



**Banco Votorantim S.A.**

Financial statements  
December 31, 2010 and 2009



# Banco Votorantim S.A.

## Financial statements

**December 31, 2010 and 2009**

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## Independent auditors' report on the 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, 2010 and the respective statements of income, changes in shareholders' equity and cash flows for the year and semester then ended, and a summary of significant accounting practices and other notes to the financial statements.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, and for designing, implementing and maintaining the internal control relevant to the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit carried out in accordance with the Brazilian auditing and international accounting standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant of the Bank preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Bank's internal controls. An audit also includes evaluating the appropriateness of accounting practices used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion on the individual and consolidated financial statements**

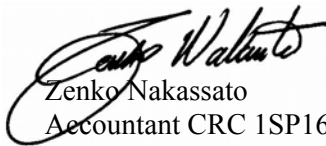
In our opinion, the individual and consolidated aforementioned financial statements present fairly, in all material respects, the financial position of Banco Votorantim S.A. at December 31, 2010, the financial performance of its operations and its cash flows, for the year and semester then ended, in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil.

### **Other issues - Statements of added value**

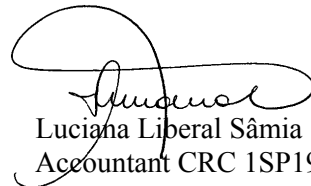
We have also reviewed the individual and consolidated statements of added value of Banco Votorantim S.A. for the year ended at December 31, 2010, whose presentation has been carried out in a spontaneous manner by the Bank. These statements were submitted to the same auditing procedures described above and, in our opinion are presented fairly in all material respects in relation to the financial statements taken as a whole.

São Paulo, February 4, 2011

KPMG Auditores Independentes  
CRC 2SP014428/O-6



Zenko Nakassato  
Accountant CRC 1SP160769/O-0



Luciana Liberal Sâmia  
Accountant CRC 1SP198502/O-8

Banco Votorantim S.A.

Balance sheets

December 31, 2010 and 2009

(In thousands of Reals)

	Bank		Consolidated			Bank		Consolidated	
	2010	2009	2010	2009		2010	2009	2010	2009
<b>Assets</b>					<b>Liabilities</b>				
<b>Current assets</b>	71,912,391	77,673,243	67,902,934	54,029,091	<b>Current liabilities</b>	66,407,835	66,934,790	68,833,350	51,235,475
<b>Cash</b>	68,530	197,760	150,621	239,912	<b>Deposits</b>	18,564,155	20,184,005	18,353,701	20,207,357
<b>Interbank funds applied</b>	22,841,765	41,756,719	14,117,068	20,128,609	Demand deposits	305,007	133,699	309,431	134,794
Money market	12,844,173	18,563,983	12,844,173	18,563,983	Interbank deposits	846,788	1,923,086	643,087	1,680,837
Interbank deposits	9,910,265	23,014,920	1,185,568	1,386,810	Time deposits	17,412,210	18,125,398	17,401,033	18,390,054
Foreign currency deposits	87,327	177,816	87,327	177,816	Other deposits	150	1,822	150	1,672
<b>Securities and derivative financial instruments</b>	32,443,446	28,331,874	18,198,716	13,156,507	<b>Money market repurchase commitments</b>	31,548,633	22,690,734	30,252,996	21,854,298
Own portfolio	5,728,968	7,264,010	8,446,597	9,999,054	Own portfolio	21,247,154	11,899,800	20,861,476	11,784,851
Subject to repurchase commitments	21,318,546	16,752,975	4,633,065	472,290	Third party portfolio	7,770,634	10,470,496	6,860,675	9,749,009
Derivative financial instruments	1,266,020	2,593,498	948,121	936,976	Free movement portfolio	2,530,845	320,438	2,530,845	320,438
Deposited with the Central Bank	-	46,682	-	46,682	<b>Acceptances and endorsements</b>	1,682,349	1,276,418	3,249,475	1,276,418
Subject to guarantees provided	4,129,912	1,674,709	4,170,933	1,701,505	Funds from real state, mortgage, credit and similar	696,187	815,857	696,187	815,857
<b>Interbank accounts</b>	6,310,423	92,995	6,310,423	92,995	Funds from debentures	-	-	1,567,126	-
Interbank funds	72,219	12,985	72,219	12,985	Liabilities from overseas securities	986,162	460,561	986,162	460,561
Central Bank Deposits	6,212,534	69,496	6,212,534	69,496	<b>Interbranch accounts</b>	32,040	33,704	32,043	39,586
Correspondents	25,670	10,514	25,670	10,514	Third party funds in transit	32,040	33,704	32,040	33,704
<b>Interbranch relations</b>	-	82	-	2,403	Own funds in transit	-	-	3	5,882
Domestic branches	-	82	-	2,403	<b>Borrowings and repasses</b>	6,336,105	3,674,370	6,337,430	3,675,444
<b>Loans</b>	8,372,061	6,357,606	21,302,491	16,432,445	Domestic borrowings - Official institutions	-	141,952	-	141,952
Public sector	26,360	34,092	26,360	35,782	Domestic borrowings - Other institutions	21,357	22,872	21,357	22,872
Private sector	8,404,466	6,471,095	21,822,895	17,211,861	Foreign currency trade finance borrowings	3,649,406	1,663,244	3,649,406	1,663,244
Allowance for loan losses	(58,765)	(147,581)	(546,764)	(815,198)	Domestic repasses - Official institutions	2,665,342	1,846,302	2,666,667	1,847,376
<b>Lease operations</b>	-	-	3,823,590	1,782,285	National Treasury	50,838	-	50,838	-
Lease receivable - Public sector	-	-	-	139	BNDDES	1,532,607	1,050,982	1,532,607	1,050,982
Lease receivable - Private sector	-	-	5,647,778	2,933,028	FINAME	1,081,897	795,320	1,083,222	796,394
Unearned lease income	-	-	(1,754,650)	(1,123,912)	<b>Derivative Financial Instruments</b>	6,025,418	18,306,416	4,758,587	1,518,293
Allowance for lease losses	-	-	(69,538)	(26,970)	Derivative Financial Instruments	6,025,418	18,306,416	4,758,587	1,518,293
<b>Other receivables</b>	1,866,943	925,912	3,815,824	2,066,163	<b>Other liabilities</b>	2,219,135	769,143	5,849,118	2,664,079
Guarantees Honored	-	5,301	-	5,301	Tax collection and payment, and similar payments	9,770	8,169	24,292	18,668
Foreign exchange portfolio	1,292,751	380,521	1,292,751	380,521	Forcing exchange portfolio	1,368,672	9,618	1,368,672	9,618
Income receivable	4,695	104,259	27,691	16,323	Social and statutory	202,883	231,600	379,649	356,546
Securities clearing accounts	78,748	105,009	97,275	119,786	Taxes payable	274,832	222,737	1,199,774	1,307,289
Sundry	528,596	386,373	2,435,954	1,599,783	Securities clearing accounts	64,521	53,324	128,471	78,236
Allowance for doubtful receivable	(37,847)	(55,551)	(37,847)	(55,551)	Subordinated debt	-	-	1,451,075	-
<b>Other assets</b>	9,223	10,295	184,201	127,772	Other	298,457	243,695	1,297,185	893,722
Other assets	4,264	1,217	87,719	65,021	<b>Long-term liabilities</b>	43,217,775	21,720,675	30,553,546	26,384,949
Prepaid expenses	4,959	9,078	96,482	62,751	<b>Deposits</b>	5,294,904	4,581,642	5,244,755	4,270,064
<b>Long Term Assets</b>	42,969,525	15,530,664	39,707,526	30,611,010	Interbank deposits	133,328	96,942	83,179	60,205
<b>Interbank funds Applied</b>	24,941,264	1,296,856	884,842	1,296,856	Time deposits	5,161,576	4,484,700	5,161,576	4,209,859
<b>Interbank deposits</b>	24,941,264	1,296,856	884,842	1,296,856	<b>Money market repurchase commitment</b>	4,126,924	2,913,170	4,126,924	2,913,170
<b>Securities and derivative financial instruments</b>	7,076,935	4,464,545	6,964,284	5,038,214	Own portfolio	4,058,757	2,885,023	4,058,757	2,885,023
Own portfolio	2,039,283	2,164,202	2,039,283	1,474,580	Free movement portfolio	68,167	28,147	68,167	28,147
Subject to repurchase commitments	3,428,472	-	3,428,472	1,263,291	<b>Acceptances and endorsements</b>	5,602,215	2,042,957	7,048,656	4,994,075
Derivative financial instruments	941,710	690,473	829,059	690,473	Funds from real state, mortgage, credit and similar	3,704,923	1,108,718	3,704,923	1,108,718
Deposits with the central bank	-	287,067	-	287,067	Funds from debentures	-	-	1,446,441	2,951,118
Subject to guarantees provided	667,470	1,322,803	667,470	1,322,803	Liabilities from overseas securities	1,897,292	934,239	1,897,292	934,239
<b>Loans</b>	10,444,174	9,105,890	29,635,739	20,356,914	<b>Borrowings and repasses</b>	4,889,911	3,594,822	4,917,050	3,627,311
Public sector	50,658	119,594	50,658	118,754	Domestic borrowings - Other institutions	-	21,765	-	21,765
Private sector	10,582,588	9,112,979	30,053,623	20,675,003	Foreign currency trade finance borrowings	588,024	500,093	588,024	500,093
Allowance for loan losses	(189,072)	(126,683)	(468,542)	(436,843)	Domestic repasses - Official institutions	4,301,887	3,072,964	4,329,026	3,105,453
<b>Lease operations</b>	-	-	56,191	1,811,992	National Treasury	22,500	-	22,500	-
Leases receivable - Private sector	-	-	1,459,196	2,982,056	BNDDES	2,548,720	2,452,292	2,548,720	2,452,292
Unearned lease income	-	-	(1,372,360)	(1,142,644)	FINAME	1,730,667	620,672	1,757,806	653,161
Allowance for lease losses	-	-	(30,645)	(27,420)	<b>Derivative financial instruments</b>	17,179,956	5,081,274	1,662,401	5,081,274
<b>Other receivables</b>	493,252	663,373	1,701,045	1,853,833	Derivative financial instruments	17,179,956	5,081,274	1,662,401	5,081,274
Sundry	493,252	663,373	1,701,045	1,853,833	<b>Other liabilities</b>	6,123,865	3,506,810	7,553,760	5,499,055
<b>Other assets</b>	13,900	-	465,425	253,201	Taxes payable	640,886	578,995	1,961,185	1,117,301
Prepaid expenses	13,900	-	465,425	253,201	Securities clearing accounts	24,966	-	24,966	-
<b>Permanent assets</b>	3,174,331	2,631,920	207,132	160,709	Subordinated debt	5,453,187	2,927,815	5,453,187	4,366,821
<b>Investments</b>	3,093,123	2,571,255	54,761	53,582	Other	4,826	-	114,422	14,933
Domestic subsidiaries and affiliates	3,023,080	2,507,956	-	-	<b>Deferred income</b>	41,760	34,919	41,760	34,919
Investment in overseas subsidiary	46,774	35,274	-	-	<b>Minority interest</b>	-	-	59	24
Other investments	23,269	28,025	54,761	53,582	<b>Shareholders' equity</b>	8,388,877	7,145,443	8,388,877	7,145,443
<b>Fixed assets for use</b>	41,979	33,124	87,786	58,131	Capital:				
Other fixed assets for use	77,882	62,052	153,811	109,646	Domestic	4,026,841	3,544,896	4,026,841	3,544,896
Accumulated depreciation	(35,903)	(28,928)	(66,025)	(51,515)	Capital reserves	585,104	617,049	585,104	617,049
<b>Intangibles</b>	7,035	-	20,691	5,121	Revenue reserves	3,834,288	3,060,162	3,834,288	3,060,162
Other intangible assets	7,035	-	23,806	6,212	Valuation adjustments	(57,356)	(76,664)	(57,356)	(76,664)
Accrued amortization	-	-	(3,115)	(1,091)	<b>Deferred charges</b>	32,194	27,541	43,894	43,875
<b>Deferred charges</b>	32,194	27,541	43,894	43,875	Organization and expansion expenses	35,130	45,271	83,860	91,162
Organization and expansion expenses	35,130	45,271	83,860	91,162	Accumulated amortization	(2,936)	(17,730)	(39,966)	(47,287)
Accumulated amortization	(2,936)	(17,730)	(39,966)	(47,287)	<b>Total assets</b>	118,056,247	95,835,827	107,817,592	84,800,810
<b>Total assets</b>	118,056,247	95,835,827	107,817,592	84,800,810	<b>Total liabilities</b>	118,056,247	95,835,827	107,817,592	84,800,810

See the accompanying notes to the financial statements.\*\*\*\*\*

# Banco Votorantim S.A.

## Statements of income

Years ended December 31, 2010 and 2009 and semester ended December 31, 2010

(In thousand of Reais, except net profit per lot of one thousand shares)

	Bank			Consolidated	
	Semester	Years		Years	
	2010	2010	2009	2010	2009
<b>Financial operations income</b>	<u>4,074,852</u>	<u>7,709,406</u>	<u>6,024,348</u>	<u>14,130,226</u>	<u>11,271,570</u>
Loans	819,051	1,777,943	917,865	8,813,205	6,981,997
Lease operations	-	-	-	2,644,084	1,803,373
Securities income	4,816,107	8,463,073	6,076,854	4,306,730	2,933,559
Derivative financial instruments	(1,749,262)	(2,901,864)	(970,371)	(2,004,047)	(447,359)
Foreign exchange operations	(48,412)	41,664	-	41,664	-
Compulsory deposits	237,368	328,590	-	328,590	-
<b>Financial operations expenses</b>	<u>(3,208,484)</u>	<u>(6,364,009)</u>	<u>(4,900,915)</u>	<u>(9,730,568)</u>	<u>(7,346,035)</u>
Deposits, money market and interbank funds	(3,265,104)	(6,087,056)	(5,067,308)	(6,359,754)	(4,858,414)
Borrowings, assignments and repasses	46,401	(206,717)	621,335	(209,071)	617,367
Lease operations	-	-	-	(1,972,778)	(1,330,202)
Foreign exchange operations	-	-	(239,724)	-	(239,682)
Allowance for loan losses	10,219	(70,236)	(215,218)	(1,188,965)	(1,535,104)
<b>Gross income from financial operations</b>	<u>866,368</u>	<u>1,345,397</u>	<u>1,123,433</u>	<u>4,399,658</u>	<u>3,925,535</u>
<b>Other operating income/(expenses)</b>	<u>(134,644)</u>	<u>(21,830)</u>	<u>(242,713)</u>	<u>(2,356,792)</u>	<u>(2,551,531)</u>
Income from rendered service	117,281	254,891	205,217	440,220	358,195
Income from banking fee	715	1,246	899	804,464	459,016
Personnel expenses	(156,043)	(287,909)	(208,193)	(774,724)	(564,198)
Other administrative expenses	(189,355)	(345,351)	(208,260)	(1,535,746)	(1,037,026)
Tax expenses	(45,734)	(85,192)	(73,554)	(457,400)	(363,879)
Equity in earnings of subsidiaries	286,628	582,510	423,042	-	-
Other operational income	33,103	57,443	52,515	2,089,777	1,317,094
Other operational expenses	(181,239)	(199,468)	(434,379)	(2,923,383)	(2,720,733)
<b>Operating results</b>	<u>731,724</u>	<u>1,323,567</u>	<u>880,720</u>	<u>2,042,866</u>	<u>1,374,004</u>
<b>Non operating results</b>	<u>(5,002)</u>	<u>(8,975)</u>	<u>(669)</u>	<u>(83,067)</u>	<u>(85,881)</u>
<b>Income before taxation and profit sharing</b>	<u>726,722</u>	<u>1,314,592</u>	<u>880,051</u>	<u>1,959,799</u>	<u>1,288,123</u>
<b>Income and social contribution taxes</b>	<u>(117,895)</u>	<u>(152,694)</u>	<u>1,689</u>	<u>(546,575)</u>	<u>(283,988)</u>
Provision for income tax	(37,403)	(62,211)	(106,105)	(690,982)	(787,082)
Provision for social contribution	(26,294)	(43,703)	(55,640)	(206,874)	(265,118)
Deferred income and social contribution taxes	(54,198)	(46,780)	163,434	351,281	768,212
<b>Profit sharing</b>	<u>(71,098)</u>	<u>(146,651)</u>	<u>(79,967)</u>	<u>(397,987)</u>	<u>(201,323)</u>
<b>Net profit before minority interest</b>	<u>537,729</u>	<u>1,015,247</u>	<u>801,773</u>	<u>1,015,237</u>	<u>802,812</u>
<b>Minority interest</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>(1,039)</u>
<b>Net profit for the semester/year</b>	<u>537,729</u>	<u>1,015,247</u>	<u>801,773</u>	<u>1,015,247</u>	<u>801,773</u>
<b>Net profit per lot of one thousand shares - R\$</b>	<u>6.59</u>	<u>12.45</u>	<u>10.00</u>		

See the accompanying notes to the financial statements.\*\*\*\*\*

Banco Votorantim S.A.

