINAME	(151,139)	(113,641)	(152,752)	(115,995)
Obligations to foreign bankers	(117,877)	(32,352)	(117,877)	(32,352)
Adjustment to market value	14,601	(1,627)	14,601	(1,627)
Exchange variation	228,140	280,530	228,140	280,530
Total	<u>(904,073)</u>	<u>(206,717)</u>	<u>(905,686)</u>	<u>(209,071)</u>

38 Lease expenses

	<u>Consolidated</u>	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Depreciation of leased assets	(1,532,054)	(1,901,072)
Amortization of leased assets	(2,840)	(2,040)
Income (loss) on sale of leased properties	(1,442)	(187)
Other	(64,969)	(113,683)
Total	<u>(1,601,305)</u>	<u>(2,016,982)</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

39 Income from rendered services

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Management of investment funds	-	-	125,475	109,819
Collection income	11,189	6,030	11,189	6,030
Commissions on placing of securities	67,651	69,346	62,032	70,207
Brokerage of Stock Exchange transactions	-	-	26,392	30,092
Income from custody services	46	22	533	361
Income from guarantees granted	140,829	144,032	140,829	144,032
Credit card transactions	-	-	19,275	13,055
Commissions receivable	356	-	2,242	3,338
Financial advisory	36,772	19,564	36,772	19,564
Income from banking services	-	-	14,098	128,760
Other	12,690	15,897	41,950	43,632
Total	<u>269,533</u>	<u>254,891</u>	<u>480,787</u>	<u>568,890</u>

40 Income from banking fees

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Individual	-	-	740,370	789,787
Master file registration	-	-	484,331	603,606
Transfers	-	-	2	1
Contract amendments	-	-	10,753	12,741
Appraisal of assets	-	-	211,617	158,675
Credit cards	-	-	24,593	14,764
Other	-	-	9,074	-

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

	<u>Bank</u>		<u>Consolidated</u>	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Legal entity	10,036	1,246	25,616	14,677
Master file registration	-	-	12,380	11,704
Transfers	9,065	870	9,074	880
Appraisal of assets	-	-	3,191	1,717
Other	971	376	971	376
Total	<u>10,036</u>	<u>1,246</u>	<u>765,986</u>	<u>804,464</u>

41 Personnel expenses

	<u>Bank</u>		<u>Consolidated</u>	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Fees	(13,745)	(14,028)	(26,662)	(27,060)
Benefits	(46,005)	(29,841)	(139,447)	(118,362)
Social charges	(72,073)	(63,969)	(184,422)	(161,117)
Dividends	(190,987)	(175,945)	(503,191)	(462,183)
Training	(3,693)	(4,126)	(4,928)	(6,002)
Total	<u>(326,503)</u>	<u>(287,909)</u>	<u>(858,650)</u>	<u>(774,724)</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

42 Other administrative expenses

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Water, energy and gas	(1,802)	(1,153)	(5,204)	(5,041)
Rents	(40,852)	(36,835)	(133,606)	(110,142)
Communications	(13,440)	(12,679)	(101,453)	(102,374)
Maintenance and preservation of assets	(5,160)	(6,163)	(17,183)	(13,967)
Material	(1,163)	(2,268)	(4,632)	(6,561)
Data processing	(64,929)	(65,112)	(152,249)	(118,137)
Promotions and public relations	(9,971)	(10,621)	(16,221)	(22,779)
Advertising and publicity	(1,315)	(1,986)	(10,211)	(33,841)
Publications	(794)	(1,498)	(960)	(1,777)
Insurance	(1,647)	(2,043)	(12,159)	(17,747)
Services of the financial system	(66,107)	(60,159)	(195,506)	(181,612)
Outsourced services	(3,770)	(3,401)	(17,273)	(20,840)
Surveillance and security	(1,284)	(1,411)	(5,603)	(3,990)
Specialized technical services	(66,686)	(103,938)	(485,924)	(432,023)
Transportation	(5,271)	(4,611)	(24,156)	(21,491)
Traveling	(6,110)	(7,403)	(34,821)	(35,969)
Judicial/notary public fees	(8,976)	(6,706)	(206,106)	(134,753)
Amortization	(2,534)	(2,250)	(16,729)	(13,550)
Depreciation	(7,733)	(7,182)	(20,466)	(14,898)
Other	(6,816)	(7,932)	(112,125)	(103,852)
Total	<u>(316,360)</u>	<u>(345,351)</u>	<u>(1,572,587)</u>	<u>(1,395,344)</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

43 Tax expenses

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
ISS	(13,551)	(12,445)	(65,963)	(62,882)
PIS	(14,481)	(9,699)	(58,582)	(53,759)
COFINS	(89,115)	(58,724)	(341,280)	(331,650)
Federal taxes	(4,967)	(2,603)	(10,836)	(4,167)
State taxes	(60)	(26)	(60)	(26)
Local taxes	(1,539)	(1,545)	(4,479)	(4,617)
Foreign taxes	(70)	(28,465)	(237)	(28,612)
Restatement of tax liabilities	(42,047)	(32,047)	(119,779)	(85,385)
Other	(12,907)	(2,849)	(21,588)	(9,330)
Total	(178,737)	(148,403)	(622,804)	(580,428)

44 Other operational income

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Recovery of charges and expenses	-	198	699	568
Foreign exchange variation of foreign invest.	126,956	22,971	136,885	24,167
Reversal of provision for contingent liabilities	3,757	7,311	5,983	36,570
Monetary variation assets	26,405	2,911	59,754	6,141
Reimbursement of costs associated	-	-	36,670	26,927
Other income	3,259	23,119	6,394	28,616
Total	160,377	56,510	246,385	122,989

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

45 Other operational expenses

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Costs associated with production	(2,278)	(3,817)	(2,278)	(3,817)
Provision for contingent liabilities	(7,786)	(1,613)	(229,280)	(38,850)
Foreign exchange variation of foreign invest.	(43,512)	(51,296)	(46,462)	(54,888)
Civil reparations	-	-	(84,664)	(39,871)
Other	(8,094)	(430)	(81,402)	(37,775)
Total	(61,670)	(57,156)	(444,086)	(175,201)

46 Non-operating results

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Disposal of assets	(393)	(634)	(113,518)	(64,986)
Sales of investments	-	44	84	116
Investment in tax incentive	1,382	2,360	7,868	12,135
Other	6	(10,745)	29,877	24,168
Total	995	(8,975)	(75,689)	(28,567)

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

47 Income and social contribution taxes

a. Charges due on operations

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Income (loss) before income tax, social contribution and interest	(251,909)	1,314,592	(415,228)	1,959,799
Charges at the current nominal rate	100,764	(525,837)	166,091	(783,920)
Exclusions / (Additions)	(205,498)	424,883	(499,770)	273,253
Tax losses for income tax	28,723	27,834	(22,680)	(329,867)
Negative basis for social contribution	18,412	17,933	19,113	16,311
Market adjustments of securities	(74,474)	126,155	(76,363)	119,538
Derivatives - Adjustment to market value	(102,356)	29,840	(253,240)	(20,598)
Market adjustments for loans analysis	22,862	(45,572)	254,772	(6,437)
Market adjustments for lease	-	-	4,697	-
Profit sharing	48,518	(58,660)	141,447	39,539
Allowance for doubtful accounts	(113,727)	(30,153)	(714,535)	(56,586)
Provision for contingencies	(3,053)	111	(91,043)	(3,219)
Derivatives – Cash basis	(9,125)	(31,089)	(7,525)	(16,152)
Provision for assigned credit losses	-	-	(69,862)	(22,043)
Excess (insufficient) depreciation	-	-	102,204	384,456
Equity method	-	233,004	-	-
Income from foreign branches	(43,945)	(23,686)	(43,945)	(23,686)
Non-taxable on securities	-	103,627	-	103,627
Permanent additions and tax incentives	22,844	-	261,988	-
Other	(177)	75,539	(4,798)	88,370
Current income and social contribution taxes	(104,734)	(100,954)	(333,679)	(510,667)
Deferred income and social contribution taxes	115,451	(4,960)	142,288	(387,189)
Total income and social contribution taxes	10,717	(105,914)	(191,391)	(897,856)