Statements of changes in shareholders' equity

Years ended December 31, 2010 and 2009 and semester ended December 31, 2010

(In thousand of Reais)

	Capital		Revenue Reserves			Valuation adjustments - Securities available for sale	Retained earnings	Total	
	Capital	Capital Increase	Capital Reserves	Legal	Expansion				From fiscal Incentives
<b>Balances at December 31, 2008</b>	<u>3,380,000</u>	<u>-</u>	<u>31,946</u>	<u>303,732</u>	<u>2,741,523</u>	<u>-</u>	<u>(95,006)</u>	<u>-</u>	<u>6,362,195</u>
Other	-	-	-	-	-	-	-	(1,736)	(1,736)
Capital Increase	614,896	-	-	-	-	-	-	-	614,896
(-) Paid-up capital	(450,000)	-	-	-	-	-	-	-	(450,000)
Premium on subscription of shares	-	-	585,103	-	-	-	-	-	585,103
Reversal of reserve from expansion	-	-	-	-	(594,709)	-	-	594,709	-
Distribution of dividends	-	-	-	-	-	-	-	(205,709)	(205,709)
Interest on own capital	-	-	-	-	-	-	-	(389,000)	(389,000)
Valuation adjustments	-	-	-	-	-	-	18,342	-	18,342
Net profit	-	-	-	-	-	-	-	801,773	801,773
Distribution of net profit:									
Legal reserve	-	-	-	40,089	-	-	-	(40,089)	-
Dividends ( R\$ 2.34 - per quota)	-	-	-	-	-	-	-	(190,421)	(190,421)
Expansion reserve	-	-	-	-	569,527	-	-	(569,527)	-
<b>Balances at December 31, 2009</b>	<u>3,544,896</u>	<u>-</u>	<u>617,049</u>	<u>343,821</u>	<u>2,716,341</u>	<u>-</u>	<u>(76,664)</u>	<u>-</u>	<u>7,145,443</u>
Paid-in capital	450,000	-	-	-	-	-	-	-	450,000
Capital Increase	-	31,945	(31,945)	-	-	-	-	-	-
Valuation adjustments	-	-	-	-	-	-	19,308	-	19,308
Net profit	-	-	-	-	-	-	-	1,015,247	1,015,247
Distribution of net profit:									
Legal reserve	-	-	-	50,762	-	-	-	(50,762)	-
Dividends ( R\$ 2.96 - per quota)	-	-	-	-	-	-	-	(241,121)	(241,121)
Expansion reserve	-	-	-	-	723,364	-	-	(723,364)	-
<b>Balances at December 31, 2010</b>	<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>
<b>Balances at June 30, 2010</b>	<u>3,994,896</u>	<u>-</u>	<u>617,049</u>	<u>367,696</u>	<u>2,716,341</u>	<u>2,360</u>	<u>2,139</u>	<u>338,462</u>	<u>8,038,943</u>
Capital increase	-	31,945	(31,945)	-	-	-	-	-	-
Valuation adjustments	-	-	-	-	-	-	(59,495)	-	(59,495)
Net profit	-	-	-	-	-	-	-	537,729	537,729
Distribution of net profit:									
Legal reserve	-	-	-	26,887	-	-	-	(26,887)	-
Fiscal incentives reserve	-	-	-	-	-	(2,360)	-	2,360	-
Dividends ( R\$ 1.57 - per quota)	-	-	-	-	-	-	-	(128,300)	(128,300)
Expansion reserve	-	-	-	-	723,364	-	-	(723,364)	-
<b>Balances at December 31, 2010</b>	<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>

See the accompanying notes to the financial statements.\*\*\*\*\*

# Banco Votorantim S.A.

## Statements of cash flows

Years ended December 31, 2010 and 2009 and semester ended December 31, 2010

(In thousand of Reais)

	Bank			Consolidated	
	Semester	Years		Years	
		2010	2010	2009	2010
<b>Cashflows from operations</b>					
<b>Net profit</b>	537,729	1,015,247	801,773	1,015,247	801,773
<b>Adjustments to net profit:</b>	(341,097)	(388,678)	(110,155)	1,651,351	1,976,248
Depreciation and amortization	5,064	9,432	9,343	28,448	19,696
Equity in earnings of subsidiary	(286,628)	(582,510)	(423,042)	-	-
Allowance for loan losses	(10,219)	70,236	215,218	1,188,965	1,535,104
Allowance for losses on investments	4,345	4,345	-	16,634	-
Provision for contingent liabilities /legal obligations	(54,316)	105,189	87,657	350,871	335,567
Non operating results	657	4,630	669	66,433	85,881
<b>Balance sheet variations</b>					
Intrabank funds applied	(11,799,111)	(12,854,381)	(33,193,275)	(1,109,543)	(12,546,099)
Securities and Derivative financial instruments	4,224,941	(6,906,278)	2,273,758	(7,146,858)	5,214,400
Interbank and interbranch accounts	(2,017,713)	(6,219,010)	(83,741)	(6,222,568)	(81,308)
Loans/ Lease	(3,046,535)	(3,422,975)	2,047,623	(15,623,340)	(5,647,828)
Other receivables	677,698	(779,885)	3,942,920	(1,679,940)	2,876,220
Other assets	(7,958)	(12,828)	(2,175)	(268,653)	86,726
Deposits	(676,259)	(906,588)	5,531,901	(878,965)	5,544,987
Money market repurchase commitments	2,780,597	10,071,653	8,015,959	9,612,452	8,142,919
Acceptances and endorsements	2,836,170	3,965,189	406,207	4,027,638	(31,750)
Borrowings and repasses	1,601,743	3,956,824	(3,377,685)	3,951,725	(3,382,185)
Other liabilities	(506,224)	1,308,200	(2,333,858)	2,220,451	(2,443,203)
Deferred income	2,665	6,841	11,210	6,841	11,210
Valuation adjustments - Available for sale securities	(59,495)	19,308	18,342	19,308	18,342
<b>Cash generated (used) in the operations</b>	(5,792,849)	(11,147,361)	(16,051,196)	(10,424,854)	540,452
<b>Cashflows from financing activities</b>					
Capital Increase	-	450,000	750,000	450,000	750,000
Dividends paid	(112,821)	(112,821)	(205,709)	(112,821)	(205,709)
Interest on own capital	-	-	(544,291)	-	(389,000)
Minority interest	-	-	-	35	(40,584)
Subordinated debts	973,057	2,525,372	1,532,882	2,537,441	1,497,129
<b>Cash generated (used) in financing activities</b>	860,236	2,862,551	1,532,882	2,874,655	1,611,836
<b>Cashflows from investment activities</b>					
Disposal of fixed assets for use	435	480	1,392	1,102	8,132
Disposal of investments	4,338	11,342	453	13,072	522
Disposal of deferred	17,233	-	17,233	-	3,153
Purchase of fixed assets for use	(5,862)	(16,517)	(21,997)	(44,655)	(26,893)
Purchase of investments	(12,284)	(18,868)	(52,390)	(27,273)	(849)
Deferred charges	(19,811)	(24,136)	(28,162)	(28,679)	(32,021)
Intangible	(4,131)	(7,035)	-	(17,693)	(5,398)
Other	73,112	85,387	(20,761)	31,937	(43,563)
<b>Cash generated (used) in investment activities</b>	53,030	30,653	(104,232)	(72,189)	(96,917)
<b>Net variation in cash and cash equivalents</b>	(4,879,583)	(8,254,157)	(14,622,546)	(7,622,388)	2,055,371
Cash and cash equivalents at the beginning of the period	6,683,486	10,058,060	24,680,606	9,119,278	7,063,907
Cash and cash equivalents at the end of the period	1,803,903	1,803,903	10,058,060	1,496,890	9,119,278
<b>Increase/(decrease) in cash and cash equivalents</b>	(4,879,583)	(8,254,157)	(14,622,546)	(7,622,388)	2,055,371

See the accompanying notes to the financial statements. \*\*\*\*\*



# Banco Votorantim S.A.

## Statements of added value

Years ended December 31, 2010 and 2009

(In thousands of Reais)

	Bank		Consolidated	
	2010	2009	2010	2009
<b>Income</b>	7,744,307	5,632,713	13,269,272	9,064,157
Financial operations income	7,709,406	6,024,348	14,130,226	11,271,570
Income from rendered service and fees	256,137	206,116	1,244,684	817,211
Allowance for loan losses	(70,236)	(215,218)	(1,188,965)	(1,535,104)
Other income/(expenses)	(142,025)	(381,864)	(833,606)	(1,403,639)
Non operating results	(8,975)	(669)	(83,067)	(85,881)
<b>Financial operations expenses</b>	(6,293,773)	(4,685,697)	(8,541,603)	(5,810,931)
<b>Inputs acquired from third parties</b>	(299,084)	(172,426)	(1,397,156)	(959,388)
Material, power and other operating expenses	(1,153)	(1,126)	(5,041)	(4,618)
Outsourced services	(3,401)	(2,563)	(20,840)	(42,310)
<b>Other</b>	(294,530)	(168,737)	(1,371,275)	(912,460)
Communication	(12,679)	(9,739)	(102,374)	(81,591)
Maintenance and conservation of fixed assets	(6,163)	(4,503)	(13,967)	(22,194)
Data processing	(65,112)	(56,913)	(118,137)	(107,799)
Promotions and public relations	(10,621)	(6,103)	(22,779)	(18,305)
Publications	(1,498)	(2,254)	(1,777)	(3,110)
Publicity and advertising	(1,986)	(2,169)	(33,841)	(19,943)
Financial system services	(60,159)	(23,082)	(181,612)	(131,733)
Specialized technical services	(103,938)	(37,931)	(572,427)	(242,815)
Transportation	(4,611)	(3,213)	(21,491)	(28,083)
Other	(27,763)	(22,830)	(302,870)	(256,887)
<b>Gross added value</b>	1,151,450	774,590	3,330,513	2,293,838
Depreciation and amortization expenses	(9,432)	(9,343)	(28,448)	(19,696)
<b>Net added value produced by the Entity</b>	1,142,018	765,247	3,302,065	2,274,142
<b>Transferred added value</b>	582,510	423,042	-	-
Equity in earnings of subsidiaries	582,510	423,042	-	-
<b>Total added value to be distributed</b>	1,724,528	1,188,289	3,302,065	2,274,142
<b>Distribution of added value</b>	1,724,528	1,188,289	3,302,065	2,274,142
<b>Employees</b>	385,675	253,943	1,051,722	677,746
Salaries and fees	189,973	138,046	489,243	358,140
Profit sharing	146,651	79,967	397,987	201,323
Benefits and training	33,967	24,576	124,364	89,180
FGTS (Government Severance Indemnity Fund for Employees)	15,084	11,354	40,128	29,103
<b>Taxes</b>	286,771	106,082	1,124,964	735,642
<b>Domestic</b>	286,771	106,082	1,124,964	735,642
INSS on salaries	48,885	34,217	120,989	87,775
Tax expenses (except Income and Social contribution taxes)	85,192	73,554	457,400	363,879
Income and social contribution taxes	152,694	(1,689)	546,575	283,988
<b>Remuneration of third-party capital</b>	36,835	26,491	110,142	57,942
Rental	36,835	26,491	110,142	57,942
<b>Remuneration of equity</b>	1,015,247	801,773	1,015,237	802,812
Dividends/Interest on own capital	241,121	190,421	241,121	190,421
Retained profit	774,126	611,352	774,106	613,430
Minoritary share in retained profits	-	-	10	(1,039)

See the accompanying notes to the financial statements. "\*\*\*\*\*"

# Banco Votorantim S.A.

## Notes to the financial statements

### Years ended December 31, 2010 and 2009

*(In thousand 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, it 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.

On September 28, 2009, Votorantim Finanças and Banco do Brasil concluded the strategic partnership establishment, and Banco do Brasil now holds a 50% interest in the voting stock and 50% in the total equity capital of Banco Votorantim S.A. (BV). The Board of Directors is divided, with three board members appointed by each institution, and the office of chairman will be rotated on a yearly basis. All strategic decisions will be made jointly.

#### **2 Presentation of financial statements**

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

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

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 as follows: 1) accounting treatment of intangible assets; 2) procedures to measure the recoverable value of assets; 3) elaboration of the statement of cash flows in place of the statement of changes in financial position; 4) the disclosure of related party information in notes to the financial statements; and 5) procedures for the recognition, measurement and disclosure of provisions, contingent assets and liabilities.

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

	<b>Participation percentage</b>	
	<b>2010</b>	<b>2009</b>
<b>Direct subsidiaries in Brazil</b>		
Votorantim Corretora de Títulos e Valores Mob. Ltda.	99.98%	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.	99.99%	99.99%
BVIP - BV Investimentos e Participações S.A.	100%	-
BVIA - BV Inv. Alternativos e Gestão de Recursos S.A.	100%	-
<b>Direct subsidiaries overseas</b>		
Votorantim Bank Limited	100%	100%
Banco Votorantim Securities Inc.	100%	100%

The consolidated financial statements were prepared in conformity with the consolidation rules and instructions of the CMN.

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

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

- a. Elimination of the balances of accounts of assets, liabilities, income and expenses among the branches and subsidiaries;
- 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 n<sup>o</sup>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; and
- 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 (CMN).

The issuance of financial statements was given by Company's directors on February 4, 2011.

### **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 established policies and procedures and implemented a risk management system capable of managing, evaluating and mitigating the risks inherent to its business, providing the management with a view of all incurred risks.

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

### ***Market risk***

Market risk is defined as the possibility of losses arising from the variation in the market value of positions held by the institution. Market risk 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) evaluation of the market risk using the Value at Risk methodology and from simulating scenarios; (c) accompanying the daily results using the back-test methodology.

Conglomerate undertake 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 the Group 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 possibility of losses resulting from failure, weakness or inadequacy of internal processes, people and systems or external events. It also includes the legal risk associated to the inadequacy or deficiency in contracts signed by the institution, and to fines due to failure to abide by legal provisions and indemnities for damages to third parties arising from activities performed by the institution.

The operating risk management process starts with the application of an appropriate methodology for mapping the risks and controls inherent to the processes. As required, action plans are prepared to mitigate the main threats identified in the processes.

The combination of risk mapping and monitoring actions with the information obtained from the records of incurred losses allows a continuous improvement in the adopted policies and procedures, as well as the reduction of existing risks.

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

### ***Credit risk***

Credit risk consists of the possibility of occurring losses associated to a loan taker 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 loan taker's risk classification, reduction in gains or compensations, advantages granted in renegotiations and loan recovery costs.

As part of the credit management process, controls and monitoring are conducted for credit policies and rules and their respective processes, restrictions and 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 evaluation processes, and of external factors related to the financial situation of the companies and the economic situation of the country and foreign countries.

Banco Votorantim 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 Bank's 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.

### ***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).

<b>Basel</b>	<b>2010</b>	<b>2009</b>
Total Reference Equity (RE I e II)	<u>11,844,719</u>	<u>9,151,629</u>
Reference Equity level I	8,405,405	7,108,438
Reference Equity level II	3,439,314	2,043,191

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

<b>Basel</b>	<b>2010</b>	<b>2009</b>
Reference equity required (“RER”)	<u>9,945,507</u>	<u>7,771,228</u>
Pepr (assets weighting risk factor)	8,759,342	6,617,578
Pcam (exchange rate risk factor)	-	-
Pjurs (interest rate risk factor)	725,540	752,007
Pcom (commodities risk factor)	2,010	1,360
Pacs (stocks classified as “trading” risk factor)	41,682	22,761
Popr (operating risk factor)	416,933	377,522
Excess Reference Equity	<u>1,899,212</u>	<u>1,380,401</u>
Ratio (RE x 100) / (RER / 0.11)	<u>13.1%</u>	<u>13.0%</u>

#### 4 Significant accounting practices

##### *a. Statement of income*

The revenues and expenses are recorded on the accrual basis using the daily pro rata basis criterion, and calculated based on the exponential method, except those related to operations with foreign countries, which are calculated using the straight-line method.

##### *b. Cash and cash equivalents*

Cash and cash equivalents are represented by available funds, interbank deposits and money market repurchase agreements - Own portfolio, maturity up to 90 days.

##### *c. Interbank funds applied*

Interbank investments 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.

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

### **d. Securities**

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

- i. Securities for trading** - Acquired for the purpose of being actively and frequently traded. Adjusted to market value with the corresponding entry to the results for the period;
- ii. Available for sale** - Securities that are not for trading or held to maturity. Adjusted to 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 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. Increases or decreases in value are recorded in income or expense accounts of the respective financial instruments.



# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

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 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
- ii. Cash flow hedge** - Derivative financial instruments classified in this category have their adjustments to market value recorded in shareholders' equity, net of tax impacts.