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

b. Deferred income and social contribution taxes with an impact on result in the year

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Tax credit				
Additions / (Exclusions)				
Tax losses for income tax	(28,723)	(27,834)	22,680	329,867
Negative basis for social contribution	(18,412)	(17,933)	(19,113)	(16,311)
Market adjustments of securities	-	(31,055)	-	(31,070)
Derivatives - Adjustment to market value	47,642	-	103,016	806
Profit sharing	-	-	-	(114)
Allowance for doubtful accounts	113,727	30,153	714,535	54,606
Provision for contingencies	3,053	(111)	91,043	3,219
Derivatives – Cash basis	-	-	(1,600)	(14,936)
Provision for assigned credit losses	-	-	69,862	22,043
Excess (insufficient) depreciation	-	-	(268,250)	-
Income from foreign branches	43,945	-	43,945	-
Other	176	-	4,797	3,171
Total	161,408	(46,780)	760,915	351,281

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Deferred tax obligation				
Additions/ (exclusions)				
Market adjustments of securities	74,474	(51,781)	76,363	(45,164)
Derivatives - Adjustment to market value	54,714	(29,840)	150,224	(71,115)
Market adjustments for loans analysis	(22,862)	45,572	(259,469)	82,457
Derivatives – Cash basis	9,125	31,089	9,125	31,089
Excess (insufficient) depreciation	-	-	166,046	(384,456)
Other	-	-	(1)	-
Total	115,451	(4,960)	142,288	(387,189)

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

c. Deferred income and social contribution taxes with effects on equity accounts in the year

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Assets (Other credits - Sundry)				
Opening balance	509,039	575,317	2,120,104	1,788,321
Tax losses for income tax	(28,723)	(27,834)	22,680	329,867
Negative basis for social contribution	(18,412)	(17,933)	(19,113)	(16,311)
Market adjustments of securities	47,642	(50,553)	6,567	(50,568)
Derivatives - Adjustment to market value	-	-	103,016	806
Profit sharing	-	-	-	(114)
Allowance for doubtful accounts	113,727	30,153	714,535	54,606
Provision for contingencies	3,053	(111)	91,043	3,219
Derivatives – Cash basis	-	-	(1,600)	(14,936)
Provision for assigned credit losses	-	-	69,862	22,043
Income from foreign branches	43,945	-	43,945	-
Excess (insufficient) depreciation	-	-	(268,250)	-
Other	176	-	4,797	3,171
Closing balance	<u>670,447</u>	<u>509,039</u>	<u>2,887,586</u>	<u>2,120,104</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

	Bank		Consolidated	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Liabilities (Other liabilities - Tax and social security)				
Opening balance	180,922	152,140	1,164,706	753,695
Market adjustments of securities	(60,161)	75,603	(62,049)	68,986
Derivatives - Adjustment to market value	(54,714)	29,840	(150,224)	71,115
Market adjustments for loans analysis	22,862	(45,572)	259,469	(82,457)
Derivatives – Cash basis	(9,125)	(31,089)	(9,125)	(31,089)
Excess (insufficient) depreciation	-	-	(166,046)	384,456
Other	-	-	1	-
Closing balance	<u>79,784</u>	<u>180,922</u>	<u>1,036,732</u>	<u>1,164,706</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