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

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

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

Loan and lease operations, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's judgment of the risk levels involved, taking into consideration the economic situation, past experience and specific risks in relation to the operation, the debtors and guarantors, overdue payment period, and economic group, observing the parameters established by Central Bank of Brazil ("BACEN"), 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 overdue payment verified in retail operations with a term of over thirty-six (36) months, a double count is permitted over intervals of overdue 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.

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

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 n° 2,682. 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 co-obligation, Management established a provision for losses, recorded under "Other liabilities - Sundry".

### ***g. Prepaid expenses***

Funds applied in prepayments, where the benefits or rendering of services are to occur in future periods, are recorded.

### ***h. Accounting estimates***

Preparation of the financial statements in accordance with accounting practices adopted in Brazil requires that Management use its judgment in determining and recording accounting estimates, when applicable. 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. The Company management reviews the estimates and assumptions at least monthly.

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

### ***i. 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:
  - Installations, furniture and equipment in use - 10%;
  - Communication, security and transportation - 10%;
  - Data processing systems - 20%.
- iii.** Deferred charges are shown at acquisition or formation cost, less the respective amortization. Amortization is calculated by the straight-line method, based on the period over which the benefit is generated; 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 evaluation of the recoverable value yearly.

### ***j. Income and social contribution 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.

The tax credit for income tax and social contribution tax credits are formed in accordance with a study of future realization prepared by Management. Deferred income tax is recognized at the subsidiary BV Leasing, calculated at the rate of 25%, on the adjustment of excess of depreciation of the lease portfolio.

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

### ***k. 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:

- i. Contingent assets** - These are only recognized in the financial statements when there is evidence providing certainty as to their realization and on which no appeal is admissible, situation which characterizes the likelihood of a favorable court decision 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 - Tax 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.

### ***l. 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).

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 5 Composition of cash and cash equivalents

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
<b>Cash</b>	68,530	197,760	150,621	239,912
<b>Interbank funds invested</b>				
Committed operations - Banked positions	587,800	7,806,407	587,800	6,017,883
Interbank deposits	1,060,246	1,876,077	671,142	2,683,667
Foreign currency deposits	<u>87,327</u>	<u>177,816</u>	<u>87,327</u>	<u>177,816</u>
Total	<u>1,803,903</u>	<u>10,058,060</u>	<u>1,496,890</u>	<u>9,119,278</u>

### 6 Cash

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
Cash	231	352	301	423
Bank deposits	70	77	68,219	39,861
Free reserves	-	6,306	-	6,306
Foreign currency cash	<u>68,229</u>	<u>191,025</u>	<u>82,101</u>	<u>193,322</u>
Total	<u>68,530</u>	<u>197,760</u>	<u>150,621</u>	<u>239,912</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 7 Interbank funds applied

	<b>Bank</b>		<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Banked position</b>	<u>2,521,543</u>	<u>7,806,407</u>	<u>2,521,543</u>	<u>7,806,407</u>
Financial Treasury Bill	-	304,290	-	304,290
National Treasury Bill	224,835	2,769,246	224,835	2,769,246
National Treasury Notes	2,270,109	4,665,260	2,270,109	4,665,260
Other	26,599	67,611	26,599	67,611
<b>Financed position</b>	<u>7,792,317</u>	<u>10,438,282</u>	<u>7,792,317</u>	<u>10,438,282</u>
Financial Treasury Bill	-	1,499,995	-	1,499,995
National Treasury Bill	5,817,573	3,096,890	5,817,573	3,096,890
National Treasury Notes	1,974,744	5,841,397	1,974,744	5,841,397
<b>Sold position</b>	<u>2,530,313</u>	<u>319,294</u>	<u>2,530,313</u>	<u>319,294</u>
Financial Treasury Bill	-	319,294	-	319,294
National Treasury Notes	2,530,313	-	2,530,313	-
<b>Interbank deposits</b>	34,851,529	24,311,776	2,070,410	2,683,666
<b>Foreign currency investments</b>	<u>87,327</u>	<u>177,816</u>	<u>87,327</u>	<u>177,816</u>
Total	<u>47,783,029</u>	<u>43,053,575</u>	<u>15,001,910</u>	<u>21,425,465</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 8 Securities

#### a. Composition of the portfolio by category, domestic and overseas

Bank	2010			2009		
	Accrual value	Market value (book)	Unrealized gain/(loss)	Accrual value	Market value (book)	Unrealized gain/(loss)
<b>Trading securities</b>						
<b>Domestic</b>	<u>24,979,135</u>	<u>25,143,596</u>	<u>164,461</u>	<u>22,752,538</u>	<u>22,804,499</u>	<u>51,961</u>
Financial Treasury Bill	493,112	493,109	(3)	108,890	108,892	2
National Treasury Bill	753,671	754,824	1,153	2,928,898	2,924,385	(4,513)
National Treasury Notes	5,707,181	5,732,455	25,274	2,960,296	2,966,072	5,776
Real estate receivables certificates	7,148	7,148	-	-	-	-
Debentures	17,191,758	17,234,064	42,306	15,727,567	15,758,533	30,966
Agriculture debt titles	53,981	55,153	1,172	93,998	99,762	5,764
Rural Product Notes	457,896	466,384	8,488	384,111	386,187	2,076
Promissory notes	31,137	31,119	(18)	437,060	439,042	1,982
Shares Listed Companies	40,050	38,945	(1,105)	111,718	121,626	9,908
Shares of Non-Listed Companies	243,201	330,395	87,194	-	-	-
□ <b>Overseas</b>	<u>3,570,053</u>	<u>3,497,337</u>	<u>(72,716)</u>	<u>2,633,008</u>	<u>2,441,087</u>	<u>(191,921)</u>
Brazilian External Debt titles	-	-	-	132,520	142,681	10,161
Foreign governments	1,778,693	1,779,691	998	1,209,516	1,206,740	(2,776)
National Treasury	279,270	283,820	4,550	451,640	501,381	49,741
Other securities	<u>1,512,090</u>	<u>1,433,826</u>	<u>(78,265)</u>	<u>839,332</u>	<u>590,285</u>	<u>(249,047)</u>
<b>Total</b>	<u>28,549,188</u>	<u>28,640,933</u>	<u>91,745</u>	<u>25,385,546</u>	<u>25,245,586</u>	<u>(139,960)</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

Bank	2010			2009		
	Accrual value	Market value (book)	Unrealized gain/(loss)	Accrual value	Market value (book)	Unrealized gain/(loss)
<b>Securities available for sale</b>						
<b>Domestic</b>	<u>8,422,591</u>	<u>8,364,637</u>	<u>(57,954)</u>	<u>3,513,640</u>	<u>3,342,830</u>	<u>(170,810)</u>
National Treasury Bill	4,826,837	4,771,068	(55,769)	1,740,796	1,661,226	(79,570)
Real estate receivables certificates	26,939	28,638	1,699	15,493	17,477	1,984
Debentures	1,299,780	1,325,597	25,817	1,315,233	1,294,968	(20,265)
Promissory notes	-	-	-	14,517	14,860	343
Financial Investment Fund	-	-	-	59,700	59,700	-
Credit Right Investment Fund Quotas	425,581	425,574	(7)	41,002	40,601	(401)
Private Equity Investment Funds	61,615	61,615	-	-	-	-
Shares Listed Companies	203,452	217,053	13,601	-	-	-
Shares of non-listed companies	1,578,387	1,535,092	(43,295)	326,899	253,998	(72,901)
<b>Overseas</b>	<u>330,127</u>	<u>307,081</u>	<u>(23,046)</u>	<u>1,002,766</u>	<u>924,032</u>	<u>(78,734)</u>
Other securities	<u>330,127</u>	<u>307,081</u>	<u>(23,046)</u>	<u>1,002,766</u>	<u>924,032</u>	<u>(78,734)</u>
Total	<u>8,752,718</u>	<u>8,671,718</u>	<u>(81,000)</u>	<u>4,516,406</u>	<u>4,266,862</u>	<u>(249,544)</u>



# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

Consolidated	2010			2009		
	Accrual Value	Market value (book)	Unrealized gain/(loss)	Accrual value	Market value (book)	Unrealized gain/(loss)
<b>Securities for trading</b>						
<b>Domestic</b>	<u>10,487,986</u>	<u>10,663,999</u>	<u>176,013</u>	<u>9,181,289</u>	<u>9,261,274</u>	<u>79,985</u>
Financial Treasury Bill	570,874	570,872	(2)	111,496	111,498	2
National Treasury Bill	753,671	754,824	1,153	2,928,898	2,924,385	(4,513)
National Treasury Notes	5,770,153	5,806,977	36,824	3,042,919	3,067,930	25,011
Real estate receivables certificates	7,148	7,148	-	-	-	-
Debentures	308,626	350,933	42,307	343,277	374,243	30,966
Agriculture debt titles	53,981	55,153	1,172	93,998	99,762	5,764
Rural product notes	457,896	466,384	8,488	384,111	386,187	2,076
Promissory notes	31,137	31,119	(18)	437,060	439,042	1,982
Financial Investment funds	1,508,317	1,508,317	-	1,371,852	1,371,852	-
Credit Right Investment Fund Quotas	742,932	742,932	-	354,602	354,602	-
Shares Listed Companies	40,050	38,945	(1,105)	113,076	131,773	18,697
Shares of non-listed companies	243,201	330,395	87,194	-	-	-
<b>Overseas</b>	<u>3,593,380</u>	<u>3,520,663</u>	<u>(72,717)</u>	<u>2,657,388</u>	<u>2,465,467</u>	<u>(191,921)</u>
Brazilian external debt titles	-	-	-	132,520	142,681	10,161
Foreign governments	1,802,020	1,803,016	996	1,233,896	1,231,120	(2,776)
National Treasury	279,270	283,821	4,551	451,640	501,381	49,741
Other securities	<u>1,512,090</u>	<u>1,433,826</u>	<u>(78,264)</u>	<u>839,332</u>	<u>590,285</u>	<u>(249,047)</u>
<b>Total</b>	<u>14,081,366</u>	<u>14,184,662</u>	<u>103,296</u>	<u>11,838,677</u>	<u>11,726,741</u>	<u>(111,936)</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

Consolidated	2010			2009		
	Accrual value	Market value (book)	Unrealized gain/(loss)	Accrual value	Market value (book)	Unrealized gain/(loss)
<b>Securities available for sale</b>						
<b>Domestic</b>	<u>8,952,024</u>	<u>8,894,077</u>	<u>(57,947)</u>	<u>4,087,308</u>	<u>3,916,497</u>	<u>(170,811)</u>
National Treasury Bill	4,826,837	4,771,068	(55,769)	1,740,796	1,661,226	(79,570)
Real estate receivables certificates	26,939	28,638	1,699	15,493	17,477	1,984
Debentures	1,299,780	1,325,597	25,817	1,315,233	1,294,968	(20,265)
Promissory Notes	-	-	-	14,517	14,860	343
Financial Investment funds	1,730	1,730	-	59,700	59,700	-
Credit Right Investment Fund Quotas	953,284	953,284	-	614,670	614,268	(402)
Private Equity Investment Funds	61,615	61,615	-	-	-	-
Shares Listed Companies	203,452	217,053	13,601	-	-	-
Shares of non-listed companies	1,578,387	1,535,092	(43,295)	326,899	253,998	(72,901)
<b>Overseas</b>	<u>330,127</u>	<u>307,081</u>	<u>(23,046)</u>	<u>1,002,766</u>	<u>924,034</u>	<u>(78,732)</u>
Other securities	<u>330,127</u>	<u>307,081</u>	<u>(23,046)</u>	<u>1,002,766</u>	<u>924,034</u>	<u>(78,732)</u>
Total	<u>9,282,151</u>	<u>9,201,158</u>	<u>(80,993)</u>	<u>5,090,074</u>	<u>4,840,531</u>	<u>(249,543)</u>

### b. Composition by portfolio

	Bank		Consolidated	
	2010	2009	2010	2009
Own Portfolio	7,768,251	9,428,212	10,485,880	11,473,633
Subject to repurchase commitment	24,747,018	16,752,975	8,061,537	1,735,581
Deposited with Central Bank of Brazil	-	333,749	-	333,749
Subject to guarantees provided	<u>4,797,382</u>	<u>2,997,512</u>	<u>4,838,403</u>	<u>3,024,308</u>
Total	<u>37,312,651</u>	<u>29,512,448</u>	<u>23,385,820</u>	<u>16,567,271</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 9 Derivative financial instruments

#### a. Composition

Asset	Bank		Consolidated	
	2010	2009	2010	2009
Differential receivable from swap	1,225,434	2,676,473	794,884	1,019,951
Forward contracts	538	794	538	794
Purchase of call options - Shares	3,017	5,985	3,017	5,985
Purchase of put options - Shares	-	1,400	-	1,400
Purchase of purchase call options - Financial asset/commodities	194,521	193,911	194,521	193,911
Purchase of putoptions - Financial asset/commodities	319,989	178,073	319,989	178,073
Credit derivatives	346,888	36,978	346,888	36,978
Non Deliverable Forward	114,964	125,069	114,964	125,069
Other	<u>2,379</u>	<u>65,288</u>	<u>2,379</u>	<u>65,288</u>
Total	<u>2,207,730</u>	<u>3,283,971</u>	<u>1,777,180</u>	<u>1,627,449</u>

Liabilities	Bank		Consolidated	
	2010	2009	2010	2009
Differential payable of swap	1,332,130	730,776	2,030,559	1,354,956
Forward contracts	171	438	171	438
Sale of call options - shares	3,817	4,170	3,817	4,170
Sale of put options - shares	2,970	-	2,970	-
Sale of call options - financial asset/commodities	260,326	198,731	260,326	198,731
Sale of put options - financial asset/commodities	89,081	38,831	89,081	38,831
Option Box - Fixed income strategy	21,209,523	22,071,158	3,726,608	4,672,855
Credit derivatives	181,091	217,601	181,091	217,601
Non Deliverable Forward	116,951	117,735	116,951	117,735
Other	<u>9,314</u>	<u>8,250</u>	<u>9,314</u>	<u>8,250</u>
Total	<u>23,205,374</u>	<u>23,387,690</u>	<u>6,420,988</u>	<u>6,599,567</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### b. Composition of the swap contracts by index

Bank	2010			2009		
	Original value	Accrual value	Market value	Original value	Accrual value	Market value
<b>Asset position</b>	<u>58,924,564</u>	<u>62,879,470</u>	<u>62,885,680</u>	<u>43,484,696</u>	<u>49,358,001</u>	<u>50,417,376</u>
DI (Interbank deposits rates)	11,862,496	13,427,810	13,437,993	9,062,907	10,897,736	10,927,530
Dollar	5,212,038	4,957,009	5,000,538	4,461,946	4,406,356	4,526,975
Euro	152,730	150,550	151,096	51,041	48,142	48,142
IGPM - Inflation index	980,573	1,233,364	1,249,515	1,646,614	2,001,320	2,041,393
IPCA - Inflation index	1,998,340	1,671,213	1,499,340	2,063,694	2,342,412	2,377,881
Pre-Fixed rates	31,688,942	34,405,490	34,504,631	25,387,292	28,857,656	29,647,435
Libor	-	-	-	740,229	740,773	766,933
Yen	33,844	33,778	33,863	-	-	-
Commodities	6,554,554	6,554,614	6,554,592	6,425	6,222	6,221
Other	441,047	445,642	454,112	64,548	57,384	74,866
Bank	2010			2009		
	Original value	Accrual value	Market value	Original value	Accrual value	Market value
<b>Liability position</b>	<u>58,924,564</u>	<u>63,034,551</u>	<u>62,992,376</u>	<u>43,484,696</u>	<u>48,190,735</u>	<u>48,471,679</u>
DI (Interbank deposits rates)	34,428,820	36,646,230	36,631,923	31,486,485	34,611,933	34,657,268
Dollar	3,641,200	3,551,150	3,562,879	3,785,386	3,848,287	3,943,880
Euro	140,129	137,640	138,167	45,594	44,764	44,705
IGPM - Inflation index	892,270	1,193,484	1,210,735	1,446,000	1,841,888	1,876,293
IPCA - Inflation index	5,589,428	6,013,227	5,922,478	2,531,063	3,459,869	3,523,648
Pre-Fixed rates	7,590,216	8,840,494	8,872,876	2,829,496	3,029,097	3,040,928
TRM	-	-	-	11,903	14,397	16,007
Libor	-	-	-	1,187,527	1,189,729	1,213,892
Yen	33,478	33,978	34,064	130,590	126,364	126,395
TJLP	39,248	44,025	44,025	7,582	9,775	9,775
Commodities	6,556,445	6,556,453	6,556,408	15,906	14,632	18,888
Other	<u>13,330</u>	<u>17,870</u>	<u>18,821</u>	<u>7,164</u>	<u>-</u>	<u>-</u>
<b>Total net</b>	<u>-</u>	<u>(155,081)</u>	<u>(106,696)</u>	<u>-</u>	<u>1,167,266</u>	<u>1,945,697</u>