d. Composition of tax credit

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Tax losses for income tax	75,778	104,501	856,508	833,828
Negative basis for social contribution	36,754	55,165	37,674	56,788
Market adjustments of securities	-	-	6,567	-
Derivatives - Adjustment to market value	47,642	-	105,734	2,720
Allowance for doubtful accounts	284,406	170,679	1,541,192	826,658
Provision for contingencies	5,381	2,328	134,519	43,475
Derivatives – Cash basis	-	-	-	1,600
Provision for assigned credit losses	-	-	101,898	32,035
Provision for tax liability	81,877	81,878	223,003	223,003
Income from foreign branches	138,433	94,488	138,433	94,488
Excess (insufficient) depreciation	-	-	(268,250)	-
Other	176	-	10,308	5,509
Total	<u>670,447</u>	<u>509,039</u>	<u>2,887,586</u>	<u>2,120,104</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

e. Tax credit collection expectation

	<u>Bank</u>		<u>Consolidated</u>	
	Nominal value	Present value	Nominal value	Present value
In 2012	29,033	26,395	364,900	331,743
In 2013	122,704	100,533	1,172,021	960,249
In 2014	204,782	150,694	214,124	157,569
In 2015	90,652	59,915	125,135	82,706
As of 2015	<u>223,276</u>	<u>104,624</u>	<u>1,011,404</u>	<u>417,395</u>
Total	<u>670,447</u>	<u>442,161</u>	<u>2,887,584</u>	<u>1,949,662</u>

In the year ended December 31, 2011, the Bank realized tax credits in the amount of R\$ 95,775 and corresponding to 47% of usage estimated for 2011, included in the technical study.

In the year ended December 31, 2011, tax credits in the Consolidated, amounting to R\$ 931,728 and corresponding to 92.99% of usage estimated for 2011, which was included in the technical study.

On December 31, 2011 there were no tax credits not recorded in assets.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

f. Breakdown of deferred tax liabilities

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Market adjustments of securities	15,442	75,602	18,173	80,222
Derivatives - Adjustment to market value	-	54,714	141	150,366
Market adjustments for loans analysis	61,634	38,773	389,792	130,323
Derivatives – Cash basis	2,708	11,833	2,708	11,833
Excess (insufficient) depreciation	-	-	625,918	791,962
Total	<u>79,784</u>	<u>180,922</u>	<u>1,036,732</u>	<u>1,164,706</u>

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

48 Related party transactions

a. Summary of related party transactions

	<u>12/31/2011</u>	<u>12/31/2010</u>
Assets / (liabilities)		
Cash		
Banco do Brasil S.A. and subsidiaries	23,847	22,539
Interbank funds applied		
Banco do Brasil S.A. and subsidiaries	830,340	-
BV Financeira S.A. - Crédito, Financiamento e Investimento	39,817,150	32,788,286
Securities		
Votorantim Finanças S.A. and subsidiaries	-	900
BV Leasing Arrendamento Mercantil S.A.	20,299,006	16,883,132
Derivative financial instruments		
Banco do Brasil S.A. and subsidiaries	481,643	707,429
Votorantim Finanças S.A. and subsidiaries	9,656	20
BV Leasing Arrendamento Mercantil S.A	523,458	385,167
Votorantim C.T.V.M. Ltda.	9,172	45,381
Foreign exchange portfolio - Asset position		
Banco do Brasil S.A. and subsidiaries	-	1,167,390

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Assets / (liabilities)	12/31/2011	12/31/2010
Deposits		
Banco do Brasil S.A. and subsidiaries	(267,408)	(203,915)
Votorantim Finanças S.A. and subsidiaries	(229,404)	(84,566)
BV Financeira S.A. - Crédito, Financiamento e Investimento	(3,179)	(2,906)
BV Leasing Arrendamento Mercantil S.A.	(148)	(721)
Votorantim C.T.V.M. Ltda.	(246,395)	(103)
Votorantim Asset Management D.T.V.M Ltda.	(83,524)	(11,464)
BV Participações S.A. and subsidiaries	(222,850)	(934)
Votorantim Bank Limited	(1)	(1)
Obligations related to committed operations		
Banco do Brasil S.A. and subsidiaries	(72,131)	(269,865)
Votorantim Finanças S.A. and subsidiaries	(307,281)	(876,325)
BV Financeira S.A. - Crédito, Financiamento e Investimento	-	(1,296,799)
Votorantim C.T.V.M. Ltda.	-	(179,793)
Votorantim Asset Management D.T.V.M Ltda.	-	(66,055)
Foreign exchange acceptances, Real Estate and Mortgage Notes, Debentures and Other		
Banco do Brasil S.A. and subsidiaries	-	(278,048)
Liabilities from borrowings and onlendings		
Banco do Brasil S.A. and subsidiaries	(1,547,155)	-
Derivative financial instruments		
Banco do Brasil S.A. and subsidiaries	(1,064,760)	(2,808,640)
Votorantim Finanças S.A. and subsidiaries	(1,755,141)	(61,125)
BV Leasing Arrendamento Mercantil S.A.	(21,397,652)	(17,597,487)
Votorantim C.T.V.M. Ltda.	-	(49,946)
Foreign exchange portfolio - Liability position		
Banco do Brasil S.A. and subsidiaries	-	(1,231,566)
Votorantim Finanças S.A. and subsidiaries	(9,384)	(64,297)

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

	<u>12/31/2011</u>	<u>12/31/2010</u>
Assets / (liabilities)		
Other values to receive (Pay) from Associated Companies		
BV Financeira S.A. - Crédito, Financiamento e Investimento	168	-
BV Leasing Arrendamento Mercantil S.A.	(508)	-
Votorantim C.T.V.M. Ltda.	211	165
BV Participações S.A. and subsidiaries	(14,072)	-
	From 01/01 to	From 01/01 to
	12/31/2011	12/31/2010
Income / (expenses)		
Loans		
Banco do Brasil S.A. and subsidiaries	2,151,044	721,752
Securities income		
Banco do Brasil S.A. and subsidiaries	262,514	24,470
Votorantim Finanças S.A. and subsidiaries	(39)	64
BV Financeira S.A. – Crédito, Financiamento e Investimento	162,537	2,946,494
Votorantim C.T.V.M. Ltda.	24,430	-
Votorantim Asset Management D.T.V.M. Ltda.	8,515	-
BV Leasing Arrendamento Mercantil	-	658,613
Income from derivative financial instruments		
Banco do Brasil S.A. and subsidiaries	5,197	(37,329)
Votorantim Finanças S.A. and subsidiaries	(4,938)	396,957
Votorantim C.T.V.M. Ltda.	(5,865)	(4,028)
BV Leasing Arrendamento Mercantil S.A.	6,663,072	(1,539,499)
Foreign exchange income		
Banco do Brasil S.A. and subsidiaries	59,692	29,387
Votorantim Finanças S.A. and subsidiaries	2,811	(45)

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Income / (expenses)		
Market funding operations		
Banco do Brasil S.A. and subsidiaries	(158,235)	(43,390)
Votorantim Finanças S.A. and subsidiaries	(91,201)	(191,919)
BV Financeira S.A. – Crédito, Financiamento e Investimento	(4,721,383)	(103,105)
BV Leasing Arrendamento Mercantil S.A.	(2,065,063)	-
Votorantim C.T.V.M. Ltda.	-	(22,955)
Votorantim Asset Management D.T.V.M. Ltda.	-	(5,590)
BV Participações S.A. and subsidiaries	(17,858)	(10,059)
Loans, assignments and onlendings		
Banco do Brasil S.A. and subsidiaries	(21,263)	-
Service income		
BV Financeira S.A. - Crédito, Financiamento e Investimento	-	5,385
BV Leasing Arrendamento Mercantil S.A.	12	-
BV Participações S.A. and subsidiaries	69,176	-
Other Administrative Expenses		
Banco do Brasil S.A. and subsidiaries	-	(310)
BV Financeira S.A. - Crédito, Financiamento e Investimento	(11,114)	-
BV Leasing Arrendamento Mercantil S.A.	-	(3,480)
BV Participações S.A. and subsidiaries	(468)	-

In 2011, Banco Votorantim S.A. assigned credit transaction portfolios, with recourse, to Banco do Brasil S.A. and subsidiaries, in the amount of R\$16,891,967 (R\$8,744,732, in 2010).