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

	2010			2009		
	Original value	Accrual value	Market value	Original value	Accrual value	Market value
<b>Consolidated</b>						
<b>Asset position</b>	<u>29,905,335</u>	<u>31,980,106</u>	<u>31,893,747</u>	<u>22,429,685</u>	<u>25,301,383</u>	<u>25,685,438</u>
DI (Interbank deposits rates)	9,003,016	10,221,170	10,231,353	7,233,833	8,889,063	8,918,926
Dollar	6,169,147	6,235,878	6,278,987	5,542,047	5,746,016	5,858,789
Euro	152,730	150,550	151,096	51,041	48,142	48,142
IGPM - Inflation index	980,573	1,233,364	1,249,515	1,646,613	2,001,320	2,041,393
IPCA - Inflation index	1,998,340	1,671,213	1,499,340	2,063,694	2,342,412	2,377,881
Pre-Fixed rates	4,569,418	5,431,231	5,438,223	5,081,255	5,470,052	5,592,214
Libor	2,666	2,666	2,666	740,229	740,772	766,933
Yen	33,844	33,778	33,863	-	-	-
Commodities	6,554,554	6,554,614	6,554,592	6,425	6,222	6,221
Outher	441,047	445,642	454,112	64,548	57,384	74,939
	2010			2009		
	Original value	Accrual value	Market value	Original value	Accrual value	Market value
<b>Consolidated</b>						
<b>Lability position</b>	<u>29,905,335</u>	<u>33,303,053</u>	<u>33,129,522</u>	<u>22,429,685</u>	<u>25,721,870</u>	<u>26,006,443</u>
DI (Interbank deposits rates)	8,266,406	10,087,094	10,072,748	12,260,548	14,025,292	14,070,662
Dollar	3,345,816	3,255,515	3,267,736	3,475,934	3,546,516	3,634,817
Euro	140,129	137,640	138,167	45,594	44,764	44,705
IGPM - Inflation index	892,270	1,193,484	1,210,735	1,446,000	1,841,888	1,876,293
IPCA - Inflation index	5,589,428	6,013,227	5,922,478	2,531,063	3,459,869	3,523,648
Pre-Fixed rates	5,026,120	5,961,101	5,861,674	1,309,874	1,448,644	1,471,361
TRM	-	-	-	11,903	-	-
Libor	2,666	2,666	2,666	1,187,527	1,189,729	1,213,892
Yen	33,478	33,978	34,064	130,590	126,364	126,395
TJLP	39,247	44,025	44,025	7,582	9,775	9,775
Commodities	6,556,445	6,556,453	6,556,408	15,906	14,632	18,888
Other	<u>13,330</u>	<u>17,870</u>	<u>18,821</u>	<u>7,164</u>	<u>14,397</u>	<u>16,007</u>
<b>Total Net</b>	<u>-</u>	<u>(1,322,947)</u>	<u>(1,235,775)</u>	<u>-</u>	<u>(420,487)</u>	<u>(321,005)</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### c. Composition of term contracts by index

	2010			2009		
	Original value	Accrual value	Market value	Original value	Accrual value	Market value
<b>Bank and Consolidated</b>						
<b>Asset position</b>						
Term currency	<u>16.778</u>	<u>538</u>	<u>538</u>	<u>49.823</u>	<u>794</u>	<u>794</u>
Total	<u>16.778</u>	<u>538</u>	<u>538</u>	<u>49.823</u>	<u>794</u>	<u>794</u>
<b>Liability position</b>						
Term currency	<u>17.955</u>	<u>171</u>	<u>171</u>	<u>2.443</u>	<u>438</u>	<u>438</u>
Total	<u>17.955</u>	<u>171</u>	<u>171</u>	<u>2.443</u>	<u>438</u>	<u>438</u>

### d. Composition of option by index

	2010		2009	
	Contracted value	Market (book) value	Contracted value	Market (book) value
<b>Bank and Consolidated</b>				
<b>Purchase commitment</b>				
Dollar	6,166,038	156,175	9,553,212	224,695
Index	510,845,318	1,977	5,997,500	68,311
IDI	150	344,231	255	4,023
Shares	42,812	3,017	62,700	7,385
Commodities	359,138	856	477,178	47,483
Flex	<u>4.775.598</u>	<u>11.271</u>	<u>842.192</u>	<u>27.472</u>
Total	<u>522,189,054</u>	<u>517,527</u>	<u>16,933,037</u>	<u>379,369</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

Bank and Consolidated	2010		2009	
	Contracted value	Market (book) value	Contracted value	Market (book) value
<b>Sales commitment</b>				
Dollar	12,021,032	69,964	12,174,306	96,632
Índex	473,687,131	162,696	5,959,000	73,668
IDI	-	-	110	890
Shares	391,400	6,787	88,900	4,170
Commodities	165,325	225	99,044	613
Flex	<u>6,672,349</u>	<u>116,522</u>	<u>1,541,807</u>	<u>65,759</u>
Total	<u>492,937,237</u>	<u>356,194</u>	<u>19,863,167</u>	<u>241,732</u>

### e. Composition of the futures contracts by index

	Bank		Consolidated	
	2010	2009	2010	2009
<b>Purchase commitment</b>	<u>43,775,963</u>	<u>11,322,292</u>	<u>43,775,963</u>	<u>11,322,292</u>
DDI (DI x Dollar spread future contract)	8,549,436	2,264,526	8,549,436	2,264,526
Euro	-	20,215	-	20,215
Dollar	2,138,363	1,803,152	2,138,363	1,803,152
DI	31,853,930	3,827,339	31,853,930	3,827,339
T-Note	54,118	392,910	54,118	392,910
Índex	-	37,706	-	37,706
BGI	288,956	-	288,956	-
SCC (Foreign exchange swap with regular adjustments)	<u>891,160</u>	<u>2,976,444</u>	<u>891,160</u>	<u>2,976,444</u>
<b>Sales commitment</b>	<u>61,402,479</u>	<u>25,503,776</u>	<u>96,154,057</u>	<u>48,826,317</u>
DDI (DI x Dollar spread future contract)	7,300,113	6,330,025	7,344,453	6,375,377
Euro	212,282	-	212,282	-
Dollar	807,292	1,414,522	807,292	1,414,522
DI	51,577,049	14,094,894	85,483,888	37,372,083
Commodities	28,640	687,384	829,039	687,384
T-Note	588,117	-	588,117	-
BGI	-	75	-	75

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

	<b>Bank</b>		<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
SCC (Foreign exchange swap with regular adjustments)	887,060	2,976,876	887,060	2,976,876
Other	<u>1,926</u>	<u>-</u>	<u>1,926</u>	<u>-</u>
<b>Total Net</b>	<b>(17,626,516)</b>	<b>(14,181,484)</b>	<b>(52,378,094)</b>	<b>(37,504,025)</b>

### *f. Composition of the NDF contracts by index*

<b>Bank and Consolidated Asset</b>	<b>2010</b>		<b>2009</b>	
	<b>Contracted value</b>	<b>Market (book) value</b>	<b>Contracted value</b>	<b>Market (book) value</b>
Dollar	2,430,964	36,899	1,443,905	81,644
Euro	1,020	2,434	20,542	564
Pre-Fixed rates	-	-	757,422	42,861
Other	<u>22,324</u>	<u>75,631</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>2,454,308</u></b>	<b><u>114,964</u></b>	<b><u>2,221,869</u></b>	<b><u>125,069</u></b>
<b>Liability</b>				
Dollar	1,502,367	89,665	2,420,668	117,583
Euro	29,399	2,325	53	1
Other	<u>1,099</u>	<u>24,961</u>	<u>-</u>	<u>151</u>
<b>Total</b>	<b><u>1,532,865</u></b>	<b><u>116,951</u></b>	<b><u>2,420,721</u></b>	<b><u>117,735</u></b>
<b>Total Net</b>	<b><u>921,443</u></b>	<b><u>(1,987)</u></b>	<b><u>(198,852)</u></b>	<b><u>7,334</u></b>



# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### g. Credit derivatives

	2010		2009	
	Contracted value	Market value (book)	Contracted value	Market value (book)
<b>Bank and Consolidated</b>				
<b>Received risk</b>				
Credit swaps	<u>5,393,489</u>	<u>(6,090)</u>	<u>4,030,878</u>	<u>36,978</u>
Total	<u>5,393,489</u>	<u>(6,090)</u>	<u>4,030,878</u>	<u>36,978</u>
<b>Transferred risk</b>				
Credit swaps	5,393,489	1,111	4,030,878	7,190
Credit linked notes	141,027	147,544	197,574	210,412
Equity linked notes	<u>9,164</u>	<u>9,315</u>	<u>8,010</u>	<u>8,251</u>
Total	<u>5,543,680</u>	<u>157,970</u>	<u>4,236,462</u>	<u>225,853</u>

### h. Credit derivatives by index

	2010			2009		
	Original value	Accrual value	Market value	Original value	Accrual value	Market value
<b>Bank and Consolidated</b>						
<b>Asset position</b>						
Other	<u>5,393,489</u>	<u>(6,090)</u>	<u>(6,090)</u>	<u>4,030,878</u>	<u>36,978</u>	<u>36,978</u>
Total	<u>5,393,489</u>	<u>(6,090)</u>	<u>(6,090)</u>	<u>4,030,878</u>	<u>36,978</u>	<u>36,978</u>
<b>Liability position</b>						
Pre-Fixed rates	150,191	156,859	156,859	205,584	218,663	218,663
Other	<u>5,393,489</u>	<u>1,111</u>	<u>1,111</u>	<u>4,030,878</u>	<u>7,190</u>	<u>7,190</u>
Total	<u>5,543,680</u>	<u>157,970</u>	<u>157,970</u>	<u>4,236,462</u>	<u>225,853</u>	<u>225,853</u>
Total Net	<u>(150,191)</u>	<u>(164,060)</u>	<u>(164,060)</u>	<u>(205,584)</u>	<u>(188,875)</u>	<u>(188,875)</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### *i. Composition of the options contracts - Fixed income strategy*

	<b>2010</b>		<b>2009</b>	
	<b>Contracted value</b>	<b>Market (book) value/ risk exposure</b>	<b>Contracted value</b>	<b>Market (book) value/ risk exposure</b>
<b>Bank</b>				
<b>Pre-fixed risk</b>				
<b>Liability position</b>				
Sale of Call at high limit	7,394,300	6,065,351	6,183,078	4,891,642
Sale of Put at low limit	<u>12,646,935</u>	<u>15,144,172</u>	<u>17,751,136</u>	<u>17,179,513</u>
Total	<u>20,041,235</u>	<u>21,209,523</u>	<u>23,934,214</u>	<u>22,071,155</u>
<b>Dollar risk</b>				
<b>Asset position</b>				
Sale of Put at low limit	-	16,950,331	-	16,660,411
Total	-	<u>16,950,331</u>	-	<u>16,660,411</u>
<b>Liability position</b>				
Sale of Call at high limit	-	16,950,331	-	16,660,411
Total	-	<u>16,950,331</u>	-	<u>16,660,411</u>
	<b>2010</b>		<b>2009</b>	
	<b>Contracted value</b>	<b>Market (book) value/ risk exposure</b>	<b>Contracted value</b>	<b>Market (book) value/ risk exposure</b>
<b>Consolidated</b>				
<b>Pre-fixed Risk</b>				
<b>Liability position</b>				
Sale of Call at high limit	1,273,391	1,017,132	1,286,111	1,128,118
Sale of Put at low limit	<u>2,271,161</u>	<u>2,709,476</u>	<u>3,692,324</u>	<u>3,544,737</u>
Total	<u>3,544,552</u>	<u>3,726,608</u>	<u>4,978,435</u>	<u>4,672,855</u>
<b>Dollar risk</b>				
<b>Asset position</b>				
Sale of Put at low limit	-	3,033,099	-	3,376,449
Total	-	<u>3,033,099</u>	-	<u>3,376,449</u>
<b>Liability position</b>				
Sale of Call at high limit	-	3,033,099	-	3,376,449
Total	-	<u>3,033,099</u>	-	<u>3,376,449</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### *j. Margin offered in guarantee*

Asset position	Bank		Consolidated	
	2010	2009	2010	2009
<b>Exchange transactions</b>	<u>1,786,509</u>	<u>1,781,103</u>	<u>1,815,813</u>	<u>1,805,900</u>
National Treasury Notes	1,781,741	1,464,825	1,811,045	1,489,622
Financial Treasury Bills	4,768	7,621	4,768	7,621
National Treasury Bills	-	308,657	-	308,657
<b>Clearing</b>	<u>71,383</u>	<u>118,398</u>	<u>71,383</u>	<u>118,398</u>
National Treasury Notes	26,081	20,534	26,081	20,533
Financial Treasury Bills	24,288	-	24,288	-
National Treasury Bills	21,014	97,864	21,014	97,865
<b>Other</b>	<u>2,939,490</u>	<u>1,098,011</u>	<u>2,951,207</u>	<u>1,100,010</u>
National Treasury Bills	84,286	-	84,286	-
Financial Treasury Bills	1,268	1,156	12,985	3,155
Other (a)	<u>2,853,936</u>	<u>1,096,855</u>	<u>2,853,936</u>	<u>1,096,855</u>
Total	<u>4,797,382</u>	<u>2,997,512</u>	<u>4,838,403</u>	<u>3,024,308</u>

(a) 2010, it basically refers to securities of foreign governments, in the amount of R\$1,546,455, and other securities abroad, in the amount of R\$1,307,481.

### *k. Derivative financial instruments segregated by local trading*

Asset position	Bank		Consolidated	
	2010	2009	2010	2009
Exchange Transaction Counter	430,040	280,523	430,040	279,729
	<u>1,777,690</u>	<u>3,003,448</u>	<u>1,347,140</u>	<u>1,347,720</u>
Financial institutions	1,736,818	2,233,257	1,306,268	572,756
Trade accounts receivable	<u>40,872</u>	<u>770,191</u>	<u>40,872</u>	<u>774,964</u>
Total	<u>2,207,730</u>	<u>3,283,971</u>	<u>1,777,180</u>	<u>1,627,449</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

Liability position	Bank		Consolidated	
	2010	2009	2010	2009
Exchange Transaction Counter	624,082	463,931	637,407	463,493
	<u>22,581,292</u>	<u>22,923,759</u>	<u>5,783,581</u>	<u>6,136,074</u>
Financial institutions	22,450,784	22,887,296	5,653,073	6,094,612
Trade accounts receivable	<u>130,508</u>	<u>36,463</u>	<u>130,508</u>	<u>41,462</u>
Total	<u>23,205,374</u>	<u>23,387,690</u>	<u>6,420,988</u>	<u>6,599,567</u>

### 10 Interbank accounts

#### *Bank and Consolidated*

Asset	2010	2009
Mandatory reserves - Central Bank of Brazil	6,212,534	69,496
Interbank repasses	72,219	12,985
Correspondent relations	<u>25,670</u>	<u>10,514</u>
Total	<u>6,310,423</u>	<u>92,995</u>

### 11 Interbranch relations

Asset	Bank		Consolidated	
	2010	2009	2010	2009
Internal funds transfer.	-	82	-	2,403
Total	<u>-</u>	<u>82</u>	<u>-</u>	<u>2,403</u>
<b>Liability</b>				
Third-party funds in transit	32,040	33,704	32,040	33,704
Internal funds transfer	-	-	3	<u>5,882</u>
Total	<u>32,040</u>	<u>33,704</u>	<u>32,043</u>	<u>39,586</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 operation by category and installments overdue and to fall due

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Advances to depositors	784	305	784	305
Loans	9,017,423	7,643,697	14,109,183	11,139,282
Discounted bills	27,080	23,060	27,080	23,060
Financing	5,755,232	4,359,372	33,552,936	23,167,427
Export financing	2,549,302	2,965,407	2,549,302	2,965,407
Financing for exports	270,727	187,308	270,727	187,308
Financing Rural	1,333,247	558,611	1,333,247	558,611
Real estate financing agreements	<u>110,277</u>	<u>-</u>	<u>110,277</u>	<u>-</u>
Subtotal	<u>19,064,072</u>	<u>15,737,760</u>	<u>51,953,536</u>	<u>38,041,400</u>
Advances on foreign exchange/export contracts	537,799	449,699	537,799	449,699
Lease operations	-	-	4,324,737	3,947,885
Other	<u>-</u>	<u>5,301</u>	<u>-</u>	<u>5,301</u>
Total loans	<u>19,601,871</u>	<u>16,192,760</u>	<u>56,816,072</u>	<u>42,444,285</u>
	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Loans overdue (more than 15 days)	49,346	178,186	709,009	1,137,599
Loans to fall due	<u>19,552,525</u>	<u>16,014,574</u>	<u>56,107,063</u>	<u>41,306,686</u>
Total	<u>19,601,871</u>	<u>16,192,760</u>	<u>56,816,072</u>	<u>42,444,285</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### b. Concentration of operations

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Ten largest debtors	3,075,616	3,941,376	3,129,462	3,941,376
Fifty largest debtors	4,510,045	5,016,564	4,570,739	5,016,564
One hundred largest debtors	3,573,836	3,173,054	3,625,949	3,173,054
Other debtors	<u>8,442,374</u>	<u>4,061,766</u>	<u>45,489,922</u>	<u>30,313,291</u>
Total	<u>19,601,871</u>	<u>16,192,760</u>	<u>56,816,072</u>	<u>42,444,285</u>

### c. Composition of operations by sector economic activity

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Corporate entities</b>	18,645,645	14,725,282	20,174,947	15,762,809
<b>Public sector</b>				
Services	77,018	156,833	77,018	156,833
Financial Institutions	-	-	-	54
<b>Private sector</b>				
Industry	9,530,096	8,363,359	9,641,526	8,416,231
Commercial	2,486,995	1,447,851	3,283,583	2,151,246
Rural	1,313,368	558,595	1,313,368	558,595
Services	5,238,168	4,181,140	5,859,452	4,461,860
Financial Institutions	-	17,504	-	17,990
<b>Individuals</b>	<u>956,226</u>	<u>1,467,478</u>	<u>36,641,125</u>	<u>26,681,476</u>
Total	<u>19,601,871</u>	<u>16,192,760</u>	<u>56,816,072</u>	<u>42,444,285</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### d. Composition of the operation at the corresponding levels of risk

Bank Risk level	2010			2009		
	Loans to fall due	Loans overdue	Total operations	Loans to fall due	Loans overdue	Total operations
AA	12,041,990	-	12,041,990	7,358,052	-	7,358,052
A	5,527,438	-	5,527,438	4,062,386	-	4,062,386
B	1,517,995	19,863	1,537,858	3,467,577	50,589	3,518,166
C	161,087	7,869	168,956	787,847	33,324	821,171
D	10,098	1,953	12,051	117,188	4,669	121,857
E	5,497	7,428	12,925	2,063	1,748	3,811
F	94,517	24,295	118,812	249	26,290	26,539
G	24,929	4,167	29,096	16,724	175,577	192,301
H	<u>92,149</u>	<u>60,596</u>	<u>152,745</u>	<u>19,872</u>	<u>68,605</u>	<u>88,477</u>
Total	<u>19,475,700</u>	<u>126,171</u>	<u>19,601,871</u>	<u>15,831,958</u>	<u>360,802</u>	<u>16,192,760</u>

Consolidated Risk level	2010			2009		
	Loans to fall due	Loans overdue	Total operations	Loans to fall due	Loans overdue	Total operations
AA	12,710,491	-	12,710,491	7,803,346	-	7,803,346
A	38,395,293	-	38,395,293	26,299,677	-	26,299,677
B	1,620,997	1,397,510	3,018,507	3,540,739	1,273,660	4,814,399
C	203,718	923,447	1,127,165	819,299	792,154	1,611,453
D	29,735	383,391	413,126	133,082	360,522	493,604
E	14,146	180,404	194,550	9,259	200,338	209,597
F	100,873	138,992	239,865	5,659	180,229	185,888
G	29,362	101,725	131,087	19,778	305,251	325,029
H	<u>122,890</u>	<u>463,098</u>	<u>585,988</u>	<u>45,065</u>	<u>656,227</u>	<u>701,292</u>
Total	<u>53,227,505</u>	<u>3,588,567</u>	<u>56,816,072</u>	<u>38,675,904</u>	<u>3,768,381</u>	<u>42,444,285</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### e. Constitution of allowance for loan losses and receivables per level of risk

Risk level	Provision %	Bank		Consolidated	
		2010	2009	2010	2009
A	0.5	27,637	20,312	191,977	131,498
B	1	15,378	35,182	30,185	48,144
C	3	5,069	24,635	33,815	48,344
D	10	1,205	12,186	41,312	49,360
E	30	3,877	1,143	58,366	62,879
F	50	59,406	13,270	119,932	92,944
G	70	20,367	134,610	91,761	227,521
H	100	<u>152,745</u>	<u>88,477</u>	<u>585,988</u>	<u>701,292</u>
Total		<u>285,684</u>	<u>329,815</u>	<u>1,153,336</u>	<u>1,361,982</u>
Percentage of portfolio		<u>1.46%</u>	<u>2.04%</u>	<u>1.96%</u>	<u>3.21%</u>

### f. Movement of allowance for loan losses

	Bank		Consolidated	
	2010	2009	2010	2009
Opening balance	329,815	140,528	1,361,982	774,126
Constitutions/(reversals)	70,236	215,218	1,188,965	1,535,104
Write off to losses	(114,367)	(24,830)	(1,397,611)	(946,147)
Other	-	(1,101)	-	(1,101)
Closing balance	<u>285,684</u>	<u>329,815</u>	<u>1,153,336</u>	<u>1,361,982</u>



# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### *g. Information about credit assignment*

	<b>2010</b>	<b>2009</b>
Transfer amount of assets assigned in the period	14,707,955	6,956,067
Book value of assets assigned in the period	(13,326,899)	(5,819,079)
Gross income from assignments	<u>1,381,056</u>	<u>1,136,988</u>
Expenses with assigned contracts' early settlement	(603,906)	(35,405)
Provision for losses on assigned contracts	(55,398)	(36,918)
Income from assignments before costs and taxes	<u>721,752</u>	<u>1,064,665</u>
Acceleration of the recognition in profit or loss of the costs associated with the asset assigned	(381,798)	(209,715)
Income from assignments before taxes	<u>339,954</u>	<u>854,950</u>
Tax effects	<u>(174,512)</u>	<u>(373,701)</u>
<b>Net Income (loss) from assignments</b>	<u><u>165,442</u></u>	<u><u>481,249</u></u>

### *h. Accounting hedge strategies*

	<u>2010</u>			<u>2009</u>		
	Cost	Market Value	Unrealized gain/(loss)	Cost	Market Value	Unrealized gain/(loss)
<b>Consolidated</b>						
Loans/Lease	<u>38,645,311</u>	<u>38,971,119</u>	<u>325,808</u>	<u>26,902,679</u>	<u>27,434,629</u>	<u>531,950</u>
Total	<u>38,645,311</u>	<u>38,971,119</u>	<u>325,808</u>	<u>26,902,679</u>	<u>27,434,629</u>	<u>531,950</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

In order to hedge the risks of the 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.

In order to hedge the risks of the variable rate (Dollar) of export financing, the Conglomerate entered into contracts on the DDI and SCC futures market with BM&F BOVESPA, in accordance with the maturity schedule of the installments.

### *i. Supplementary information*

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
Credits renegotiated/Amend during the year	8,710,731	5,970,525	8,906,615	6,199,852
Credits recovered previously written off as losses	12,444	17,716	192,743	135,377

## 13 Foreign exchange portfolio

### *Bank and consolidated*

<b>Other receivables</b>	<b>2010</b>	<b>2009</b>
Unsettled foreign exchange purchased	1,221,375	332,175
Rights from the sale of foreign exchange	643,639	51,870
Advances in foreign currency received	(582,890)	-
Advances in domestic currency received	(2,315)	(25,473)
Income receivable from advances granted	12,942	21,848
Income receivable from financed imports	-	101
Total	<u>1,292,751</u>	<u>380,521</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

<b>Other liabilities</b>	<b>2010</b>	<b>2009</b>
Sold foreign exchange to be settled	641,385	51,879
Financed imports - Foreign exchange contracted	-	(25,118)
Liabilities for foreign exchange purchases	1,252,142	385,489
Advances against exchange	<u>(524,855)</u>	<u>(402,632)</u>
Total	<u>1,368,672</u>	<u>9,618</u>

### 14 Securities clearing accounts

<b>Other receivables</b>	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Clearing department	9,055	1,100	17,118	1,100
Debtors account settlement pending	-	292	10,022	14,485
Operations with financial assets and commodities to settle	46,627	66,416	46,627	66,416
Other credits	<u>23,066</u>	<u>37,201</u>	<u>23,508</u>	<u>37,785</u>
Total	<u>78,748</u>	<u>105,009</u>	<u>97,275</u>	<u>119,786</u>

<b>Other liabilities</b>	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Clearing department	7	1	95	4,637
Commissions and brokerage fees payable	1,059	-	1,408	921
Creditors - unsettled accounts	165	325	52,778	18,878
Stock loan creditors	24,966	32,643	24,966	32,643
Operations with financial assets and commodities to settle	63,290	19,540	74,190	21,157
Other	<u>-</u>	<u>815</u>	<u>-</u>	<u>-</u>
Total	<u>89,487</u>	<u>53,324</u>	<u>153,437</u>	<u>78,236</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 15 Other receivables - Sundry

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Advances on salaries	1,303	5,133	2,784	20,851
Advances to suppliers	1,943	-	1,987	-
Tax credits	509,039	575,317	2,120,104	1,788,321
Deposits in guarantee	77,529	9,054	125,180	36,967
Taxes and contributions to compensate	134,322	180,576	568,883	435,084
Taxes and contributions to recover	-	-	5	-
Securities and credits receivable	-	12,900	-	12,900
Receivable from associated companies	6,715	1,010	7,149	80
Credit card transactions	-	-	188,660	113,817
Adjustment to market value - loans and lease operations	96,930	210,860	325,808	531,950
Associated costs - loans and lease operations	-	-	519,752	418,404
Settlement of securities abroad	191,156	-	191,156	-
Other	<u>2,911</u>	<u>54,896</u>	<u>85,531</u>	<u>-</u>
Total	<u>1,021,848</u>	<u>1,049,746</u>	<u>4,136,999</u>	<u>3,453,616</u>

### 16 Other assets

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Insurance costs	1,141	-	4,902	-
Prepaid data processing expenses	2,852	6,905	3,075	-
Comissions paid for acting as intermediary	-	-	509,472	281,351
Prepaid expenses with issue of securities	1,588	-	3,532	-
Prepaid financial system service expenses	4,746	1,611	12,237	10,616
Prepaid specialized technical services expenses	8,532	-	26,370	-
Assets not for own use	3,874	1,217	87,330	65,021
Other	<u>390</u>	<u>562</u>	<u>2,708</u>	<u>23,985</u>
Total	<u>23,123</u>	<u>10,295</u>	<u>649,626</u>	<u>380,973</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 17 Investments

#### a. Domestic and overseas subsidiaries

Companies	Book value at 12/31/09	Dividends	Equity in Earnings of Subsidiaries	Adjustments directly to shareholders equity	Book value at 12/31/10
<b>Domestic</b>	<u>2,507,956</u>	<u>(68,241)</u>	<u>583,378</u>	<u>(13)</u>	<u>3,023,080</u>
Votorantim CTVM Ltda.	241,828	(1,328)	10,065	(46)	250,519
Votorantim Asset DTVM Ltda	38,753	(3,255)	24,534	-	60,032
BV Financeira S.A.	947,818	(55,967)	507,599	-	1,399,450
BV Leasing Arrend. Merc. S.A.	1,279,557	(7,691)	41,180	33	1,313,079
<b>Overseas</b>	<u>35,274</u>	<u>-</u>	<u>(868)</u>	<u>12,368</u>	<u>46,774</u>
Votorantim Bank Limited	33,370	-	32	-	33,402
Banco Votorantim Securities	<u>1,904</u>	<u>-</u>	<u>(900)</u>	<u>12,368</u>	<u>13,372</u>
Total	<u>2,543,230</u>	<u>(68,241)</u>	<u>582,510</u>	<u>12,355</u>	<u>3,069,854</u>

2010

Companies	Capital	Shareholders' equity	Net Income	Number of shares/quotas held
<b>Domestic</b>				
Votorantim CTVM Ltda.	115,868	249,504	10,066	20,173
Votorantim Asset DTVM Ltda.	19,000	57,461	24,534	8,998,920
BV Financeira S.A.	472,000	1,334,863	507,599	126,361
BV Leasing Arrend. Merc. S.A.	996,200	1,310,996	41,188	510,353
BVIP - BV Inv. e Partic. S.A.	-	-	-	1,000
BVIA - BV Inv. Alt. Gestão S.A.	-	-	-	1,000
<b>Overseas</b>				
Votorantim Bank Limited	68,798	34,143	1,526	6,002,120
Banco Votorantim Securities	<u>19,994</u>	<u>14,004</u>	<u>(18)</u>	4,000,000
Total	<u>1,691,860</u>	<u>3,000,971</u>	<u>584,895</u>	

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### b. Other investments

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Investments in government incentives	33,287	33,698	94,506	76,693
Provision for losses	(10,298)	(5,953)	(40,056)	(23,422)
Membership certificates	175	175	176	176
Shares and quotas	6	6	6	6
Other	<u>99</u>	<u>99</u>	<u>129</u>	<u>129</u>
Total	<u>23,269</u>	<u>28,025</u>	<u>54,761</u>	<u>53,582</u>

### 18 Fixed assets for use

<b>Bank</b>	<u>2010</u>			<u>2009</u>
	<b>Cost</b>	<b>Depreciation</b>	<b>Net</b>	<b>Net</b>
Fixed assets in progress	111	-	111	111
Furniture and equipment for use	31,794	(8,674)	23,120	21,628
Communication system	7,303	(4,033)	3,270	3,660
Data processing system	35,320	(21,606)	13,714	6,610
Security system	2,173	(511)	1,662	920
Transportation system	<u>1,181</u>	<u>(1,079)</u>	<u>102</u>	<u>195</u>
Total	<u>77,882</u>	<u>(35,903)</u>	<u>41,979</u>	<u>33,124</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

Consolidated	2010			2009
	Cost	Depreciation	Net	Net
Fixed assets in progress	111	-	111	111
Facilities	18,568	(1,522)	17,046	1,528
Furniture and equipment for use	49,258	(14,286)	34,972	30,296
Communication system	11,806	(6,097)	5,709	6,218
Data processing system	70,194	(42,360)	27,834	18,731
Security system	2,202	(524)	1,678	932
Transportation system	<u>1,672</u>	<u>(1,236)</u>	<u>436</u>	<u>315</u>
Total	<u>153,811</u>	<u>(66,025)</u>	<u>87,786</u>	<u>58,131</u>
	Bank		Consolidated	
	2010	2009	2010	2009
<b>Opening balance</b>	33,124	17,380	58,131	50,448
Purchase	16,517	21,997	45,655	26,893
Disposal	(480)	(1,392)	(1,102)	(8,132)
Depreciation	<u>(7,182)</u>	<u>(4,861)</u>	<u>(14,898)</u>	<u>(11,078)</u>
<b>Closing balance</b>	<u>41,979</u>	<u>33,124</u>	<u>87,786</u>	<u>58,131</u>

On December 31, 2010, there were no relevant assets indicating impairment loss.

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 19 Intangible

	2010			2009
	Cost	Depreciation	Net	Net
<b>Bank</b>				
Corporate projects	<u>7,035</u>	—	<u>7,035</u>	—
Total	<u>7,035</u>	—	<u>7,035</u>	—
	2010			2009
<b>Consolidated</b>	<b>Cost</b>	<b>Depreciation</b>	<b>Net</b>	<b>Net</b>
SISBEX BMF&BOVESPA	200	-	200	200
Software with no physical substance	1,505	(469)	1,036	1,254
Licenses	10,066	(2,231)	7,835	3,667
Rights due to trade agreement	5,000	(415)	4,585	-
Corporate projects	<u>7,035</u>	—	<u>7,035</u>	—
Total	<u>23,806</u>	<u>(3,115)</u>	<u>20,691</u>	<u>5,121</u>
	<b>Bank</b>		<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Opening balance</b>	-	-	5,121	-
Purchase	7,035	-	17,693	5,398
Disposal	—	—	<u>(2,123)</u>	<u>(277)</u>
<b>Closing balance</b>	<u>7,035</u>	—	<u>20,691</u>	<u>5,121</u>



# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### *Amortization estimates*

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
In 2010	-	-	-	1,202
In 2011	-	-	3,055	1,202
In 2012	-	-	3,055	1,202
In 2013	-	-	3,055	1,202
In 2014	-	-	2,655	113
In 2015	-	-	1,636	-
More than 5 years	<u>7,035</u>	<u>-</u>	<u>7,235</u>	<u>200</u>
Total	<u>7,035</u>	<u>-</u>	<u>20,691</u>	<u>5,121</u>

On December 31, 2010, there were no relevant assets indicating impairment loss.

## 20 Deferred charges

<b>Bank</b>	<u>2010</u>			<u>2009</u>
	<b>Cost</b>	<b>Depreciation</b>	<b>Net</b>	<b>Net</b>
Leasehold expenditures	<u>35,130</u>	<u>(2,936)</u>	<u>32,194</u>	<u>27,541</u>
Total	<u>35,130</u>	<u>(2,936)</u>	<u>32,194</u>	<u>27,541</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

	2010		2009	
	Cost	Depreciation	Net	Net
<b>Consolidated</b>				
Leasehold expenditures	82,113	(38,851)	43,262	43,025
Expenditures acquisition development	<u>1,747</u>	<u>(1,115)</u>	<u>632</u>	<u>850</u>
Total	<u>83,860</u>	<u>(39,966)</u>	<u>43,894</u>	<u>43,875</u>
	Bank		Consolidated	
	2010	2009	2010	2009
<b>Opening balance</b>	27,541	3,861	43,875	23,348
Purchase	24,136	28,162	28,679	32,021
Disposal	(17,233)	-	(17,233)	(3,153)
Amortization	<u>(2,250)</u>	<u>(4,482)</u>	<u>(11,427)</u>	<u>(8,341)</u>
<b>Closing balance</b>	<u>32,194</u>	<u>27,541</u>	<u>43,894</u>	<u>43,875</u>

On December 31, 2010, there were no relevant assets indicating impairment loss.

## 21 Deposits

	Bank		Consolidated	
	2010	2009	2010	2009
Demand deposits	305,007	133,699	309,431	134,794
Interbank deposits	980,116	2,020,028	726,266	1,741,042
Time deposits	22,573,786	22,610,098	22,562,609	22,599,913
Other deposits	<u>150</u>	<u>1,822</u>	<u>150</u>	<u>1,672</u>
Total	<u>23,859,059</u>	<u>24,765,647</u>	<u>23,598,456</u>	<u>24,477,421</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 22 Money market repurchase commitments

	<u>Bank</u>		<u>Consolidated</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Own Portfolio</b>	<u>25,305,911</u>	<u>14,784,824</u>	<u>24,920,233</u>	<u>14,784,824</u>
Financial Treasury Bill	368,918	-	368,918	-
National Treasury Bill	579,083	45,795	579,083	45,795
National Treasury Notes	5,742,823	295,488	5,355,984	295,488
Other	18,615,087	14,443,541	18,616,248	14,443,541
<b>Third party portfolio</b>	<u>7,770,634</u>	<u>10,470,496</u>	<u>6,860,675</u>	<u>9,634,060</u>
Financial Treasury Bill	-	1,499,998	-	1,499,998
National Treasury Bill	5,815,100	3,095,350	5,761,542	2,328,127
National Treasury Notes	1,955,534	5,875,148	1,099,133	5,805,935
<b>Free portfolio</b>	<u>2,599,012</u>	<u>348,584</u>	<u>2,599,012</u>	<u>348,584</u>
National Treasury Bill	-	319,643	-	319,643
National Treasury Bills	2,525,824	-	2,525,824	-
Other	<u>73,188</u>	<u>28,941</u>	<u>73,188</u>	<u>28,941</u>
<b>Total</b>	<u>35,675,557</u>	<u>25,603,904</u>	<u>34,379,920</u>	<u>24,767,468</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 23 Acceptances and endorsements

		Bank		Consolidated	
		2010	2009	2010	2009
<b>Debentures</b>					
With exchange variation	(a)	-	-	1,567,126	1,637,667
Post-fixed	(b)	-	-	1,446,441	1,313,451
<b>Funds from Real estate credit bills</b>					
Post-fixed	(c)	4,632	106,311	4,632	106,311
<b>Funds from Agribusiness Credit Bills</b>					
Post-fixed	(d)	1,789,518	1,818,264	1,789,518	1,818,264
<b>Financial Bill</b>					
Pre-fixed	(e)	13,644	-	13,644	-
Post-fixed	(f)	2,593,316	-	2,593,316	-
<b>Liabilities from overseas securities</b>					
Pre-fixed	(g)	369,806	-	369,806	-
With exchange variation	(h)	<u>2,513,648</u>	<u>1,394,800</u>	<u>2,513,648</u>	<u>1,394,800</u>
Total		<u>7,284,564</u>	<u>3,319,375</u>	<u>10,298,131</u>	<u>6,270,493</u>

(a) Discount rate in 2010: PTAX (exchange rate provided by BACEN) + 12.04% per year.

(b) Discount rate in 2010: DI + 0.35% per year.

(c) and (d) Discount rate in 2010: Discount rate equivalent now 90% of CDI

(e) and (f) Discount rate in 2010: 100% to 108.10% of CDI

(g) Discount rate in 2010: 9.25% a year to 10.63% per year

(h) Rate of restatement in 2010: from 1.10% per year to 6.75% per year + foreign exchange variation Foreign securities.

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### Accounting hedge strategies

Consolidated	2010			2009		
	Cost	Market value	Unrealized gain/(loss)	Cost	Market value	Unrealized gain/(loss)
Liabilities from overseas securities	<u>2.877.050</u>	<u>2.883.454</u>	<u>(6.404)</u>	<u>1.387.006</u>	<u>1.394.800</u>	<u>(7.794)</u>
Total	<u>2.877.050</u>	<u>2.883.454</u>	<u>(6.404)</u>	<u>1.387.006</u>	<u>1.394.800</u>	<u>(7.794)</u>

In order to hedge the risks of the 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.

## 24 Borrowings and repasses

	Bank		Consolidated		
	2010	2009	2010	2009	
<b>Loans in the country</b>					
With exchange variation	(a)	21,357	186,589	21,357	186,589
<b>Foreign borrowings</b>					
With exchange variation	(b)	4,237,430	2,163,337	4,237,430	2,163,337
<b>Domestic repasses - National treasure</b>					
Post-fixed	(c)	73,338	-	73,338	-
<b>On-lending-BNDES</b>					
Post-fixed	(d)	4,081,327	3,503,274	4,081,327	3,503,274
<b>On-lending-FINAME</b>					
Post-fixed	(e)	<u>2,812,564</u>	<u>1,415,992</u>	<u>2,841,028</u>	<u>1,449,555</u>
Total		<u>11,226,016</u>	<u>7,269,192</u>	<u>11,254,480</u>	<u>7,302,755</u>

(a) Discount rate in 2010: 7.10 % per year + exchange variation.

(b) Discount rate in 2010: 0.50% per year a 17.5% a.a + exchange variation

(c) Discount rate in 2010: 6.75% per year

(d) Discount rate in 2010: 1.30% per year to 11% per year + TJLP (Long-term interest rate – “TJLP”) or exchange variation.

(e) Discount rate in 2010: 0.30% per year to 17.5% per year or TJLP.

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 25 Other liabilities - Social and statutory

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
Dividends/interest on own capital/Benefits payable	128,300	190,421	128,300	190,421
Provision for profit sharing	74,564	40,951	251,330	165,897
Bonuses and profit-sharing payable	<u>19</u>	<u>228</u>	<u>19</u>	<u>228</u>
Total	<u>202,883</u>	<u>231,600</u>	<u>379,649</u>	<u>356,546</u>

### 26 Other liabilities - Tax and social security

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
Income and social contributions taxes payable	121,405	127,119	517,666	559,074
Taxes and contributions on outsourced services	1,343	904	12,312	8,025
Taxes and contribution on the salary	3,793	2,194	6,672	4,125
Taxes and contributions on interest earning bank deposits	34,156	31,851	34,180	31,859
PIS	5,733	6,985	9,453	13,965
COFINS	1,340	529	7,234	2,385
ISS	2,201	1,330	8,377	5,027
Provision for tax risks	564,825	478,676	1,400,348	1,046,422
Provision for deferred taxes and contributions	180,922	152,140	1,164,706	753,695
Other taxes and contributions (Legal obligations)	<u>-</u>	<u>4</u>	<u>11</u>	<u>13</u>
Total	<u>915,718</u>	<u>801,732</u>	<u>3,160,959</u>	<u>2,424,590</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 27 Other liabilities - Subordinated debts

		Bank		Consolidated	
		2010	2009	2010	2009
<b>Subordinated financial notes</b>					
Post-fixed	(c)	304,964	-	304,964	-
<b>Bank deposit certificates</b>					
Post-fixed	(a)	3,262,539	2,927,815	3,262,539	2,927,815
<b>Debentures</b>					
Post-fixed	(b)	-	-	1,451,075	1,439,006
<b>Subordinated note</b>					
With exchange variation	(d)	<u>1,885,684</u>	<u>-</u>	<u>1,885,684</u>	<u>-</u>
Total		<u>5,453,187</u>	<u>2,927,815</u>	<u>6,904,262</u>	<u>4,366,821</u>

(a) Discount rate in 2010: 0.49% per year until 7.95% per year + CDI

(b) Discount rate in 2010: 0.50% per year + CDI

(c) Discount rate in 2010: 0.30% per year until 17.50% per year + TJPL

(d) Discount rate in 2010: 7.38% per year + PTAX

#### Accounting hedge strategies

Consolidated	2010			2009		
	Accrual value	Market value (book)	Unrealized gain/(loss)	Accrual value	Market value (book)	Unrealized gain/(loss)
Subordinated note	<u>1,986,505</u>	<u>1,885,684</u>	<u>100,821</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,986,505</u>	<u>1,885,684</u>	<u>100,821</u>	<u>-</u>	<u>-</u>	<u>-</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

In order to hedge the risks of the fixed interest rate of loans, financing and lease operations, the Conglomerate entered into contracts on the DDI futures market with BM&FBOVESPA, in accordance with the maturity schedule of the installments.

### 28 Other liabilities - Sundry

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Provision for personnel expenses	25,405	14,217	84,118	42,204
Provision administrative expenses	8,774	12,502	73,122	48,885
Provision for contingent liabilities	9,560	18,600	113,691	116,746
Comission of intermediation of operations	-	-	107,102	60,394
Amounts to on-lend credit assignment	-	-	204,868	139,630
Provision for assigned credit losses	-	-	80,090	24,692
Credit card transactions	25	12	194,023	120,477
Settlement of securities abroad	209,333	21,802	209,933	22,622
Credit and lease operation to liberate	4,337	126,669	30,549	155,267
Other (a)	<u>45,849</u>	<u>49,893</u>	<u>314,111</u>	<u>177,738</u>
Total	<u>303,283</u>	<u>243,695</u>	<u>1,411,607</u>	<u>908,655</u>

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

### 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 conformity with the strategic partnership between Banco do Brasil and Votorantim Finanças, in this year, the paid-up capital was made in the amount of R\$ 450,000.

### **b. Dividends**

Shareholders are assured a minimum compulsory dividend equivalent to 25% of net profit for each period, deducted from the statutory reserve. Management proposes the payment of dividends from the profit in the period.

	<b>2010</b>	<b>2009</b>
Net Profit	1,015,247	801,773
Legal reserve	<u>50,762</u>	<u>40,089</u>
<b>Calculation base</b>	<u>964,485</u>	<u>761,684</u>
Interest on own capital	-	-
Dividends	<u>241,121</u>	<u>190,421</u>
Proposed value	<u>241,121</u>	<u>190,421</u>
Percentage on calculation base	<u>25%</u>	<u>25%</u>

### **c. Capital reserve**

Capital reserve is formed by Premium on the subscription of shares, in the amount of R\$ 585,104.

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 stock exchange memberships to increase capital by R\$ 31,945.

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### d. 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 increase or to offset loss.

#### *Expansion reserve*

To meet requirements arising from corporate law and Central Bank rules, at year end, Management proposes the allocation of undistributed profit to the “Expansion reserve”, to be set up after the allocations to the legal reserve and payment of dividends, if any. The reserve balance is at disposal of shareholders for future deliberations in the General Meeting.

### e. Adjustments directly to shareholder’s equity

	<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>
<b>Opening balance</b>	(76,664)	(95,006)
<b>Available for sale securities</b>	<u>62,627</u>	<u>(10,495)</u>
Banco Votorantim	110,457	(51,259)
Subsidiaries	(47,830)	40,764
<b>Tax effects</b>	<u>(43,319)</u>	<u>28,837</u>
<b>Closing balance</b>	<u>(57,356)</u>	<u>(76,664)</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 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 noncurrent assets and operations with liabilities in current liabilities.

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

#### **Bank**

##### *a. Asset*

	<b>Up to 90 days</b>	<b>From 91 to 360 days</b>	<b>From 1 to 3 years</b>	<b>From 3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Cash</b>	<u>68,530</u>	-	-	-	-	<u>68,530</u>
<b>Interbank funds applied</b>	<u>8,848,148</u>	<u>13,993,617</u>	<u>24,696,619</u>	<u>232,551</u>	<u>12,094</u>	<u>47,783,029</u>
Committed operations - Banked position	587,800	1,933,743	-	-	-	2,521,543
Committed operations- Financed position	6,148,649	1,643,668	-	-	-	7,792,317
Committed operations - Free portfolio	964,126	1,566,187	-	-	-	2,530,313
Interbank deposits	1,060,246	8,850,019	24,696,619	232,551	12,094	34,851,529
Foreign currency investments	87,327	-	-	-	-	87,327
<b>Securities</b>	<u>2,724,532</u>	<u>3,232,939</u>	<u>4,029,077</u>	<u>3,967,638</u>	<u>23,358,465</u>	<u>37,312,651</u>
Securities for trading	800,027	2,620,951	3,743,031	2,185,556	19,291,368	28,640,933
Available for sale	1,924,505	611,988	286,046	1,782,082	4,067,097	8,671,718
<b>Derivative financial instruments</b>	<u>606,337</u>	<u>659,683</u>	<u>560,812</u>	<u>71,580</u>	<u>309,318</u>	<u>2,207,730</u>
Diferencial de swap	186,504	473,133	428,499	71,580	65,717	1,225,433
Term currency contracts	82	438	18	-	-	538
Purchase of options - shares	268	2,749	-	-	-	3,017
Purchase of options - financial asset/commodities	328,583	145,762	40,165	-	-	514,510
Credit derivatives	37,477	19,841	45,969	-	243,601	346,888
Non deliverable forward	51,043	17,760	46,161	-	-	114,964
Other	2,380	-	-	-	-	2,380
<b>Interbranch relations</b>	<u>6,112,444</u>	<u>197,979</u>	-	-	-	<u>6,310,423</u>
<b>Loans</b>	<u>3,299,977</u>	<u>5,130,849</u>	<u>8,654,385</u>	<u>1,922,381</u>	<u>56,480</u>	<u>19,064,072</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

	Up to 90 days	From 91 to 360 days	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
<b>Allowance for loan losses</b>	<u>(52,235)</u>	<u>(6,530)</u>	<u>(82,606)</u>	<u>(93,531)</u>	<u>(12,935)</u>	<u>(247,837)</u>
<b>Other receivables</b>	<u>1,392,891</u>	<u>474,052</u>	<u>227,851</u>	<u>111,493</u>	<u>153,908</u>	<u>2,360,195</u>
Foreing exchange portfolio	949,247	343,504	-	-	-	1,292,751
Income receivable	4,684	11	-	-	-	4,695
Securities clearing accounts	78,748	-	-	-	-	78,748
Sundry	387,140	141,456	227,851	111,493	153,908	1,021,848
Allowance for doubtful receivable	(26,928)	(10,919)	-	-	-	(37,847)
<b>Other assets</b>	<u>9,223</u>	<u>-</u>	<u>13,900</u>	<u>-</u>	<u>-</u>	<u>23,123</u>
Total	<u>23,009,847</u>	<u>23,682,589</u>	<u>38,100,038</u>	<u>6,212,112</u>	<u>23,877,330</u>	<u>114,881,916</u>

### 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
<b>Deposits</b>	<u>5,873,418</u>	<u>12,690,737</u>	<u>5,251,457</u>	<u>33,025</u>	<u>10,422</u>	<u>23,859,059</u>
Demand deposits	305,007	-	-	-	-	305,007
Interbank deposits	491,892	354,896	125,345	6,860	1,123	980,116
Time deposits	5,076,369	12,335,841	5,126,112	26,165	9,299	22,573,786
Other deposits	150	-	-	-	-	150
<b>Money market repurchase commitments</b>	<u>14,603,236</u>	<u>16,945,397</u>	<u>4,019,885</u>	<u>93,486</u>	<u>13,553</u>	<u>35,675,557</u>
Own Portfolio	7,978,112	13,269,042	3,966,633	92,124	-	25,305,911
Third party portfolio	5,657,870	2,112,764	-	-	-	7,770,634
Free portfolio	967,254	1,563,591	53,252	1,362	13,553	2,599,012
<b>Acceptances and endorsements</b>	<u>675,620</u>	<u>1,006,729</u>	<u>3,988,300</u>	<u>1,121,741</u>	<u>492,174</u>	<u>7,284,564</u>
<b>Interbranch accounts</b>	<u>23,139</u>	<u>8,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,040</u>
<b>Borrowings and repasses</b>	<u>1,727,367</u>	<u>4,608,738</u>	<u>4,212,040</u>	<u>636,956</u>	<u>40,915</u>	<u>11,226,016</u>
<b>Derivative financial instruments</b>	<u>558,979</u>	<u>5,466,439</u>	<u>16,980,843</u>	<u>123,365</u>	<u>75,748</u>	<u>23,205,374</u>
Differential from swap	144,387	496,809	498,687	116,496	75,748	1,332,127
Term currency contracts	59	112	-	-	-	171
Compra de opções - ações	5,271	1,516	-	-	-	6,787
Compra de opções - ativo fin./merc.	94,598	93,627	161,182	-	-	349,407
Option box	198,153	4,716,614	16,294,758	-	-	21,209,525
Credit derivatives	62,857	118,234	-	-	-	181,091
Non deliverable forward	44,339	39,527	26,216	6,869	-	116,951
Other	9,315	-	-	-	-	9,315

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

	Up to 90 days	From 91 to 360 days	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
<b>Other liabilities</b>	<u>2,196,283</u>	<u>22,852</u>	<u>1,682,346</u>	<u>1,552,135</u>	<u>2,889,384</u>	<u>8,343,000</u>
Tax collection and payment, and similar payment	9,770	-	-	-	-	9,770
Foreing exchange portfolio	1,368,551	121	-	-	-	1,368,672
Social and statutory	202,883	-	-	-	-	202,883
Taxes payable	256,216	18,616	42,302	670	597,914	915,718
Securities clearing accounts	64,521	-	24,966	-	-	89,487
Subordinated debt	-	-	1,610,252	1,551,465	2,291,470	5,453,187
Sundry	294,342	4,115	4,826	-	-	303,283
<b>Deferred income</b>	<u>39,895</u>	<u>1,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,760</u>
Total	<u>25,697,937</u>	<u>40,751,658</u>	<u>36,134,871</u>	<u>3,560,708</u>	<u>3,522,196</u>	<u>109,667,370</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### Consolidated

#### a. Asset

	Up to 90 days	From 91 to 360 days	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
<b>Cash</b>	150,621	-	-	-	-	150,621
<b>Interbank funds applied</b>	<u>8,459,044</u>	<u>5,658,024</u>	<u>858,309</u>	<u>26,533</u>	-	<u>15,001,910</u>
Committed operations - Banked position	587,800	1,933,743	-	-	-	2,521,543
Committed operations- Financed position	6,148,649	1,643,668	-	-	-	7,792,317
Committed operations - Free portfolio	964,126	1,566,187	-	-	-	2,530,313
Interbank deposits	671,142	514,426	858,309	26,533	-	2,070,410
Foreign currency investments	87,327	-	-	-	-	87,327
<b>Securities</b>	<u>5,517,541</u>	<u>3,244,117</u>	<u>4,067,597</u>	<u>4,081,233</u>	<u>6,475,332</u>	<u>23,385,820</u>
Securities for trading	3,063,596	2,632,129	3,781,551	2,299,151	2,408,235	14,184,662
Available for sale	2,453,945	611,988	286,046	1,782,082	4,067,097	9,201,158
<b>Derivative financial instruments</b>	<u>524,753</u>	<u>423,368</u>	<u>488,546</u>	<u>31,833</u>	<u>308,680</u>	<u>1,777,180</u>
Differential from swap	104,922	236,817	356,234	31,833	65,078	794,884
Term currency contracts	82	438	18	-	-	538
Purchase of options - shares	268	2,749	-	-	-	3,017
Purchase of options - Financial asset/commodities	328,583	145,762	40,165	-	-	514,510
Credit derivatives	37,477	19,842	45,968	-	243,602	346,889
NDF	51,043	17,760	46,161	-	-	114,964
Other	2,378	-	-	-	-	2,378
<b>Interbranch relations</b>	<u>6,112,444</u>	<u>197,979</u>	-	-	-	<u>6,310,423</u>
<b>Loans</b>	<u>7,621,407</u>	<u>14,227,848</u>	<u>23,485,606</u>	<u>6,487,660</u>	<u>131,015</u>	<u>51,953,536</u>
<b>Lease operations</b>	<u>3,738,216</u>	<u>85,374</u>	<u>56,191</u>	-	-	<u>3,879,781</u>
<b>Allowance for loan losses</b>	<u>(369,228)</u>	<u>(177,536)</u>	<u>(295,489)</u>	<u>(159,050)</u>	<u>(14,003)</u>	<u>(1,015,306)</u>
<b>Other receivables</b>	<u>2,385,771</u>	<u>1,430,053</u>	<u>818,633</u>	<u>549,049</u>	<u>333,363</u>	<u>5,516,869</u>
Foreing exchange portfolio	949,247	343,504	-	-	-	1,292,751
Income receivable	27,680	11	-	-	-	27,691
Securities clearing accounts	97,275	-	-	-	-	97,275
Sundry	1,338,497	1,097,457	818,633	549,049	333,363	4,136,999
Allowance for doubtful receivable	(26,928)	(10,919)	-	-	-	(37,847)
<b>Other assets</b>	<u>41,762</u>	<u>142,439</u>	<u>325,108</u>	<u>139,678</u>	<u>639</u>	<u>649,626</u>
<b>Total</b>	<u><u>34,182,331</u></u>	<u><u>25,231,666</u></u>	<u><u>29,804,501</u></u>	<u><u>11,156,936</u></u>	<u><u>7,235,026</u></u>	<u><u>107,610,460</u></u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### b. Liabilities

	Até 90 dias	De 91 a 360 dias	De 1 a 3 anos	De 3 a 5 anos	Acima de 5 anos	Total
<b>Deposits</b>	<u>5,690,044</u>	<u>12,663,657</u>	<u>5,201,308</u>	<u>33,025</u>	<u>10,422</u>	<u>23,598,456</u>
Demand deposits	309,431	-	-	-	-	309,431
Interbank deposits	304,094	338,993	75,196	6,860	1,123	726,266
Time deposits	5,076,369	12,324,664	5,126,112	26,165	9,299	22,562,609
Other deposits	150	-	-	-	-	150
<b>Money market repurchase commitments</b>	<u>13,306,438</u>	<u>16,946,558</u>	<u>4,019,885</u>	<u>93,486</u>	<u>13,553</u>	<u>34,379,920</u>
Own Portfolio	7,591,273	13,270,203	3,966,633	92,124	-	24,920,233
Third party portfolio	4,747,911	2,112,764	-	-	-	6,860,675
Free portfolio	967,254	1,563,591	53,252	1,362	13,553	2,599,012
<b>Acceptances and endorsements</b>	<u>675,620</u>	<u>2,573,855</u>	<u>5,434,742</u>	<u>1,121,741</u>	<u>492,173</u>	<u>10,298,131</u>
<b>Interbranch accounts</b>	<u>23,142</u>	<u>8,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,043</u>
<b>Borrowings and repasses</b>	<u>1,727,396</u>	<u>4,610,034</u>	<u>4,227,282</u>	<u>648,853</u>	<u>40,915</u>	<u>11,254,480</u>
<b>Derivatives financial instruments</b>	<u>493,141</u>	<u>4,265,446</u>	<u>1,477,618</u>	<u>109,237</u>	<u>75,546</u>	<u>6,420,988</u>
Differential from Swap	78,550	1,351,700	422,494	102,368	75,546	2,030,658
Term currency contracts	59	112	-	-	-	171
Purchase of options - shares	5,271	1,516	-	-	-	6,787
Purchase of options - financial asset/commodities	94,598	93,627	161,182	-	-	349,407
Option Box	198,153	2,660,729	867,726	-	-	3,726,608
Credit derivatives	62,857	118,234	-	-	-	181,091
Non deliverable forward	44,339	39,528	26,216	6,869	-	116,952
Other	9,314	-	-	-	-	9,314
<b>Other liabilities</b>	<u>3,829,062</u>	<u>2,020,056</u>	<u>2,168,684</u>	<u>1,659,170</u>	<u>3,725,906</u>	<u>13,402,878</u>
Tax collection and payment, and similar payment	24,292	-	-	-	-	24,292
Foreing exchange portfolio	1,368,551	121	-	-	-	1,368,672
Social and statutory	379,649	-	-	-	-	379,649
Taxes payable	758,794	440,980	443,399	84,343	1,433,443	3,160,959
Securities clearing accounts	128,471	-	24,966	-	-	153,437
Subordinated debt	-	1,451,075	1,610,252	1,551,465	2,291,470	6,904,262
Sundry	1,169,305	127,880	90,067	23,362	993	1,411,607
<b>Deferred Income</b>	<u>39,895</u>	<u>1,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,760</u>
<b>Minority interest</b>	<u>59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59</u>
<b>Total</b>	<u>25,784,797</u>	<u>43,090,372</u>	<u>22,529,519</u>	<u>3,665,512</u>	<u>4,358,515</u>	<u>99,428,715</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 31 Loans operations income

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
Advances to depositors	26	14	26	14
Loans	1,077,220	767,121	2,649,989	1,554,632
Discounted bills	4,904	6,333	4,904	6,333
Financing	425,456	312,102	5,218,383	4,214,630
Export financing	291,814	(215,805)	291,814	(215,805)
Financing for exports	1,130	(9,884)	7,705	(9,884)
Financing Rural	81,232	39,671	81,232	39,671
Rights for share loans	10,863	343	10,863	343
Results from credit assignment	-	-	721,752	1,064,665
Adjustment to market value	(116,062)	(120,513)	(174,823)	(120,513)
Other	<u>1,360</u>	<u>138,483</u>	<u>1,360</u>	<u>447,911</u>
Total	<u>1,777,943</u>	<u>917,865</u>	<u>8,813,205</u>	<u>6,981,997</u>

### 32 Lease operations income

	<u>Consolidated</u>	
	2010	2009
Income from lease	730,196	239,735
Profit on disposal of leased assets	346,362	80,760
Income with excess depreciation	1,537,823	1,275,997
Adjustment to market value	28,072	34,569
Other	<u>1,631</u>	<u>172,312</u>
Total	<u>2,644,084</u>	<u>1,803,373</u>



# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 33 Net operations from securities income

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Committed operations investments	1,388,405	1,626,286	1,388,405	1,624,007
Interbank deposits	3,059,297	2,204,166	112,835	178,378
Fixed income securities	3,566,225	2,848,235	2,079,525	1,415,156
Securities abroad	353,124	(397,817)	353,136	(352,885)
Variable income securities	21,498	78,090	30,436	78,158
Investments in investment funds	4,918	13,219	289,261	261,794
Adjustment to market value	<u>69,606</u>	<u>(295,325)</u>	<u>53,132</u>	<u>(271,048)</u>
Total	<u>8,463,073</u>	<u>6,076,854</u>	<u>4,306,730</u>	<u>2,933,559</u>

### 34 Results (income / (loss)) from derivative financial instruments

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Swap Contracts	(329,272)	1,720,976	(771,961)	324,222
Forward contracts	(8,248)	8,198	(8,248)	8,198
Future contracts	(409,746)	(131,076)	(767,434)	(521,273)
Option shares agreement	(28,269)	(26,715)	(28,269)	(26,715)
Option agreement-financial assets/goods	70,516	(74,328)	70,516	(74,315)
Credit derivatives	13,112	45,243	13,112	45,243
Option BOX - Fixed income strategy	(2,128,376)	(2,655,613)	(430,181)	(345,661)
Non deliverable forward	(18,674)	204,640	(18,674)	204,640
Other	<u>(62,907)</u>	<u>(61,696)</u>	<u>(62,908)</u>	<u>(61,698)</u>
Total	<u>(2,901,864)</u>	<u>(970,371)</u>	<u>(2,004,047)</u>	<u>(447,359)</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 35 Foreign exchange income

<b>Bank and consolidated</b>	<b>2010</b>	<b>2009</b>
Income from exports	25,366	57,901
Income from imports	7,075	9,267
Financial income (loss)	(976)	(116)
Variations and differences in rates	(3,005)	(354,627)
Cash in foreign currencies	20,716	68,344
Other	<u>(7,512)</u>	<u>(20,451)</u>
Total	<u>41,664</u>	<u>(239,682)</u>

### 36 Expenses on funding from the market

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Securities transactions overseas	88,993	225,948	88,993	225,948
Interbank deposits	(104,198)	(384,338)	(75,647)	(355,595)
Time deposits	(2,483,529)	(1,827,712)	(2,483,529)	(1,827,723)
Committed operations	(3,292,707)	(2,720,691)	(3,191,372)	(2,631,547)
Agribusiness credit bills	(146,748)	(154,730)	(146,748)	(154,730)
Real estate credit note	(3,462)	(5,037)	(3,462)	(5,037)
Financial Bill	(113,574)	-	(113,574)	-
Debentures	-	-	(402,584)	91,018
Other	<u>(31,831)</u>	<u>(200,748)</u>	<u>(31,831)</u>	<u>(200,748)</u>
Total	<u>(6,087,056)</u>	<u>(5,067,308)</u>	<u>(6,359,754)</u>	<u>(4,858,414)</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 37 Borrowings, assignments and repasses expenses

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
Loans in the country	(5,623)	(52,813)	(5,623)	(52,813)
Foreign borrowings	(77,179)	800,770	(77,179)	800,770
On-lending BNDES	(256,953)	(49,238)	(256,953)	(49,238)
On-lending FINAME	(113,641)	(275,355)	(115,995)	(278,538)
To foreign bankers	(4,403)	(45,663)	(4,403)	(45,663)
Other	<u>251,082</u>	<u>243,634</u>	<u>251,082</u>	<u>242,367</u>
Total	<u>(206,717)</u>	<u>621,335</u>	<u>(209,071)</u>	<u>617,367</u>

### 38 Lease operations expenses

	<u>Consolidated</u>	
	2010	2009
Depreciation of leased assets	(1,901,071)	(1,264,636)
Amortization of leased assets	(2,041)	(2,139)
Loss on sale of leased properties	(187)	-
Adjustment to market value	(25,260)	(41,581)
Other	<u>(44,219)</u>	<u>(21,846)</u>
Total	<u>(1,972,778)</u>	<u>(1,330,202)</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 39 Income from rendered service

	Bank		Consolidated	
	2010	2009	2010	2009
Management of investment funds	-	-	109,819	81,948
Collection revenues	6,030	2,175	6,030	2,175
Comissions on placing of securities	69,345	39,134	70,207	40,073
Brokerage of stock exchange transactions	-	-	30,092	29,248
Income from guarantees provided	144,032	118,285	144,032	126,354
Credit card transactions	-	-	13,055	4,547
Comission of insurance brokerage	-	-	23,985	-
Financial advisory	23,044	24,195	19,564	24,195
Other	<u>12,440</u>	<u>21,428</u>	<u>23,436</u>	<u>49,655</u>
Total	<u>254,891</u>	<u>205,217</u>	<u>440,220</u>	<u>358,195</u>

### 40 Income from banking fee

	Bank		Consolidated	
	2010	2009	2010	2009
<b>Individuals</b>				
Preparations of registry	-	-	603,606	443,318
Transfers	-	-	1	3
Advance contract	-	-	12,741	430
Assets evaluations	-	-	158,675	3,469
Credit card	-	-	14,764	108
Other	-	-	-	3,730
<b>Corporate entities</b>				
Preparations of registry	-	-	11,704	7,058
Transfers	870	505	880	506
Other	<u>376</u>	<u>394</u>	<u>2,093</u>	<u>394</u>
Total	<u>1,246</u>	<u>899</u>	<u>804,464</u>	<u>459,016</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 41 Personnel expenses

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Fees	(14,028)	(12,600)	(27,060)	(25,511)
Benefits	(29,841)	(22,014)	(118,362)	(84,780)
Social security charges	(63,969)	(45,571)	(161,117)	(116,878)
Salaries	(175,945)	(125,446)	(462,183)	(332,629)
Training	<u>(4,126)</u>	<u>(2,562)</u>	<u>(6,002)</u>	<u>(4,400)</u>
Total	<u>(287,909)</u>	<u>(208,193)</u>	<u>(774,724)</u>	<u>(564,198)</u>

### 42 Other administrative expenses

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Water, energy and gas	(1,153)	(1,126)	(5,041)	(4,618)
Rental	(36,835)	(26,491)	(110,142)	(57,942)
Leased assets	(941)	(423)	(4,821)	(2,647)
Communications	(12,679)	(9,739)	(102,374)	(81,591)
Philanthropic contributions	(3,229)	(2,638)	(7,461)	(9,479)
Maintenance and conservation of fixed assets	(6,163)	(4,503)	(13,967)	(22,194)
Material	(2,268)	(874)	(6,561)	(3,734)
Data processing	(65,112)	(56,913)	(118,137)	(107,799)
Promotions and public relations	(10,621)	(6,103)	(22,779)	(18,305)
Publicity and adversysing	(1,986)	(2,169)	(33,841)	(19,943)
Publications	(1,498)	(2,254)	(1,777)	(3,110)
Insurance	(2,043)	(223)	(17,747)	(9,201)
Financial system services	(60,159)	(23,082)	(181,612)	(131,733)
Outsourced services	(3,401)	(2,563)	(20,840)	(42,310)
Surveillance and security	(1,411)	(1,280)	(3,990)	(2,950)
Specialized technical services	(103,938)	(37,931)	(572,427)	(242,815)

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
Transportation	(4,611)	(3,186)	(21,491)	(20,329)
Travel	(7,403)	(5,236)	(35,969)	(36,435)
Legal fees	(6,706)	(5,318)	(134,753)	(96,786)
Amortization	(2,250)	(4,522)	(13,550)	(8,618)
Depreciation	(7,182)	(4,848)	(14,898)	(11,078)
Other	<u>(3,762)</u>	<u>(6,838)</u>	<u>(91,568)</u>	<u>(103,409)</u>
Total	<u>(345,351)</u>	<u>(208,260)</u>	<u>(1,535,746)</u>	<u>(1,037,026)</u>

### 43 Tax expenses

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
ISS	(12,445)	(10,326)	(62,882)	(45,774)
PIS	(9,699)	(8,794)	(53,759)	(44,358)
COFINS	(58,724)	(53,154)	(331,650)	(269,559)
Other	<u>(4,324)</u>	<u>(1,280)</u>	<u>(9,109)</u>	<u>(4,188)</u>
Total	<u>(85,192)</u>	<u>(73,554)</u>	<u>(457,400)</u>	<u>(363,879)</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 44 Other operational income

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
Reimbursement of commission for intermediation of operations - CET	-	-	1,715,394	1,137,155
Reimbursement of other costs - CET	900	1,045	187,761	35,626
Reimbursement of commissions for intermediation of transactions - Non-CET	-	-	22,280	12,317
Reimbursement of other costs- non-CET	206	39,573	9,019	41,547
Foreign exchange variation of foreign investment	22,971	-	24,167	-
Other income	<u>33,366</u>	<u>11,897</u>	<u>131,156</u>	<u>90,449</u>
Total	<u>57,443</u>	<u>52,515</u>	<u>2,089,777</u>	<u>1,317,094</u>

### 45 Other operational expenses

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
Commissions of intermediation of operations (CET)	-	-	(1,609,854)	(1,041,064)
Commissions for intermediation of transactions - non-CET	-	(22,116)	(776,713)	(235,642)
Other costs- non-CET	(3,850)	-	(3,850)	(2,535)
Provision for contingent liabilities	(1,613)	(8,112)	(38,850)	(46,428)
Monetary corrections of liabilities	(34,787)	(18,789)	(94,561)	(38,031)
Foreign exchange variation of foreign investment	(51,296)	(309,486)	(54,888)	(309,486)
Discounts granted in renegotiations of loans operations	(79,069)	-	(271,627)	(281,140)
Other	<u>(28,853)</u>	<u>(75,876)</u>	<u>(73,040)</u>	<u>(766,407)</u>
Total	<u>(199,468)</u>	<u>(434,379)</u>	<u>(2,923,383)</u>	<u>(2,720,733)</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 46 Non operating results

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
Sales assets	(591)	259	(119,486)	(142,325)
Provision for loss with investment	(4,345)	-	(16,634)	-
Sales of investments	-	-	116	59,230
Other	<u>(4,039)</u>	<u>(928)</u>	<u>52,937</u>	<u>(2,786)</u>
Total	<u>(8,975)</u>	<u>(669)</u>	<u>(83,067)</u>	<u>(85,881)</u>

### 47 Income and social contribution taxes

#### a. Charges due on operations

	<u>Bank</u>		<u>Consolidated</u>	
	2010	2009	2010	2009
<b>Income before income and social contribution taxes and profit share</b>	<u>1,314,592</u>	<u>880,051</u>	<u>1,959,799</u>	<u>1,288,123</u>
<b>Charges at the nominal rates</b>	<u>(525,836)</u>	<u>(352,020)</u>	<u>(783,920)</u>	<u>(515,249)</u>
<b>Exclusions/(additions)</b>	<u>424,882</u>	<u>192,534</u>	<u>273,255</u>	<u>(603,204)</u>
Tax loss carryforward for income tax	27,834	48,459	(329,867)	(262,087)
Tax loss carryforward for social contribution	17,933	28,001	16,311	28,001
Adjustment to market value - securities	126,155	(64,060)	119,538	(62,220)
Adjustment to market value - derivatives	29,840	(76,780)	(20,598)	(210,500)
Adjustment to market value - loan operations	(45,572)	189,693	(6,437)	(2,626)
Profit sharing	(58,660)	(31,987)	39,539	(17,508)
Allowance for loan losses	(30,153)	(86,045)	(56,586)	(333,315)
Provision for contingent liabilities	111	(1,535)	(3,219)	12,276
Derivatives - Cash basis	(31,088)	42,293	(16,153)	149,371
Provision for assigned credit losses	-	-	(22,043)	-
Provision for legal obligations	-	(81,877)	-	(220,371)
Excess/Insufficiency of depreciation	-	-	384,456	324,549



# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

	Bank		Consolidated	
	2010	2009	2010	2009
Earnings of subsidiary	233,004	114,655	-	-
Result of foreign branches	(23,686)	(94,488)	(23,686)	(94,488)
Non-taxable interest on securities	103,627	96,380	103,627	96,380
Other	72,537	109,825	88,373	(10,666)
<b>Current income and social contribution taxes</b>	<u>(100,954)</u>	<u>(159,486)</u>	<u>(510,665)</u>	<u>(1,118,453)</u>
<b>Deferred income and social contribution taxes</b>	<u>(4,960)</u>	<u>(2,259)</u>	<u>(387,189)</u>	<u>66,253</u>
<b>Total income tax and social contribution</b>	<u>(105,914)</u>	<u>(161,745)</u>	<u>(897,856)</u>	<u>(1,052,200)</u>

### *b. Deferred Income and social contribution taxes with an impact on result*

	Bank		Consolidated	
	2010	2009	2010	2009
<b>Tax credit</b>				
<b>Additions/(exclusions)</b>				
Tax loss carryforward for income tax	(27,834)	(48,459)	329,867	262,087
Tax loss carryforward for social contribution	(17,933)	(28,001)	(16,311)	(28,001)
Adjustment to market value - securities	(31,055)	(8,189)	(31,070)	142,096
Adjustment to market value - derivatives	-	-	806	(96,830)
Profit sharing	-	(15,862)	(114)	17,508
Allowance for loan losses	30,153	86,045	54,606	(333,315)
Provision for contingent liabilities	(111)	1,535	3,219	(12,276)
Derivatives - Cash basis	-	-	(14,936)	502,084
Provision for assigned credit losses	-	-	22,043	-
Provision for legal obligations	-	81,877	-	220,371
Result of foreign branches	-	94,488	-	94,488
Other	-	-	3,171	-
<b>Total</b>	<u>(46,780)</u>	<u>163,434</u>	<u>351,281</u>	<u>768,212</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

	<b>Bank</b>		<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Deferred tax obligation</b>				
<b>Additions/(exclusions)</b>				
Adjustment to market value - securities	(51,780)	15,160	(45,164)	(87,705)
Adjustment to market value - derivatives	(29,840)	24,874	(71,115)	449,703
Adjustment to market value - loan operations	45,572	-	82,457	(41,386)
Derivatives - Cash basis	31,088	(42,293)	31,089	70,190
Insufficiency of depreciation	-	-	<u>(384,456)</u>	<u>(324,549)</u>
Total	<u>(4,960)</u>	<u>(2,259)</u>	<u>(387,189)</u>	<u>66,253</u>

### c. Deferred Income and social contribution taxes with an impact on equity accounts

	<b>Bank</b>		<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Asset (Other credits - Sundry)</b>				
<b>Opening balance</b>	575,317	387,862	1,788,321	1,382,677
Tax loss carryforward for income tax	(27,834)	(48,459)	329,867	262,087
Tax loss carryforward for social contribution	(17,933)	(28,001)	(16,311)	(28,001)
Adjustment to market value - securities	(50,553)	15,832	(50,567)	15,763
Adjustment to market value - derivatives	-	-	806	(291,109)
Profit sharing	-	(15,862)	(114)	17,508
Allowance for loan losses	30,153	86,045	54,606	(333,315)
Provision for contingent liabilities	(111)	1,535	3,219	(12,276)
Derivatives - Cash basis	-	-	(14,936)	502,084
Provision for assigned credit losses	-	-	22,043	6,221
Provision for legal obligations	-	81,877	-	220,371
Result of foreign branches	-	94,488	-	94,488
Other	-	-	<u>3,170</u>	<u>(48,177)</u>
<b>Closing balance</b>	<u>509,039</u>	<u>575,317</u>	<u>2,120,104</u>	<u>1,788,321</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Liabilities (Other liabilities - Taxes payable)</b>				
<b>Opening balance</b>	152,140	149,881	753,695	817,689
Adjustment to market value - Securities	75,603	(48,228)	68,986	(46,457)
Adjustment to market value - Derivatives	29,840	(76,780)	71,115	(501,609)
Adjustment to market value - loan operations	(45,572)	84,344	(82,457)	128,534
Adjustment to market value - Lease operations	-	-	-	(2,804)
Derivatives - Cash basis	(31,089)	42,923	(31,089)	(167,013)
Excess of depreciation	-	-	384,456	324,549
Other	-	-	-	<u>200,806</u>
<b>Closing balance</b>	<u>180,922</u>	<u>152,140</u>	<u>1,164,706</u>	<u>753,695</u>

### d. Composition of tax credit

	<u>Bank</u>		<u>Consolidated</u>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Tax loss carryforward for income tax	104,501	132,334	833,828	503,960
Tax loss carryforward for social contribution	55,165	73,099	56,788	73,099
Adjustment to market value - securities	-	50,554	-	50,568
Adjustment to market value - derivatives	-	-	2,720	-
Profit sharing	-	-	-	116
Allowance for loan losses	170,679	140,527	826,658	772,052
Provision for contingent liabilities	2,326	2,438	43,475	40,257
Derivatives - Cash basis	-	-	1,600	16,536
Provision for assigned credit losses	-	-	32,035	9,992
Provision for legal obligations	81,877	81,877	223,003	223,001
Result of foreign branches	94,488	94,488	94,488	94,488
Other	<u>3</u>	<u>-</u>	<u>5,509</u>	<u>4,252</u>
<b>Closing balance</b>	<u>509,039</u>	<u>575,317</u>	<u>2,120,104</u>	<u>1,788,321</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### e. Realization estimate of tax credit

	Bank		Consolidated	
	Nominal Value	Present value	Nominal Value	Present value
In 2011	203,013	181,188	1,001,944	894,229
In 2012	54,427	43,218	509,129	404,272
In 2013	98,203	69,645	228,068	161,744
In 2014	22,898	14,530	67,589	42,890
In 2015	48,608	27,667	89,789	51,106
More than 2016	<u>81,890</u>	<u>26,697</u>	<u>223,585</u>	<u>72,892</u>
Total	<u>509,039</u>	<u>362,945</u>	<u>2,120,104</u>	<u>1,627,133</u>

### f. Composition of deferred tax liabilities

	Bank		Consolidated	
	2010	2009	2010	2009
Adjustment to market value - Securities	75,602	-	80,222	11,236
Adjustment to market value - Derivatives	54,714	24,874	150,366	138,057
Adjustment to market value - Loan operations	38,773	84,344	130,323	153,973
Derivatives - Cash basis	11,833	42,922	11,833	42,922
Excess of depreciation	<u>-</u>	<u>-</u>	<u>791,962</u>	<u>407,507</u>
Closing balance	<u>180,922</u>	<u>152,140</u>	<u>1,164,706</u>	<u>753,695</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 48 Related party transactions

Related party transactions are carried out at usual market values, terms and average rates in effect at the respective dates and in commutative conditions. Operations involving Banco Votorantim and its subsidiaries were eliminated and also consider absence of risk.

#### a. Summary of related party transactions

The balances of asset and liability transactions, income and expenses involving unconsolidated related parties are as follows:

	<u>Banco do Brasil (a)</u>		<u>Votorantim (b)</u>	
	2010	2009	2010	2009
<b>Assets</b>				
Cash	22,539	-	-	-
Securities	-	-	900	-
Derivative financial instruments	707,429	46,504	20	3,033,109
Other receivables	1,167,390	21,798	-	12
				-
<b>Liabilities</b>				
Deposits	203,915	-	84,566	2,024
Money market repurchase commitments	269,865	-	876,325	2,210,858
Acceptances and endorsements	278,048	-	-	-
Derivative financial instruments	2,808,640	80,849	61,125	138,696
Other liabilities	1,231,566	4,705	64,297	-
<b>Income</b>				
Net profit for credit assignment	891,707	-	-	-
Securities transactions	24,470	776	64	-
Results from derivative financial instruments	15,200	4,408	565,971	863,507
Foreign exchange income	29,387	-	-	-
Other operational income	-	4,370	-	-

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

	<u>Banco do Brasil (a)</u>		<u>Votorantim (b)</u>	
	2010	2009	2010	2009
<b>Expenses</b>				
Money market repurchase commitment	43,390	166,174	191,919	231,230
Results from derivative financial instruments	52,529	13,019	169,014	-
Foreign exchange income	-	-	45	-
Other operational expenses	310	1,688	-	-

Related party transactions refer to the companies that form part of the Banco do Brasil Financial Conglomerate and of the Votorantim Industrial Conglomerate, the main companies of which are Votorantim Finanças S.A. and Votorantim Industrial S.A. The balance of derivatives involving companies of the Votorantim Industrial Conglomerate basically comprises fixed-income contracts - CETIP.

### ***b. Remuneration of management key personnel***

On December 31, 2010, the Bank spent the amount of R\$ 132.737 as compensation for key Management personnel.

	<b>Consolidated</b>
Fees	27,060
Bonuses	74,654
Social charges	<u>31,023</u>
Total	<u>132,737</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

### 49 Contingent assets and liabilities and legal obligations

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

		Bank		Consolidated	
		2010	2009	2010	2009
Tax contingencies	(a)	3,741	12,505	6,413	17,846
Civil contingencies	(b)	4	-	23,290	31,102
Labor contingencies	(c)	<u>5,815</u>	<u>6,095</u>	<u>83,988</u>	<u>67,798</u>
<b>Closing balance</b>		<u>9,560</u>	<u>18,600</u>	<u>113,691</u>	<u>116,746</u>

(a) In the Consolidated, basically refers to matters involving ISS (Tax on Services), in the amount of R\$ 1,255, and Corporate Income Tax (IRPJ)/"Verão" Economic Plan, in the amount of R\$ 3,959.

(b) The Consolidated refers to, basically, to collection actions.

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

#### b. Changes in contingent liabilities classified in the probable risk category

	Bank					
	Tax demands		Civil demands		Labor demands	
	2010	2009	2010	2009	2010	2009
<b>Opening balance</b>	12,505	8,567	-	-	6,095	3,003
Constitutions	-	3,606	4	-	1,546	3,092
Reversals	(9,091)	-	-	-	(1,826)	-
Monetary corrections	<u>327</u>	<u>332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Closing balance</b>	<u>3,741</u>	<u>12,505</u>	<u>4</u>	<u>-</u>	<u>5,815</u>	<u>6,095</u>

# Banco Votorantim S.A.

## Notes to the financial statements

(In thousands of Reais)

	<b>Consolidated</b>					
	<b>Tax demands</b>		<b>Civil demands</b>		<b>Labor demands</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Opening balance</b>	<u>17,846</u>	<u>12,830</u>	<u>31,102</u>	<u>21,909</u>	<u>67,798</u>	<u>37,174</u>
Constitutions	2,067	3,976	-	9,193	18,167	30,624
Reversals	(14,105)	-	(7,812)	-	(1,977)	-
Monetary corrections	<u>605</u>	<u>1,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Closing balance</b>	<u>6,413</u>	<u>17,846</u>	<u>23,290</u>	<u>31,102</u>	<u>83,988</u>	<u>67,798</u>

### c. Composition of contingent liabilities classified in the possible risk category

		<b>Bank</b>		<b>Consolidated</b>	
		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Tax contingencies	<b>(a)</b>	291,042	155,859	400,183	159,100
Civil contingencies	<b>(b)</b>	-	-	37,934	17,773
Labor contingencies	<b>(c)</b>	<u>224</u>	<u>518</u>	<u>2,891</u>	<u>27,267</u>
<b>Closing balance</b>		<u>291,266</u>	<u>156,377</u>	<u>441,008</u>	<u>204,140</u>

(a) In the Consolidated, basically refers to taxes on demutualization, in the amount of R\$ 383,873 (R\$141,953 in 2009).

(b) The Consolidated refers to, basically, collection actions.

(c) In the Consolidated, mostly refers 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. Composition of legal obligations presented in Other Liabilities - Taxes Payable*

		<u>Bank</u>		<u>Consolidated</u>	
		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Tax contingencies	(a)	564,825	478,676	1,400,348	1,046,422
Civil contingencies		-	-	-	-
Labor contingencies		-	-	-	-
<b>Closing balance</b>		<u>564,825</u>	<u>478,676</u>	<u>1,400,348</u>	<u>1,046,422</u>

(a) Refers, 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. Judicial deposits presented in other credits - Sundry*

		<u>Bank</u>		<u>Consolidated</u>	
		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Tax contingencies		72,366	6,977	77,384	8,821
Civil contingencies		-	-	27,799	17,858
Labor contingencies		5,107	2,047	19,790	10,184
Others		<u>56</u>	<u>30</u>	<u>207</u>	<u>104</u>
<b>Total</b>		<u>77,529</u>	<u>9,054</u>	<u>125,180</u>	<u>36,967</u>

### *f. Contingent assets*

There is no contingent asset recorded.

# Banco Votorantim S.A.

## Notes to the financial statements

*(In thousands of Reais)*

### ***g. 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\$ 7,203.

### **50 Employee 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 and managers, 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.