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

b. Remuneration of management key personnel

On December 31, 2011, Banco Votorantim spent R\$ 107,310 as remuneration of Management key personnel.

	Consolidated
Fees	(26,662)
Bonuses	(55,568)
Social charges	(25,080)
Total	<u>(107,310)</u>

c. Employee's benefits

There are no post-employment benefits, such as pensions, other retirement benefits, post - employment life insurance and medical care, other long-term benefits to employees, including long service leave and other leaves, jubilee or other benefits per years of service, share-based remuneration and rescission of contract benefits, except those provided for in collective bargaining of the category.

d. Post-employment benefits

The Company disbursed R\$16,547 as post-employment benefits to former officers.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

49 Related credit transactions

Bank operates with Related credit transactions pursuant to CMN Resolution no. 2921/02 of CMN. On December 31, 2011 the balances of restricted operations on assets and of funds raised for investment, as well as respective results determined, were composed of the following amounts:

	From 01/01 to 12/31/2011	
	Assets/(Liabilities)	Income/(Expenses)
Related credit transactions		
Loan operations	<u>83,888</u>	<u>3,888</u>
Liabilities from restricted operations on assets		
Time deposits	<u>(83,529)</u>	<u>(3,529)</u>
Net income (loss) of related transactions		<u><u>359</u></u>

On December 31, 2011, there were no delinquent restricted operations on assets, or challenge in court involving the asset operations or the funds raised for investment in these operations. There were no restricted operations on assets recorded on December 31, 2010.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

50 Contingent assets and liabilities and legal obligations

a. Breakdown of contingent liabilities classified in the probable risk category and presented in Other liabilities - Sundry.

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Tax contingencies (a)	-	3,741	-	6,413
Civil contingencies (b)	157	4	192,217	23,290
Labor contingencies (c)	11,879	5,815	139,633	83,988
Closing balance	12,036	9,560	331,850	113,691

(a) Basically refer to matters involving ISS (Tax on Services), in the amount of R\$ 2,461, and CSLL (Social Contribution on Net Income) in the amount of R\$1,423.

(b) In the Consolidated statement, refer mainly to indemnity claims referring to: challenging of total effective cost of agreements; review on contract conditions and charges; and tariffs.

(c) In the Consolidated, they mostly refer to lawsuits filed by former employees involving indemnities, overtime, working time exemption, supplement per function and representation, among other matters.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

b. Changes in contingent liabilities classified in the probable risk category in the year and presentation in Other liabilities - Sundry

	Bank					
	Tax demands		Civil demands		Labor demands	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Opening balance	3,741	12,505	4	-	5,815	6,095
Constitutions	1,402	-	153	4	6,064	1,546
Reversals	(3,589)	(9,091)	-	-	-	(1,826)
Reclassifications (a)	(1,680)	-	-	-	-	-
Restatements	126	327	-	-	-	-
Closing balance	-	3,741	157	4	11,879	5,815

	Consolidated					
	Tax demands		Civil demands		Labor Demands	
	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010	From 01/01 to 12/31/2011	From 01/01 to 12/31/2010
Opening balance	6,413	17,846	23,290	31,102	83,988	67,798
Constitutions	3,092	2,067	168,927	-	55,645	18,167
Reversals	(4,841)	(14,105)	-	(7,812)	-	(1,977)
Reclassifications (a)	(5,307)	-	-	-	-	-
Restatements	643	605	-	-	-	-

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

Closing balance	<u>-</u>	<u>6,413</u>	<u>192,217</u>	<u>23,290</u>	<u>139,633</u>	<u>83,988</u>
------------------------	----------	--------------	----------------	---------------	----------------	---------------

- (a) Provision for tax contingent liabilities were reclassified to the group “Other liabilities - Taxes and social security”.

c. Breakdown of contingent liabilities classified in the possible risk category

	<u>Bank</u>		<u>Consolidated</u>	
	<u>12/31/2011</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2010</u>
Tax contingencies (a)	467,055	291,042	953,304	400,183
Civil contingencies (b)	4,364	-	16,018	37,934
Labor contingencies (c)	<u>3,868</u>	<u>224</u>	<u>61,330</u>	<u>2,891</u>
Closing balance	<u>475,287</u>	<u>291,266</u>	<u>1,030,652</u>	<u>441,008</u>

- (a) The Consolidated refers to basically: a) IRPJ/CS on equity investments overseas in the amount of R\$185,536; b) IRPJ/CS on contingent COFINS and inflation adjustment amounting to R\$ 381,215 and c) INSS in the amount of R\$ 134,542.
- (b) In the Consolidated statement refer mainly to indemnity claims referring to: challenging of total effective cost of agreements; review on contract conditions and charges; and tariffs.
- (c) In the Consolidated, they mostly refer to lawsuits filed by former employees involving indemnities, overtime, working time exemption, supplement per function and representation, among other matters.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

d. Breakdown of legal obligations presented in Other liabilities – Tax and social security

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Legal obligation (a)	606,745	564,825	1,519,861	1,400,348
Provision for contingent liabilities	1,680	-	5,309	-
Closing balance	608.425	564,825	1,525,170	1,400,348

(a) Refer, basically, to claims of non-payment of Cofins based on the revenues not derived from monthly invoicing (expansion of the calculation basis introduced by Law 9718/98).

e. Movement of legal obligations and provisions for contingent liabilities in Taxes and social security contributions payable

	12/31/2011			
	Bank		Consolidated	
	Legal obligation	Provision for contingent liabilities	Legal obligation	Provision for contingent liabilities
Opening balance	564,825	-	1,400,348	-
Constitutions	-	-	-	-
Reversals	-	-	(94)	-
Reclassifications	-	1,680	-	5,380
Restatements	41,820	-	119,609	-
Closing balance	608,425	1,680	1,519,861	5,380

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

f. Judicial deposits presented in Other credits – Sundry

	Bank		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Tax contingencies	155,608	74,715	398,412	77,384
Civil contingencies	-	-	56,960	27,799
Labor contingencies	4,762	2,786	40,272	19,790
Other	31	28	145	207
Total	160,401	77,529	495,789	125,180

g. Contingent assets

There is no contingent asset recorded.

h. Other commitments

The Bank filed at the Internal Revenue Service its adhesion to the Special Installment Payment Program - PAES, created by Law 10684/03, of the Federal Government. Adhesion to the program allowed the scheduling of PIS, relating to the period from January 2000 to January 2003. The amount included in the program is R\$ 4,487.

51 Other information

a. New procedures for bookkeeping of sales transactions of financial assets

Resolution 3533/2008 established procedures for the classification, accounting and disclosure of sales operations or transfers of financial assets. The procedures will take effect from January 01, 2012.

Banco Votorantim S.A.

Notes to the financial statements

(In thousands of Reais)

In short, upon application of the new rules to the financial assets to be assigned, the subsidiary BV Financeira will take into consideration the level of transfer of risks and rewards of assets transferred to another entity:

- When BV Financeira transfers financial assets to another entity, but does not substantially transfers all risks and rewards related to the assets transferred, assets will continue being recognized in the Company's balance sheet.
- When BV Financeira substantially transfers all risks and rewards related to the financial assets to an entity, assets will be written-off from the Company's balance sheet.

(A free translation of the original report in Portuguese containing financial statements prepared in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil)