Combined Financial Statements

BTG Pactual Group

December 31, 2011, 2010 and 2009
with Independent Auditors' Report on Financial Statements

BTG Pactual Group

Combined financial statements

December 31, 2011, 2010 and 2009

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Independent auditor's report on combined financial statements

The Board of Directors and Shareholders
BTG Pactual Group

We have audited the accompanying combined financial statements of BTG Pactual Group ("Group") (comprised of the companies described in Note 3), which comprise the combined balance sheet as at December 31, 2011, 2010 and 2009 and the related combined income statements, combined statements of changes in shareholders' equity and combined cash flow statements, for the three years then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the combined financial statements

Management of the Group is responsible for the preparation and fair presentation of the combined financial statements in according with accounting practices adopted in Brazil, applicable to institutions accredited by the Central Bank of Brazil, together with the criteria for preparation of combined financial statements presented in Note 3, for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these 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 the 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 control relevant to the Group's preparation and fair presentation of the Group's combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

Auditor's responsibility (Continued)

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

Opinion on the combined financial statements

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of BTG Pactual Group as at December 31, 2011, 2010 and 2009, the combined performance of its operations and its combined cash flows for the three years then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions accredited by the Central Bank of Brazil, together with the criteria for preparation of combined financial statements presented in Note 3.

Emphasis

As mentioned in Note 29 of it's financial statements, as of December 31, 2011 the jointly controlled subsidiary Banco Panamericano S.A. regulatory operating limits are not in compliance with those required by the Central Bank of Brazil. During 2011, funds amounting to R$ 1,300 million were contributed by the shareholders and a shareholder's deposit was also made in the amount of R$ 620 million for asset recovery purposes. Additionally, in January 2012 a capital increase of up to R$ 1,800 million was approved, of which R$ 972 million were subscribed for and paid on January 31, 2012.

As of December 31, 2011, jointly controlled subsidiary Banco Panamericano S.A. has income and social contribution tax credits amounting to R$ 2,575 million, recognized on the basis of financial projections and business plan reviewed and approved by its Board of Directors, which comprise a study of the current environment and future scenarios of assumptions used in these projections. The realization of these tax credits depends on delivery of these projections and business plan as approved by the management bodies of Banco Panamericano S.A.

As described in Note 2, Banco BTG Pactual S.A. has fully merged with the BTG Participações II S.A. Pursuant to rules established by the Central Bank of Brazil, we have examined the procedures adopted in the merger processes, which, in our opinion, are in accordance with regulating standards.

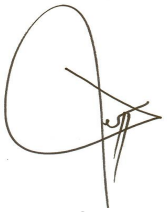
As described in Note 2, Banco BTG Pactual S.A. has fully merged with the Copacabana Prince Participações S.A. Pursuant to rules established by the Central Bank of Brazil, we have examined the procedures adopted in the merger processes, which, in our opinion, are in accordance with regulating standards.

Other matters

As described in Note 3, the combined financial statements of BTG Pactual Group are being presented solely to provide, through a single financial statement, information about the activities of BTG Pactual Group, regardless of its shareholding structure and the requirements for presentation of financial statements set by the accounting practices adopted in Brazil, since these do not address the preparation of combined financial statements. The individual financial statements of the companies inclued in the combination were disclosed separately.

Rio de Janeiro, February 29, 2012

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC-2SP015199/O-6 - F - RJ



Flávio Serpejante Peppe
Partner

A free translation from Portuguese into English of financial statements prepared in Brazilian currency and in accordance with accounting practices adopted in Brazil and in accordance with criteria described in Note 3

BTG Pactual Group

Combined balance sheet
December 31 (In thousands of reais)

	Note	2011	2010	2009
Assets				
Current assets		**102,169,445**	99,138,406	48,196,590
Cash and bank deposits	**6**	**545,455**	1,725,294	95,305
Short-term interbank investments	**7**	**22,564,147**	31,295,711	18,832,101
Open market investments		**21,620,334**	31,208,971	18,266,241
Interbank deposits		**943,813**	86,740	565,860
Marketable securities and derivative financial instruments		**57,767,008**	53,403,524	22,500,941
Own portfolio	**8**	**25,468,471**	16,064,145	20,318,432
Subject to repurchase agreements	**8**	**28,944,225**	33,598,257	513,217
Securities subject to freely tradable repos	**8**	**12,560**	-	-
Derivative financial instruments	**9**	**2,519,254**	1,990,234	1,058,395
Subject to guarantee	**8**	**822,498**	1,750,888	610,897
Interbank transactions		**874,879**	99,740	25,639
Deposits with the Central Bank of Brazil		**874,053**	99,709	25,617
Correspondents		**826**	31	22
Loans	**10**	**2,972,442**	2,233,931	2,600,418
Loans - private sector		**3,014,674**	2,261,385	2,656,650
Allowance for loan losses		**(42,232)**	(27,454)	(56,232)
Other receivables		**17,418,420**	10,337,683	4,140,203
Foreign exchange portfolio	**11**	**145,565**	1,216,971	706,554
Income receivable	**12**	**357,795**	250,397	112,253
Securities trading and brokerage	**11**	**12,218,859**	7,999,386	2,881,210
Others	**12**	**5,318,352**	871,778	441,921
Allowance for losses on other receivables	**10**	**(622,151)**	(849)	(1,735)
Other assets		**27,094**	42,523	1,983
Temporary investments		**-**	21,682	-
Other assets		**18,591**	18,541	170
Prepaid expenses		**8,503**	2,300	1,813
Long-term assets		**8,914,018**	3,514,629	1,935,168
Interbank investments	**7**	**14,787**	-	-
Open market investments		**14,787**	-	-
Marketable securities and derivative financial instruments		**4,269,611**	106,167	44,838
Own portfolio	**8**	**2,375,915**	-	-
Derivative financial instruments	**9**	**481,124**	106,167	44,838
Subject to guarantee	**8**	**1,412,572**	-	-
Interbank transactions		**1,853**	34,406	-
Restricted credit - Financial System of Accreditation		**1,853**	34,406	-
Loans	**10**	**2,068,830**	1,815,903	644,856
Loans - private sector		**2,108,946**	1,869,117	676,314
Allowance for loan losses		**(40,116)**	(53,214)	(31,458)
Other receivables		**2,558,937**	1,558,153	1,245,474
Foreign exchange portfolio	**11**	**630,610**	56,036	19,978
Income receivable	**12**	**34,805**	-	-
Securities trading and brokerage	**11**	**781**	113	62
Sundry	**12**	**1,932,105**	1,532,320	1,275,451
Allowance for losses on other receivables	**10**	**(39,364)**	(30,316)	(50,017)
Permanent assets		**1,405,373**	403,003	127,010
Investments		**1,131,018**	4,929	71,669
Subsidiary companies - in Brazil	**13**	**1,125,292**	-	-
Subsidiary companies - abroad	**13**	**-**	-	67,427
Other investments		**8,713**	7,916	7,229
Allowance for losses		**(2,987)**	(2,987)	(2,987)
Property and equipment in use		**58,403**	203,076	33,621
Other property and equipment in use		**100,539**	230,830	53,805
Accumulated depreciation		**(42,136)**	(27,754)	(20,184)
Deferred charges		**12,371**	15,444	19,156
Organization and expansion costs		**28,801**	28,800	29,038
Accumulated amortization		**(16,430)**	(13,356)	(9,882)
Intangible assets		**203,581**	179,554	2,564
Other intangible assets		**209,043**	181,618	2,862
Accumulated amortization		**(5,462)**	(2,064)	(298)
Total assets		**112,488,836**	103,056,038	50,258,768

BTG Pactual Group

Combined balance sheet
On December 31
(In thousands of reais)

	Note	2011	2010	2009
Liabilities				
Current liabilities		**93,109,582**	93,229,600	42,953,231
Deposits	**14**	**11,439,101**	9,414,808	4,220,256
Demand deposits		**1,501,062**	2,312,891	1,223,701
Interbank deposits		**572,761**	338,891	217,776
Time deposits		**9,365,278**	6,750,196	2,771,830
Other deposits		**-**	12,830	6,949
Open market funding	**14**	**48,977,447**	49,729,542	17,897,111
Own portfolio		**31,963,664**	31,947,798	9,331,422
Third-party portfolio		**14,241,452**	7,392,980	6,984,211
Freely-traded portfolio		**2,772,331**	10,388,764	1,581,478
Funds from securities issued and accepted	**14**	**1,703,462**	1,233,546	394,794
Real estate bonds		**1,518,581**	1,227,339	323,916
Liabilities for foreign securities		**184,881**	6,207	70,878
Interbank transactions		**30**	1	1
Unsettled receipts and payments		**30**	1	1
Loans and Onlendings	**14**	**1,024,019**	360,831	61,271
Loans abroad		**982,522**	305,178	60,948
Onlending in Brazil - official institutions FINAME		**41,497**	55,653	323
Derivative financial instruments	**9**	**2,648,572**	2,019,643	999,338
Derivative financial instruments		**2,648,572**	2,019,643	999,338
Other liabilities		**27,316,951**	30,471,229	19,380,460
Collection and payment of taxes and similar charges		**2,666**	19,853	3,187
Foreign exchange portfolio	**11**	**224,381**	1,162,107	744,270
Social and statutory	**15**	**553,699**	364,393	405,637
Tax and social security	**15**	**239,501**	115,459	343,648
Securities trading and brokerage	**11**	**25,928,519**	28,661,205	17,643,446
Sundry	**15**	**368,185**	148,212	240,272
Non-current liabilities		**10,595,338**	2,455,730	2,160,158
Deposits	**14**	**2,698,606**	1,158,736	1,248,144
Interbank deposits		**3,644**	-	-
Time deposits		**2,694,962**	1,158,736	1,248,144
Funds from securities issued and accepted	**14**	**2,071,169**	72,140	6,294
Real estate bonds		**1,106,410**	72,140	6,294
Liabilities for foreign securities		**964,759**	-	-
Loans and Onlendings	**14**	**3,125**	361,897	676,442
Loans abroad		**-**	317,450	676,442
Onlending in Brazil - official institutions FINAME		**3,125**	44,447	-
Derivative financial instruments	**9**	**532,968**	199,919	76,869
Derivative financial instruments		**532,968**	199,919	76,869
Other liabilities		**5,289,470**	663,038	152,409
Foreign exchange portfolio		**-**	54,172	20,127
Social and statutory	**11**	**1,383**	41,443	-
Tax and social security	**15**	**521,157**	442,811	109,061
Securities trading and brokerage	**15**	**8,128**	13,695	2,040
Subordinated debt	**14**	**4,158,295**	-	-
Sundry	**15**	**600,507**	110,917	21,181
Deferred Income		**31,590**	24,290	8,398
Minority shareholding		**212,207**	-	-
Shareholders' equity	**18**	**8,540,119**	7,346,418	5,136,981
Capital		**4,893,397**	4,682,307	1,794,915
Capital increase		**271,150**	-	-
Capital reserves		**-**	-	7,079
Exchange conversion adjustments		**(205,615)**	(6,599)	(91,865)
Income reserves		**3,097,262**	2,631,242	831,048
Retained earnings		**483,925**	39,468	2,595,804
Total liabilities and shareholders' equity		**112,488,836**	103,056,038	50,258,768

See accompanying notes.

BTG Pactual Group

Combined Statements of Income
Years ended as of December 31
(In thousands of reais)

	Note	2011	2010	2009
Financial income		**6,627,068**	4,044,526	3,035,621
Loans		**1,014,290**	369,095	268,335
Marketable securities		**5,322,107**	3,279,822	2,573,966
Derivatives financial instruments		**-**	326,750	49,748
Foreign exchange		**249,575**	68,859	143,572
Compulsory Investments		**41,096**	-	-
Financial expenses		**(4,791,269)**	(2,482,624)	(1,512,802)
Funding operations		**(4,018,755)**	(2,503,362)	(1,096,821)
Borrowings and onlending		**(524,247)**	27,768	(162,422)
Derivative Financial instrument		**(218,245)**	-	-
Allowance for losses on loans and other receivables		**(30,022)**	(7,030)	(253,559)
Gross financial income		**1,835,799**	1,561,902	1,522,819
Other operating income (expenses)		**321,701**	221,880	806,763
Income from services rendered	**19**	**1,115,323**	819,676	644,841
Personnel expenses		**(395,367)**	(278,123)	(225,214)
Other administrative expenses		**(382,558)**	(306,199)	(280,386)
Tax charges, other than income taxes		**(290,526)**	(196,317)	(127,922)
Equity pickup from subsidiaries	**13**	**(3,537)**	-	(11,536)
Other operating income	**20**	**381,838**	243,640	866,502
Other operating expenses	**21**	**(103,472)**	(60,797)	(59,522)
Operating income		**2,157,500**	1,783,782	2,329,582
Non-operating income/expenses		**9,216**	(24,770)	25,819
Income before taxes and profit sharing		**2,166,716**	1,759,012	2,355,401
Income and social contribution taxes	**17**	**200,417**	(380,662)	(481,964)
Provision for income tax		**(125,556)**	(71,082)	(43,854)
Provision for social contribution tax		**(54,624)**	(39,667)	(23,512)
Deferred tax assets		**380,597**	(269,913)	(414,598)
Statutory profit sharing		**(440,424)**	(251,131)	(510,860)
Minority shareholding		**(4,960)**	**-**	**-**
Net income for the year		**1,921,749**	1,127,219	1,362,577
Interest on equity	**18**	**(319,000)**	(15,440)	**-**

See accompanying notes

BTG Pactual Group

Combined statements of changes in shareholders' equity
Years ended as of December 31
(In thousands of reais)

	Note	Capital	Increase in capital	Capital reserves	Income reserves			Total	Conversion adjustments	Retained earnings	Total
					Legal	Unrealized	Statutory				
Balances at December 31, 2008		846,901	-	7,079	111,002	322,265	444,005	877,272	6,580	2,438,784	4,176,616
Capital increase	18	1,022,455	-	-	-	-	-	-	-	-	1,022,455
Exchange conversion adjustments		(74,441)	-	-	-	-	-	-	(98,445)	(382)	(173,268)
Reserve constitution/(reversion)		-	-	-	-	(46,224)	-	(46,224)	-	46,224	-
Net income for the fiscal year		-	-	-	-	-	-	-	-	1,362,577	1,362,577
Net income allocation											
Statutory reserve		-	-	-	-	-	444,005	444,005	-	(444,005)	-
Distributed dividends	18	-	-	-	-	-	(444,005)	(444,005)	-	(807,394)	(1,251,399)
Balances at December 31, 2009		1,794,915	-	7,079	111,002	276,041	444,005	831,048	(91,865)	2,595,804	5,136,981
	18										
Capital increase		3,078,160	-	(7,079)	-	-	-	-	-	-	3,071,081
Exchange conversion adjustments		(49,572)	-	-	-	-	-	-	85,266	(9,260)	26,434
Capital reduction	18	(114,704)	-							(749,193)	(863,897)
Repurchase of shares		(26,492)	-	-	-	-	-	-	-	-	(26,492)
Net income for the year		-	-	-	-	-	-	-	-	1,127,219	1,127,219
Net income allocation											
Legal reserve		-	-	-	39,773	-	-	39,773	-	(39,773)	-
Statutory reserve		-	-	-	-	-	1,566,123	1,566,123	-	(1,566,123)	-
Unrealized income	18	-	-	-	-	194,298	-	194,298	-	(194,298)	-
Interest on equity	18	-	-	-	-	-	-	-	-	(15,440)	(15,440)
Distributed dividends		-	-	-	-	-	-	-	-	(1,109,468)	(1,109,468)
Balances on December 31, 2010		**4,682,307**	**-**	**-**	**150,775**	**470,339**	**2,010,128**	**2,631,242**	**(6,599)**	**39,468**	**7,346,418**
Distributed dividends		**-**	**-**	**-**	**-**	**-**	**(557,000)**	**(557,000)**	**-**	**-**	**(557,000)**
Exchange conversion adjustments		**211,090**	**-**	**-**	**-**	**-**	**-**	**-**	**(199,016)**	**1,095**	**13,169**
Capital increase	18	**-**	**271,150**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**271,150**
Reserve reversal		**-**	**-**	**-**	**-**	**(56,492)**	**-**	**(56,492)**	**-**	**56,492**	
Net income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,921,749**	**1,921,749**
Net income allocation											
Legal reserve		**-**	**-**	**-**	**74,061**	**-**	**-**	**74,061**	**-**	**(74,061)**	**-**
Statutory reserve		**-**	**-**	**-**	**-**	**-**	**1,005,451**	**1,005,451**	**-**	**(1,005,451)**	**-**
Interest on equity	18	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**(319,000)**	**(319,000)**
Distributed dividends	18	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(136,367)**	**(136,367)**
Balances at December 31, 2011		**4,893,397**	**271,150**	**-**	**224,836**	**413,847**	**2,458,579**	**3,097,262**	**(205,615)**	**483,925**	**8,540,119**

See accompanying notes

BTG Pactual Group

Combined statements of cash flows
Years ended as of December 31
(In thousands of reais)

	Note	2011	2010	2009
Operating activities				
Net income for the fiscal year		**1,921,749**	1,127,219	1,362,577
Adjusted net income		**38,105**	39,244	(161,599)
Equity pickup from subsidiaries	**13**	**3,537**	-	-
Depreciation and amortization		**21,399**	12,810	11,669
Exchange conversion adjustments		**13,169**	26,434	(173,268)
Adjusted net income for the year		**1,959,854**	1,166,463	1,200,978
(Increase)/decrease in short-term interbank investment		**1,132,278**	(1,108,622)	(10,623,378)
(Increase)/decrease in marketable securities and derivative financial instruments		**(7,564,950)**	(29,820,557)	(16,748,375)
(Increase)/decrease in loans		**(991,438)**	(804,560)	(1,615,567)
(Increase)/decrease in other receivables and other assets		**(8,066,092)**	(11,727,873)	3,620,747
(Increase)/decrease in interbank transactions		**(742,556)**	(108,507)	64,529
(Decrease)/increase in other liabilities		**1,472,154**	16,778,572	11,378,957
(Decrease)/increase in deferred Income		**7,300**	15,892	6,421
Cash generated from/(used in) operating activities		**(12,793,450)**	(25,609,192)	(12,715,688)
Investing activities				
Sale of investments		**391**	-	56,169
Sale of property and equipment in use		**257,037**		
Sale of intangible assets		**66,580**		
Acquisition of investments		**(1,085)**	54,456	(55,378)
Acquisition of investments		**(1,128,823)**		
Acquisition of property and equipment in use		**(122,918)**	(164,741)	(2,690)
Write-off in deferred charges		**-**	238	-
Acquisition of intangible assets		**(98,490)**	(178,756)	(2,862)
Cash generated from/(used in) investing activities		**(1,027,308)**	(288,803)	(4,761)
Financing activities				
(Increase)/decrease in deposits		**3,564,163**	5,105,144	2,447,598
(Increase)/decrease in open market funding		**(752,095)**	27,074,049	23,313,040
(Increase)/decrease in loans and Onlendings		**304,416**	(14,985)	(47,427)
(Increase)/decrease in funds from securities issued and accepted		**2,468,945**	904,598	270,292
Capital increase due to share issuance		**271,150**	2,956,377	1,022,455
Repurchase of own shares		**-**	(26,492)	-
Non-controlling interest in equity	**18**	**212,207**		
Interest in paid equity	**18**	**(319,000)**	(15,440)	-
Distributed dividends	**18**	**(693,367)**	(1,858,661)	(1,251,399)
Cash generated from/(used in) financing activities		**5,056,419**	34,124,590	25,754,559
Increase/(decrease) of cash and cash equivalents		**(8,764,339)**	8,226,595	13,034,110
Balance of cash and cash equivalents				
At beginning of the year		**24,275,802**	16,049,207	3,015,067
At end of the year		**15,511,463**	24,275,802	16,049,177
Increase/(decrease) of cash and cash equivalents		**(8,764,339)**	8,226,595	13,034,110

See accompanying notes

1. Operational context

BTG Pactual Group acts in Brazil and abroad, through Banco BTG Pactual S.A. (the Bank), BTG Investments LP and its subsidiaries, under common corporate control and management, offering a wide platform of products and services in the Brazilian and international financial market, such as: management of third-parties funds, rendering of securities placement services, financial investment advice, brokerage, loans, amongst others.

The transactions are conducted within the scope of a group of companies, even if not under the same corporate structure acting in an integrated manner within the financial market.

On November 10, 2011, the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários,* CVM) granted the Bank a registration as category A public company.

2. Corporate reorganizations

Corporate reorganizations

On April 26, 2010, in order to simplify the Bank's structure with consequent reduction of financial and operational costs the Bank merged its controlling company BTG Pactual Investimentos S.A., for its equity book value on March 31, 2010, provided that the transaction did not result in increase in the capital stock, however, the goodwill ascertained in the acquisition of the Bank by BTG Pactual Investimentos S.A., which was reserved for, generated a tax credit in amount of R$ 87,183, recognized on Bank's books as a result of the merge. The merge was approved by BACEN on December 21, 2010.

On June 15, 2011, was concluded the transformation of the subsidiary of BTG Pactual Banking Limited, Cayman Islands, from a subsidiary into a branch.

On July 27, 2011, the Central Bank of Brazil (*Banco Central do Brasil*, Bacen) approved the indirect acquisition by the Bank of the shares representing the total capital of (i) BTG Pactual Asset Management Corp USA, established in New York, USA; (ii) BTG Pactual Asia Ltd, domiciled in Hong Kong, China; (iii) BTG Pactual Capital Corp USA, incorporated in Delaware, USA; (iv) BTG Pactual Global Asset Management Ltd, domiciled in Bermuda; (v) BTG Pactual Carry LP, domiciled in George Town, Cayman Islands, (vi) and of 99,3% of shares representing the capital BTG Pactual Europe LLP, domiciled in London, England. These transactions were approved in the Ordinary General Shareholders Meeting held on August 31, 2011. Previously, the controlling company of such companies was BTG Investments LP. As they are companies belonging to the same economic group, the acquisitions were made based on the book values without premium or discount.

On December 14, 2011 the merger of BTG Pactual Participações II S.A. by the Bank was approved, without changes in the Bank's capital.

On December 31, 2011, following with BTG Group's restructuring process, the Bank proceeded with the merger of its invests' Copacabana Prince Participações S.A. As a result of such transaction, the amount of R$ 481,369 related to the deferred tax credit arising from the goodwill ascertained in the acquisition of Bank's shares by Copacabana Prince Participações S.A., which was reserved for.

Acquisitions

On September 20, 2010, the Bank acquired all the shares of Coomex Empresa Operadora do Mercado Energético Ltda., which operates in the national power industry in marketing and rendering of special power services. The acquisition constitutes an important step taken by BTG Pactual in the merger of a physical and financial trading structure of commodities and expands the product mix connected to power offered to its clients. After the aquisition the company name was altered to BTG Pactual Empresa Operadora do Mercado Energético Ltda.(Coomex).

On September 2011, the full subsidiary, Coomex proceeded with the reverse merger of its controlling company, BTG Pactual Agente Comercializador de Energia Ltda. As a result, the Group registered a tax benefit of R$ 54,813.

On May 27, 2011, the Bank acquired all shares from Silvio Santos Group in Banco Panamericano S.A. (Panamericano), representing 37.64% of the retail institution, resulting from an interest of 51% in ordinary shares and 21.97% in preferred shares. Upon conclusion of this transaction and the corresponding BACEN approval, the Bank and the Caixa Econômica Federal (CEF), now hold a joint control over Panamericano, as defined by the shareholders agreement.

On June 17, 2011, Banco BTG Pactual S.A. presented to the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários*, CVM), a request for registration of tender offer of preferred shares issued by Panamericano to the remaining shareholders, for the same price paid for the share to the previous controlling shareholder. As the necessary adhesion did not occur, the program was terminated.

On November 22, the agreement between the Bank and WTorre Properties S.A. ("WTorre") was concluded. Due to this agreement, the Bank now holds, indirectly through its subsidiary Saíra Diamante S.A., 49.99% of the corporate interest in One Properties S.A. (previously referred to as WTorre). In this transaction, Saíra contributed R$ 627,452 in assets, originally held by the Bank. In this transaction, the Bank recorded a goodwill of R$ 320,956.

3. Presentation of financial statements

BTG Pactual Group's Combined Financial Statements, which are responsibility of the Management of the companies included in the combination, are presented with the exclusive purpose of providing, in a single set of financial statements, information related to the operations of the Group , regardless of the financial statements presentation requirements established by Brazilian Central Bank (BACEN). The combined financial statements are not required by these accounting practices.

These combined financial statements are presented to provide an additional analysis on the BTG Pactual Group's transactions, and do not represent the individual or consolidated financial statements of Banco BTG Pactual S.A. and its subsidiaries nor of BTG Investments LP and its subsidiaries, and shall not be considered as a basis in order to calculate dividends, taxes or for any other corporate purposes or analysis of profitability or on performance.

The individuals financial statements of the companies included in this combination, relating to the fiscal-years ended December 31, 2011, 2010 and 2009 were disclosed separately.

BTG Pactual Group's Management chose to prepare Combined Financial Statements following the rules and standards for presentation of financial statements established by BACEN, through the Accounting Plan of Institutions of the National Financial System (*Plano Contábil das Instituições do Sistema Financeiros Nacional – COSIF*), once in the combination of financial statements, the balances of assets, liabilities and income and expenses presented by Banco BTG Pactual are larger and have more representativity than those from BTG Investments LP. Management also chose the accounting standards of BACEN as the basis for standardization of financial statements of all companies included in the combination.

The following criteria was adopted for the combination of individual financial statements for each company included in the combination as well as the balances and results of the operations performed between the companies of the BTG Pactual Group were eliminated.

a) Combination criteria

The balances of assets and liabilities, as well as income and expenses accounts of companies comprising the combination were included, as well as the balances resulting from transactions performed amongst the companies were eliminated.

b) List of companies included in the combined financial statements

The Combined Financial Statements of BTG Pactual Group include the consolidated financial statements of Banco BTG Pactual S.A., prepared and presented in accordance with the accounting standards defined by Banco Central do Brasil (BACEN), and the consolidated financial statements of BTG Investments LP, originally issued in accordance with the International Financial Reporting Standards - IFRS and in North-American Dollars, which were adjusted to reflect the differences between BACEN's accounting standards and IFRS in force at the date of the combination, as well as converted into the Brazilian currency (R$). The relationship amongst the companies directly and indirectly controlled by the Bank and by BTG Investments, included in this combination, is presented below.

Relationship amongst the companies directly and indirectly controlled by Banco BTG Pactual S.A., including investment funds.

	Country	Participation in total capital - % 2011	2010	2009
Directly controlled				
BTG Pactual Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	**99.99**	99.99	99.99
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	Brazil	**99.99**	99.99	99.99
BTG Pactual Serviços Financeiros S.A. Distribuidora de Títulos e Valores Mobiliários	Brazil	**99.99**	99.99	99.99
BTG Pactual Corretora de Mercadorias Ltda.	Brazil	**99.99**	99.99	99.99
BTG Pactual Securitizadora S.A.	Brazil	**99.99**	99.99	99.99
BTG Pactual Agente Comercializador de Energia Ltda. (iii)	Brazil	**-**	99.96	99.96
BTG Pactual Empresa Operadora do Mercado Energético Ltda. - Coomex	Brazil	**99.99**	99.99	-
BTG Pactual Banking Limited (i)	Cayman	**-**	100.00	100.00
BTG Pactual Corporate Services Ltda.	Brazil	**00.01**	99.40	99.40
BTG Pactual Holding International S.A.	Brazil	**99.99**	99.99	-
BTGP Recovery Holdings S.A.	Brazil	**99.99**	99.99	-
BTG Pactual Overseas Corporation(ii)	Cayman	**100.00**	100.00	100.00
BTG Pactual Vivere ParticipAções S.A.	Brazil	**100.00**	-	-
BW Properties S.A.	Brazil	**67.49**	-	-
Saíra Diamante S.A.	Brazil	**92.00**	-	-
Global Ltd	Cayman	**100.00**	-	-
Indirectly controlled				
BTG Pactual Gestora de Investimentos Alternativos Ltda.	Brazil	**99.98**	99.98	99.98
BTG Pactual WM Gestão de Recursos Ltda.	Brazil	**99.99**	99.99	99.99
BTG Pactual Gestora de Recursos Ltda.	Brazil	**99.99**	99.99	99.99
BTG Pactual Serviços Energéticos Ltda.- Coomex	Brazil	**100.00**	100.00	-
BTG Pactual Global Asset Management Limited (iv)	Bermuda	**100.00**	-	-
BTG Pactual Europe LLP (iv)	England	**100.00**	-	-
BTG Pactual Asset Management US, LLC	USA	**100.00**	-	-
BTG Pactual US Capital, LLC	USA	**100.00**	-	-
BTG Pactual Asia Limited (iv)	Hong Kong	**100.00**	-	-
BTG Global Asset Management (UK) Limited (iv)	England	**100.00**	-	-
Recovery do Brasil Consultoria S.A.(v)	Brazil	**50.24**	-	-
FC DAS S.A. (v)	Uruguay	**100.00**	-	-

	Country	Share in total capital - % 2011	2010	2009
Investment funds				
BTG Pactual Absolute Return II Master Fund LP	Cayman	**100.00**	100.00	-
Fundo de Investimento Multimarket Crédito Privado LS Investimento no exterior	Brazil	**100.00**	100.00	-
BTG Pactual International Port Fund SPC - CLASS C	Cayman	**99.83**	99.83	-
Non-Standardized Investment Fund in Selected Writs of Payment Credit Rights	Brazil	**100.00**	100.00	100.00
Investment Fund in Non-Standardized Credit Rights NPL I	Brazil	**100.00**	100.00	-
BTG Pactual Vanguarda Fundo de Investimento em ParticipAções	Brazil	**92.73**	92.73	92.73
BTG Pactual Saúde Fundo de Investimento em ParticipAções	Brazil	**100.00**	100.00	-
Nala Fundo de Investimento em ParticipAções	Brazil	**100.00**	100.00	-
BTG Pactual Global Fund	Cayman	**100.00**	-	-

(i) On June 15, 2011, BTG Pactual Banking Limited became a branch.
(ii) On December 31, 2010, BTG Pactual Overseas Corporation was classified within the indirect controlled group.
(iii) As of September, 2011 BTG Pactual Agente Comercializador de Energia Ltda was acquired by Pactual Empresa Operadora do Mercado Energético Ltda.
(iv) Subsidiaries to BTGI in 2010 and 2009.
(v) Aquired in 2011.

Relationship amongst companies directly and indirectly controlled by BTG Investments, LP.

		Share in total capital - %		
	Country	2011	2010	2009
Directly controlled				
BTG Pactual Proprietary Feeder Limited	Cayman	**100.00**	100.00	100.00
BTG Pactual Global Asset Management Limited	Bermuda	**-**	100.00	100.00
BTG Loanco LLP	England	**100.00**	100.00	100.00
BTG Pactual Stigma LLC	Brazil	**100.00**	100.00	100.00
BTGP Reinsurance Holdings LP	USA	**100.00**	100.00	100.00
Indirectly controlled				
BTG Pactual Europe LLP (i)	England	**-**	100.00	100.00
BTG Pactual US Asset Management Corp. (i)	USA	**-**	100.00	100.00
BTG Asset Management (UK) LLP	England	**100.00**	100.00	100.00
BTG GAM UK Limited (i)	England	**-**	100.00	100.00
BTG Equity Investments LLC	USA	**100.00**	100.00	100.00
BTG Pactual US Capital Corp. (i)	USA	**-**	100.00	100.00
BTG Pactual Asia Limited (i)	Hong Kong	**-**	100.00	100.00
BTG Pactual Absolute Return Master Fund LP	Cayman	**100.00**	100.00	100.00
BTG Gestora de Recursos Ltda. (i)	Brazil	**-**	-	99.99
BTGP Stigma Participações S.A.	Brazil	**100.00**	-	-
Preserve Insurance Co. Ltd	USA	**100.00**	-	-
BTG Pactual Delta Participações S.A.	Brazil	**100.00**	-	-
BTG Pactual Fixed Income Plus Fund	Luxemburg	**100.00**	-	-

(i) Controlled by Banco BTG Pactual as from 2011 .

We present below details of the finantial position of the companies included in the combination of the financial statements as fo 31 december 2011, 2010 and 2009.

	Total assets			Shareholders' equity			Results		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Banco BTG Pactual S.A.	**52,252,723**	46,459,797	19,351,990	**6,343,965**	5,602,593	3,244,500	**1,481,222**	810,906	629,285
BTG Pactual Asset Management S.A. Distribuidora de Títulos e Valores Mobiliários	**291,872**	238,181	169,878	**189,027**	161,875	84,738	**107,153**	91,043	228,589
BTG Pactual Corretora de Títulos e Valores Mobiliários S.A.	**532,692**	525,333	462,013	**205,231**	252,876	205,231	**84,850**	47,645	46,402
BTG Pactual Serviços Financeiros S.A. Distribuidora de Títulos e Valores Mobiliários	**160,725**	121,374	66,522	**83,136**	58,479	43,761	**24,657**	14,717	26,857
BTG Pactual Corretora de Mercadorias Ltda.	**91,660**	81,923	74,256	**75,724**	65,185	56,335	**10,539**	8,850	7,035
BTG Pactual Securitizadora S.A.	**1,030**	81,209	100	**5,808**	80,792	100	**6,837**	692	-
BTG Pactual Agente Comercializador de Energia Ltda.	**-**	252,362	98	**-**	169,512	98	**-**	7,708	92
BTG Pactual Banking Limited (i)	**-**	7,586,705	3,321,604	**-**	648,549	454,251	**-**	216,995	93,074
BTG Pactual Overseas Corporation	**6,499**	5,806	268,060	**6,364**	5,787	286,060	**(151)**	(979)	(4,590)
BTG Pactual Holding International S.A.	**346,127**	1	-	**346,127**	1	-	**48,126**	-	-
BTGP Recovery Holdings S.A.	**38,242**	1	-	**21,762**	1	-	**1,637**	-	-
BTG Pactual Vivere Participações S.A.	**21,003**	-	-	**21,003**	-	-	**803**	-	-
BW Properties S.A.	**205,517**	-	-	**205,270**	-	-	**399**	-	-
Saíra Diamante S.A.	**1,499,493**	-	-	**1,499,377**	-	-	**22,550**	-	-
BTG Pactual Gestora de Investimentos Alternativos Ltda.	**13,676**	11,208	11,574	**8,646**	8,341	5,961	**305**	2,380	56,007
BTG Pactual WM Gestão de Recursos Ltda.	**25,671**	13,634	3,749	**21,854**	12,167	3,066	**9,687**	9,101	1,110
BTG Pactual Gestora de Recursos Ltda.	**73,176**	9,197	47,752	**38,591**	(5,421)	17,029	**31,035**	(5,912)	-
BTG Pactual Corporate Services Ltda.	**34,553**	39,542	4,714	**31,610**	32,562	4,511	**(952)**	23,923	327
BTG Pactual Serviços Energéticos Ltda.- Coomex	**14,514**	2,031	-	**11,479**	1,275	-	**(51)**	132	-
BTG Pactual Empresa Operadora do Mercado Energético Ltda.- Coomex	**359,433**	138,357	-	**265,510**	93,073	-	**60,518**	19,427	-
Recovery do Brasil Consultoria S.A.	**40,698**	-	-	**34,413**	-	-	**4,799**	-	-
FC DAS S.A.	**5,515**	-	-	**5,483**	-	-	**2,742**	-	-
BTG Investments LP	**2,530,498**	2,313,457	2,782,307	**2,200,357**	1,743,825	1,892,478	**238,589**	309,713	731,705
BTG Pactual Proprietary Feeder Limited	**1,548,050**	833,465	851,533	**1,548,050**	833,465	851,533	**468,796**	229,587	683,062
BTG Pactual Global Asset Management Limited	**104,061**			**3,276**			**57,434**		
BTG Loanco LLP	**282,418**	219,402	97,625	**2,458**	191	183	**(6,878)**	(2,117)	10

BTG Pactual Group

Notes to combined financial statements
December 31, 2011, 2010 and 2009
(In thousands of reais)

	Total assets			Shareholders' equity			Results		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
BTG Pactual Stigma LLC	**170,846**	174,978	-	**170,846**	174,978	-	**21,809**	(888)	-
BTGP Reinsurance Holdings LP	**18,953**	16,438	-	**18,063**	16,438	-	**(444)**	(216)	-
BTG Pactual Europe LLP	**43,847**	66,592	20,807	**8,348**	4,685	4,026	**13,933**	961	(13,312)
BTG Pactual US Asset Management Corp.	**85,245**	62,010	26,462	**25,604**	10,076	3,567	**14,258**	4,998	(3,719)
BTG Asset Management (UK) LLP	**0**	4,073	4,611	**-**	4,073	4,536	**-**	(102)	1,156
BTG GAM Limited	**8,196**	181,458	278,523	**8,226**	60,149	34,304	**6,473**	(72,177)	21,128
BTG Equity Investments LLC	**12,194**	285	298	**12,194**	285	298	**77,29**	-	(154,470)
BTG Pactual US Capital Corp.	**349,346**	69,865	10,245	**281,983**	30,964	2,404	**12,734**	(21,965)	(11,002)
BTG Pactual Asia Limited	**9,198**	7,065	4,078	**5,080**	2,733	654	**2,001**	977	551
BTG Pactual Absolute Return Master Fund LP	**29,704,704**	37,889,089	35,198,721	**1,490,252**	832,917	788,229	**393,075**	241,335	803,103
BTG GAM UK Limited	**12,736**	5,765	7,621	**12,782**	3,852	6,475	**10,478**	(2,101)	1,168
BTGP Stigma Participações S.A.	**320,211**	174,811	-	**320,211**	174,811	-	**(339)**	(49)	-
Preserve Insurance Co. Ltd	**23,523**	15,529	-	**9,607**	15,512	-	**328**	(72)	-
BTG Pactual Brazil Investment Fund I, LP	**271,404**	106,401	-	**253,365**	101,831	-	**(47,410)**	(1,570)	-
BTG Pactual Brazil Investment Fund IB, LP	**201,447**	37,272	-	**201,430**	36,532	-	**(30,341)**	(739)	-
BTG Pactual Delta Participações S.A.	**170,533**	-	-	**170,532**	-	-	**170,532**	-	-
BTG Pactual Absolute Return II Master Fund LP	**15,841,664**	24,4801,580	-	**15,046,905**	884,808	-	**209,629**	218,328	-
Fundo de Investimento Multimercado Crédito Privado LS Investimento no Exterior	**5,742,297**	1,403,345	-	**2,022,152**	742,164	-	**411,814**	42,725	-
BTG Pactual International Port Fund SPC - CLASS C	**833,165**	1,067,213	-	**242,397**	326,961	-	**242,397**	-	-
Fundo de Investimento em Direitos Creditórios Não Padronizados Precatórios Selecionados I	**27,136**	18,042	-	**19,373**	17,986	-	**7,745**	4,489	-
Fundo de Investimento em Direitos Creditórios Não Padronizados NPL I	**277,339**	46,865	-	**255,671**	46,765	-	**21,456**	1,565	-
BTG Pactual Vanguarda Fundo de Investimento em Participações	**95,985**	118,326	-	**95,961**	100,485	-	**95,961**	(4,493)	-
BTG Pactual Saúde Fundo de Investimento em Participações	**723,44**	627,679	-	**723,435**	627,677	-	**723,435**	27,647	-
Nala Fundo de Investimento em Participações	**250,815**	250,011	-		244,611	-		(5,531)	-
BTG Pactual Global Fund	**1,151,179**	-	-	**1,151,159**	-	-	**1,151,159**	-	-
Global Ltd	**1,228,075**	-	-	**25,533**	-	-	**25,533**	-	-

c) Criteria for conversion of the combined financial statements

The Group manages and evaluates its performance based on Brazilian Reais because it is the currency that better represents the economic environment of the Combined Group. The conversion process of the financial statements of BTG Investments LP (BTGI) from US Dollar to Brazilian Reais was made in accordance with the criteria established by Circular No. 397/94 of BACEN, such regulation requires the use of final and average exchange rates to the balance sheet date and the income statement period, respectively. As a result, the net exposure to US Dollar was reclassified (conversion adjustment) from the combined income statement to the shareholders' equity in order to eliminate the gain and losses effect on the conversion process of the consolidated financial statements of BTGI.

	2011		2010		2009	
	Shareholders' equity	Profit or loss for the period	Shareholders' equity	Profit or loss for the period	Shareholders' equity	Profit or loss for the period
BTG Investments LP						
Balance as reported (i)	**2,200,357**	**171,992**	1,743,826	316,313	1,896,082	730,779
IFRS Adjustments	**-**	**(25,517)**	-	-	(3.601)	2.513
	2,200,357	**146,475**	1.743.826	316.313	1.892.481	733.292
Conversion adjustments	**-**	**298,254**	-	-	-	-
Final balance for the combination	**2,200,357**	**444,729**	1,743,826	316,313	1,892,481	733,292
Banco BTG Pactual						
Balance used for the combination	**6,339,762**	**1,477,020**	5,602,593	810,906	3,244,500	629,285
Final balance for the combination	**8,540,119**	**1,921,749**	7,346,418	1,127,219	5,136,981	1,362,577

(i) See note 23 (d). for details on the reconciliation between the combined figures and the individual IFRS balances of Banco BTG PActual and BTG Investmens LP.

The preparation of the Combined Financial Statements in accordance with the accounting practices adopted in Brazil, applicable to financial institutions regulated by the Brazilian Central Bank, requires the Management to use its judgment to determine and record accounting estimates. The assets and liabilities subject to these estimates and assumptions refer, basically, to the income tax on assets and liabilities deferred charges, to the allowance for taxes and contributions with suspended eligibility and the provisions for contingent liabilities. The settlement or final outcome of the transactions subject to the estimation process may result in values different from those estimated, due to some inaccuracies related to the process for its determination. The adopted estimates and assumptions are periodically reviewed by BTG Group's Management.

d) Functional currency

The items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in reais (R$), which is the Bank's functional currency. The closing date rate was used for translation of assets and liabilities, while the income statement is converted at the average rate of the period.

The financial statements of the companies headquartered abroad included in the combination, originally expressed in their national currencies, were translated into Brazilian reais at the US dollar foreign exchange rate at the date of the financial statements.

In the financial statements, the effects of foreign exchange variations on subsidiaries abroad are distributed in the income statement accounts according to their respective nature.

4. Principal accounting practices

The most significant accounting practices adopted by the Bank and its directly and indirectly subsidiaries are as follows:

a) Cash and cash equivalents

For the purposes of statements of cash flow, this includes, according to National Monetary Council (CMN), Resolution No. 3604/08, money in cash, banking deposits, and high liquid short term investments, with immaterial risk of value change, with due date equal to or less than 90 days.

b) Interbank investments, deposits at BACEN, remunerated deposits, open market funding, funds from securities issued and accepted, loans and onlendings, subordinated debts and other asset and liability transactions

The transactions with clauses of monetary/foreign exchange appraisal and transactions with fixed interest rates are recorded by the present value net of any transaction costs incurred, calculated on a pro rata daily basis, based on the effective interest of transactions.

c) Securities

Are valued and classified in accordance with the criteria established by BACEN Circular n° 3068/01, under the following categories:

(i) Securities held for trading

Acquired with the purpose of being actively and frequently traded. They are recorded at the acquisition cost, plus earnings and adjusted by their market value, against the result of the period.

(ii) Securities available for sale

Securities that were not classified as trading nor as held to maturity. Are recorded at acquisition cost, plus earnings, against income and subsequently measured at market, with the mark-to-market effect recorded on shareholders' equity specific account, net of tax effects, which will only be recognized in the result at the time of their effective realization.

(iii) Securities held to maturity

Acquired with intention and financial capacity to be maintained in portfolio up to their maturity date. Recorded at acquisition cost, plus earnings against result of the period.

Decreases in market value of securities classified as available for sale and held to maturity, related to reasons considered as not temporary losses, will be reflected in the income statement as realized losses.

According to BACEN Circular No. 3,068, of November 8, 2001, securities classified as held for trading are recorded in the Balance Sheet, in Current Assets, regardless of their maturity.

d) Derivative financial instruments

Are classified in accordance with the Management's intention, at the date of the transaction, considering if its purpose is for hedging or not.

Transactions using financial instruments without any specific purpose, or that do not comply with the hedge criteria (mainly derivatives used to manage the global risk exposure), are accounted by their fair value, with gains and losses, realized or not realized, recognized directly in the results for the period.

The derivative financial instruments used to mitigate the risks arising from exposure to variations in the market value of financial assets and liabilities and that are highly correlated to alterations in their market value in relation to the market value of the item that is being hedged, in the beginning as well as during the life of the agreement and deemed as effective in the reduction of risk associated to the exposure to be protected, are deemed as hedge and are classified in accordance with their nature in:

- Market risk hedge (fair value hedge): financial instruments included in this category, as well as their related financial assets and liabilities, subject to hedge, are measured at fair value and have their realized or unrealized gains and losses, recorded in income statement account; and

- Cash flow hedge: the instruments included in this category are measured at fair value, being the effective portion of the recorded appreciation or depreciation, net from tax effects, in a separate account within shareholders' equity. The non-effective portion of the respective hedge is recorded in income statement account.

e) Fair value of securities, derivative financial instruments and other rights and obligations

The fair value of securities, derivative financial instruments and other rights and obligations, whenever applicable, is calculated based on market price, price evaluation models, or based on the price determined for other financial instruments with similar characteristics. Therefore, at the time of financial settlement of these transactions, the results may be different from the estimated. The daily adjustments of transactions performed in the futures market are recorded as income and expense when generated or incurred. The premium paid or received upon performance of transactions in the shares option market, other financial assets and commodities are recorded in the respective assets or liabilities accounts based on the for the amounts paid or received, adjusted at market price against, with the mark-to-market effect recorded as income or expense.

The transactions performed in the forward market of financial assets and commodities are registered by the final value of the transaction, adjusted with the difference between the contractual value of the asset or right of the contract and its market price. The difference arising from the market-to-market effect is recorded as an asslity with the correspondent amount of income or expense in the operating results.

The assets and liabilities resulting from mark-to-market of swap and currency forward transactions - of non-delivery forward agreements (NDF) are recorded as assets or liabilities, with the corresponding amount of income or expense in the operating results.

The notional amount of agreements is recorded in memorandum accounts.

f) Financial instruments - net presentation

Financial assets and liabilities are presented net in the balance sheet if, and only if, there is a current and enforceable legal right to set-off the recorded amounts and if there is an intention to set-off, or to simultaneously realize the asset and settle the liability.

g) Loans, and other receivables (transactions with characteristics of credit)

Recorded at current value, calculated daily "pro rata" based on the index variation and on the agreed interest rate, with revenues recorded until the 59th day of default by the customer. As from the 60th day in arrears, the recognition of revenue arising from those transactions in arrears occurs at the time of effective receipt of the overdue transction. Overdue transactions that were renegotiated are maintained, at least, in the same level of provision in which they were recorded before the renegotiation occurs and, if such renegotiated transactions had already been written-off against the allowance for loan losses, the renegotiated amounts are recongnized only when received.

h) Allowance for loan losses

Constituted based on the analysis of credit risk, in amount deemed as sufficient to cover eventual losses in compliance with the rules established by Resolution No. 2,682, of 12/21/1999, of the CMN, amongst which are highlighted:

Allowance for loan losses are constituted for loans, based on the credit risk classification of each client, that is performed preiodically and not only upon default.

Considering exclusively the default, write-offof loans against allowance for loan losses are made after 360 days from the credit due date or after 540 days, for transactions with term exceeding 36 months.

Allowance for loan losses and other receivables is estimated based on the analysis of transactions and specific risks presented in each portfolio, in accordance with the criteria established by CMN Resolution n° 2682/99.

i) Investments

Investments in joint-controlled entities are recorded based on the equity method.. Shares related to the investment on CETIP (*Câmara de Custódia e Liquidação*) were updated up to the date of its respective demutualization. Other investments in permanent assets are evaluated by their acquisition cost, less allowance for losses when applicable.

j) Property and equipment in use and assets deferred charges

Recorded by their acquisition cost. Depreciation is calculated by the linear method based on the asset's expected economic life. Deferred charges expenditures correspond, mainly, to improvements made in premises rented from third parties. Amortization of deferred chargesis calculated based on the straight line method considering the estimated periods of usage and/or lease.

k) Intangible

Corresponds to acquired rights that have as their subject intangible assets destined to the entities' maintenance or operations (softwares), in accordance with CMN Resolution No. 3642, of 11/26/2008. Amortization terms vary from five to ten years.

l) Impairment

Impairment of assets is recognized as loss in the income statement for the period whenever there is clear evidence of reduction in their recoverable value. This procedure is carried out at least every year end.

m) Income and social contribution taxes

The provision for income and social contribution taxes is established based on accounting profit adjusted by additions and exclusions defined in tax legislation. Deferred income and social contribution taxes are calculated on temporary differences where the realization of such amounts is considered to be probable. Income tax is calculated at 15% plus a 10% surcharge on annual taxable profit in excess of R$ 240. Social contribution tax was calculated at 15% for financial companies and 9% for non financial companies

n) Contingent assets and liabilities, and legal, tax and social security obligations

Are made according to the criteria described below:

- Contingent assets

  Are not recognized in financial statements, unless there is evidence ensuring their realization and they are based on unappealable decisions.

- Contingent liabilities

  Are recognized in financial statements when, based in the opinion of legal advisors and management, the risk of loss on a judicial or administrative proceeding is considered probable, and when amounts involved can be measured reliably. Contingent liabilities assessed by the legal advisors as possible losses are only disclosed in the explanatory notes, while those classified as remote losses do not require the recording of provisions or disclosure.

- Legal liabilities - tax and social security

  Refer to legal disputes challenging the legal and constitutional nature of some taxes and mandatory contributions. The amount under dispute is measured and accounted for.

o) Recognition of income

The results of transactions are ascertained by competence regime.

5. Risk Management

a) Market risk

Other scenarios envisaged for market behavior are properly simulated by means of Value-at-Risk calculation models and, especially, via stress tests and analysis of scenario, which allows the identification of the main risk components to be monitored. The development of computer systems that support the decision-making process enables the efficient performance of the investment monitoring process as a whole - including the selection, analysis, monitoring, optimization and simulation of scenarios. The Value-at-Risk is calculated using historical simulation methodologies and, where necessary, the Monte Carlo simulation. The stress tests are conducted using three different models: historical stress test, worst case scenario and hypothetical stress test.

Value at risk, or VaR

VaR is the potential loss of value of the trading positions due to adverse movements in the market during a defined timeframe within a specific level of confidence. Together with the Stress Test, VaR is used to measure the exposure of the Bank's positions at market risk. The Bank uses a historical simulation for calculation of VaR, preserving real distributions and correlation amongst assets. The accuracy of the risk system is tested by means of processes indicating the historical degree of result accuracy (retrospective test), as well as the accuracy of current prognostics. VaR may be measured in accordance with different timeframes, historical windows of retrospective view and confidence levels.

One day's timeframe, confidence level of 95% and retrospective view window of one year were used for the purpose of computing the VaR numbers. Confidence level of 95% means that there is 1 within 20 chances that the day trade net income remains below the day trade net income foresaw for an amount at least as high as the reported VaR. Therefore, insufficiencies arising from net income expected from trade in one sole day of trading exceeding the reported VaR would be expected to occur, on average, around once a month. Insufficiencies in one sole day may exceed the reported VaR in material amounts. Insufficiencies may also occur more frequently or accrue during a longer timeframe, such as the number of consecutive trading days. As it is backed up by historic data, VaR's accuracy is limited to its capacity to predict unprecedented market changes, as historic distributions in market risk factors may not produce accurate prognostics of future market risk. VaR methodologies and assumptions on different distributions may produce a materially different VaR. In addition, VaR calculated for a one day timeframe does not fully capture the market risk of positions that may not be settled or set-off with hedges within the term of one day. As aforementioned, we use a Stress Test model as a VaR supplement in the Bank's risk management daily activities.

The table below contains a VaR daily average for the most recent quarters, as pointed-out below:

In millions of R$	December 2009	December 2010	March 2011	June 2011	September 2011	December 2011
VaR Daily Average	**33.1**	**43.1**	**47.7**	**45.4**	**44.7**	**65.6**

b) Credit risk

All of the bank's counterparties and its subsidiaries are subject to credit risk analyses focusing mainly on an assessment of their paying ability, based on simulations of cash flows, debt leverage and schedule, asset quality, interest coverage and working capital. Qualitative aspects, such as strategic guidance, business sector, expert areas, efficiency, regulatory environment and market share, are regularly assessed and used to supplement the credit analysis process. The bank's counterparties credit limits and its subsidiaries are established by the Credit Committee and are regularly reviewed. The measurement and monitoring of the total risk to which the Bank and its subsidiaries are exposed cover the financial instruments that may generate counterparty risks, such as private equity, derivatives, guarantees given and possible settlement risks.

c) Liquidity risk

The bank and its subsidiaries manage the liquidity risk by concentrating their portfolio in high-level credit and highly-liquid assets, using funds obtained from first tier counterparties at competitive rates. The bank and its subsidiaries maintain a solid capital structure, avoiding high leverage of operations with funding from third parties. Additionally, any mismatching between assets and liabilities is carefully monitored, considering the impact of extreme market conditions (stress testing) in order to assess their ability to realize assets or to reduce leverage.

d) Operating risk

In line with the BACEN guidelines and the Basel Committee concepts, an Operating Risk Management applicable to the Bank and to its local and foreign subsidiaries was defined.

The policy establishes a set of principles, procedures and tools that enable risk management to be permanently adjusted to the nature and complexity of products, services, activities, processes and systems.

The bank and its subsidiaries have a tradition in operational risk management, which takes into account the assessment, monitoring, simulation and validation of risks, based in consistent internal controls. The mechanisms for managing and controlling operational risks are continually improved with a view to comply with the requirements of regulatory agencies, to rapidly adjust to changes and to estimate future trends, among which the New Basel Capital Accord propositions are to be highlighted.

6. Cash and bank deposits

The balance of this item refers basically to deposits abroad in first tier banks.

7. Short and long term interbank investments

	2011				2010	2009
	Total	Up to 90 days	From 90 to 365 days	From 1 to 3 years	Total	Total
Open market investments	**21,620,334**	**20,197,283**	**1,423,051**	**-**	31,208,971	18,266,241
Own portfolio	**6,308,024**	**6,102,560**	**205,464**	**-**	750,594	2,062,868
Federal government securities	**1,572,127**	**1,366,663**	**205,464**	**-**	479,952	2,053,647
Securities issued abroad	**4,445,831**	**4,445,831**	**-**	**-**	-	-
Corporate bonds	**290,066**	**290,066**	**-**	**-**	270,642	9,221
Third party portfolio	**13,690,952**	**13,081,065**	**609,887**	**-**	7,583,389	6,950,897
Federal government securities	**11,026,064**	**10,416,177**	**609,887**	**-**	7,583,389	6,950,897
Securities issued abroad	**2,664,888**	**2,664,888**	**-**	**-**	-	-
Short position	**1,621,358**	**1,013,658**	**607,700**	**-**	22,874,988	9,252,476
Federal government securities	**1,053,753**	**449,053**	**607,700**	**-**	10,128,451	1,570,475
Securities issued abroad	**564,605**	**564,605**	**-**	**-**	12,746,537	7,682,001
Interbank deposits	**958,600**	**816,955**	**126,858**	**14,787**	86,740	565,860
Certificate of interbank deposit (*)	**916,421**	**774,776**	**126,858**	**14,787**	85,657	54,473
Investments in foreign currency - overnight	**42,179**	**42,179**	**-**	**-**	1,083	511,387
	22,578,934	**21,014,239**	**1,549,909**	**14,787**	31,295,711	18,832,101

(*) The balance of this item refers basically to interbank deposits in first tier banks.

In 2011, 2010 and 2009 the balances presented above are offset against liabilities in the amount of R$ 12,803,415, R$ 3,192,615 and R$ 7,950,997, respectively. See note 4 (f).

8. Marketable Securities

a) Summary per type of Portfolio

We present below the composition per type of security, term, and type of securities portfolio:

	2011						2010	2009
	Cost	Market	Up to 90 days	From 90 to 365 days	From 1 to 3 years	Up to 3 years	Market	Market
Own portfolio								
Federal government securities	**3,177,250**	**3,171,973**	**25,651**	**444**	**646,633**	**2,499,245**	2,962,852	615,784
Debentures/Eurobonds	**4,184,172**	**4,293,552**	**124,079**	**633,404**	**1,360,002**	**2,176,067**	8,152,464	2,098,985
Bank credit certificate	**99,966**	**100,424**	**321**	**42,684**	**56,490**	**929**	66,337	102,155
Investment fund units							1,149,945	493,291
Credit rights investment fund	**449,263**	**449,263**	**-**	**-**	**449,263**	**-**	-	-
Equity investment fund	**1,148,595**	**1,148,595**	**-**	**-**	**838,674**	**309,921**	-	-
Multimarket	**967,227**	**988,395**	**257,449**	**-**	**730,946**	**-**	-	-
Shares	**118,511**	**118,511**	**118,511**	**-**	**-**	**-**		-
Sundry	**1,850**	**1,850**	**1,850**	**-**	**-**	**-**	-	-
Shares	**4,115,999**	**4,048,023**	**4,048,023**	**-**	**-**	**-**	2,875,309	1,218,196
US Agencies	**5,639,111**	**5,681,789**	**-**	**-**	**-**	**5,681,789**	-	-
Promissory notes	**956,202**	**956,853**	**-**	**956,853**	**-**	**-**	-	-
Real Estate Bond	**748,164**	**748,164**	**-**	**-**	**298,030**	**450,134**	444,764	209,136
Securities issued by foreign governments							322,395	14,146,997
United States	**4,697,179**	**4,716,085**	**-**	**88,488**	**2,146,118**	**2,481,479**	-	-
Others	**58,519**	**55,647**	**-**	**1,530**	**42,098**	**12,018**	-	-
Real estate receivables certificates	**-**	**-**	**-**	**-**	**-**	**-**	-	845,371
Other Securities issued abroad	**1,341,623**	**1,214,568**	**379,171**	**1,233**	**201,203**	**632,959**	-	-
Sundry	**162,085**	**150,694**	**-**	**-**	**115,050**	**35,646**	90,079	588,517
	27,865,716	**27,844,386**	**4,955,055**	**1,724,636**	**6,884,507**	**14,280,187**	16,064,145	20,318,432
Free traded portfolio								
Federal government securities	**12,888**	**12,560**	**-**	**-**	**-**	**12,560**	-	-
	12,888	**12,560**	**-**	**-**	**-**	**12,560**	-	-

	2011						2010	2009
	Cost	Market	Up to 90 days	From 90 to 365 days	From 1 to 3 years	Up to 3 years	Market	Market
Subject to repurchase agreements								
Federal government securities	**5,989,922**	**5,876,773**	**74,273**	**590,900**	**1,489,689**	**3,721,911**	6,520,970	343,151
Securities issued by foreign governments							26,578,481	-
United States	**9,955,843**	**10,204,282**	**196,882**	**520,810**	**2,910,297**	**6,576,293**	-	-
United Kingdom	**1,178,366**	**1,181,677**	**-**	**-**	**220,657**	**961,020**	-	-
Germany	**279,710**	**275,426**	**-**	**-**	**-**	**275,426**	-	-
Others	**225,015**	**218,325**	**-**	**-**	**-**	**218,325**	-	-
US Agencies	**9,610,147**	**9,558,293**	**-**	**-**	**7,550,504**	**2,007,789**	-	-
Debentures/Eurobonds	**897,964**	**888,799**	**6,928**	**-**	**240,611**	**641,260**	498,806	170,066
Others	**801,133**	**740,650**	**20,701**	**-**	**41,442**	**678,506**	-	-
	28,938,100	**28,944,225**	**298,784**	**1,111,710**	**12,453,200**	**15,080,530**	33,598,257	513,217
Subject to guarantee								
Federal government securities	**2,149,655**	**2,148,776**	**-**	**158,090**	**410,296**	**1,580,390**	792,929	105,106
Shares	**84,567**	**86,294**	**86,294**	**-**	**-**	**-**	957,959	485,087
Certificate of banking deposit	**-**	**-**	**-**	**-**	**-**	**-**	-	20,704
	2,234,222	**2,235,070**	**86,294**	**158,090**	**410,296**	**1,580,390**	1,750,888	610,897
Securities held for trading	**54,782,052**	**54,767,366**	**5,169,667**	**2,994,437**	**19,748,003**	**26,855,259**	51,229,770	21,442,546
Securities available for sale	**480,387**	**480,387**	**170,466**	**-**	**-**	**309,921**	183,520	-
Securities held to maturity	**3,788,487**	**3,788,487**	**-**	**-**	**-**	**3,788,487**	-	-
	59,050,926	**59,036,240**	**5,340,133**	**2,994,437**	**19,748,003**	**30,953,667**	51,413,290	21,442,546

b) Securities held for trading

	2011						2010	2009
	Cost	Market	Up to 90 days	From 90 to 365 days	From 1 to 3 years	Up to 3 years	Market	Market
Own portfolio								
Federal government securities	**801,335**	**796,058**	**25,651**	**444**	**646,633**	**123,331**	2,962,852	615,784
Debentures / Eurobonds	**4,184,172**	**4,293,552**	**124,079**	**633,405**	**1,360,002**	**2,176,067**	8,152,464	2,098,985
Bank credit certificate	**99,966**	**100,424**	**322**	**42,684**	**56,490**	**929**	66,337	102,155
Investment fund units	**-**	**-**	**-**	**-**	**-**	**-**	1,136,872	493,291
Credit rights investment fund	**449,263**	**449,263**	**-**	**-**	**449,263**	**-**	-	-
Equity investment fund	**838,674**	**838,674**	**-**	**-**	**838,674**	**-**	-	-
Multimarket	**967,227**	**988,395**	**257,449**	**-**	**730,946**	**-**	-	-
Shares	**118,511**	**118,511**	**118,511**	**-**	**-**	**-**	-	-
Sundry	**1,850**	**1,850**	**1,850**	**-**	**-**	**-**	-	-
Shares	**3,945,533**	**3,877,557**	**3,877,557**	**-**	**-**	**-**	2,704,862	1,218,196
US Agencies	**5,639,111**	**5,681,789**	**-**	**-**	**-**	**5,681,789**	-	-
Promissory notes	**956,202**	**956,853**	**-**	**956,852**	**-**	**-**	-	-
Real Estate Bond	**748,164**	**748,164**	**-**	**-**	**298,030**	**450,135**	444,764	209,136
Securities issued by foreign governments							322,395	14,146,997
United States	**4,697,179**	**4,716,085**	**-**	**88,487**	**2,146,118**	**2,481,479**	-	-
Others	**58,519**	**55,647**	**-**	**1,530**	**42,099**	**12,019**	-	-
Real estate receivables certificates	**-**	**-**	**-**	**-**	**-**	**-**	-	845,371
Outros Securities issued abroad	**1,341,623**	**1,214,568**	**379,170**	**1,234**	**201,202**	**632,959**	-	-
Others	**162,085**	**150,696**	**-**	**-**	**115,051**	**35,644**	90,079	588,517
	25,009,414	**24,988,084**	**4,784,589**	**1,724,636**	**6,884,508**	**11,594,352**	15,880,625	20,318,432
Free traded portfolio								
Federal government securities	**12,888**	**12,560**	**-**	**-**	**-**	**12,560**	-	-
	12,888	**12,560**	**-**	**-**	**-**	**12,560**	-	-

	2011						2010	2009
	Cost	Market	Up to 90 days	From 90 to 365 days	From 1 to 3 years	Up to 3 years	Market	Market
Subject to repurchase agreements								
Federal government securities	**5,989,922**	**5,876,773**	**74,273**	**590,900**	**1,489,689**	**3,721,911**	6,520,970	343,151
Securities issued by foreign governments	**-**	**-**	**-**	**-**	**-**	**-**	26,578,481	-
United States	**9,955,843**	**10,204,282**	**196,882**	**520,810**	**2,910,297**	**6,576,293**	-	-
United Kingdom	**1,178,366**	**1,181,677**	**-**	**-**	**220,657**	**961,020**	-	-
Germany	**279,709**	**275,426**	**-**	**-**	**-**	**275,426**	-	-
Others	**225,015**	**218,325**	**-**	**-**		**218,325**	-	-
US Agencies	**9,610,147**	**9,558,293**	**-**	**-**	**7,550,504**	**2,007,789**	-	-
Debentures / Eurobonds	**897,964**	**888,799**	**6,928**	**-**	**240,611**	**641,260**	385,063	-
Others	**801,134**	**740,649**	**20,701**	**-**	**41,443**	**678,505**	113,743	170,066
	28,938,100	**28,944,224**	**298,784**	**1,111,710**	**12,453,201**	**15,080,529**	33,598,257	513,217
Subject to guarantee								
Federal government securities	**737,083**	**736,204**	**-**	**158,090**	**410,296**	**167,818**	792,929	105,106
Shares	**84,567**	**86,294**	**86,294**	**-**	**-**	**-**	957,959	485,087
Certificate of banking deposit							-	20,704
	821,650	**822,498**	**86,294**	**158,090**	**410,296**	**167,818**	1,750,888	610,897

c) Securities available for sale

	2011						2010	2009
	Cost	Market	Up to 90 days	From 90 to 365 days	From 1 to 3 years	Up to 3 years	Market	Market
Own portfolio								
Investment fund units								
Equity investment fund	**309,921**	**309,921**	**-**	**-**	**-**	**309,921**	13,073	-
Shares	**170,466**	**170,466**	**170,466**	**-**	**-**	**-**	170,447	-
	480,387	**480,387**	**170,466**	**-**	**-**	**309,921**	183,520	-

d) Securities held to maturity

	2011						2010	2009
	Cost	Market	Up to 90 days	From 90 to 365 days	From 1 to 3 years	Exceeding 5 years	Market	Market
Own portfolio								
Federal government securities	2,375,915	2,375,915	-	-	-	2,375,915	-	-
	2,375,915	2,375,915	-	-	-	2,375,915	-	-
Subject to guarantee								
Federal government securities	1,412,572	1,412,572	-	-	-	1,412,572	-	-
	1,412,572	1,412,572	-	-	-	1,412,572	-	-

The securities included in this category, if evaluated at market value, would present in December 31, 2011 a positive adjustment in the amount of R$ 38,503.

The Bank has finantial capacity to maintain such investments until maturity.

e) Reclassification of securities

The management classifies securities in accordance with its trading intention.

As established in article 5 of BACEN Circular No. 3068, the revaluation in relation to the initial classification of securities is allowed, but it may only be made by the preparation of the semi-annual financial statements. In addition, transference of securities classified as held to maturity to other available for sale or for trading may only occur as a result of specific, non-usual, non-recurrent and not foreseen reasons, which have occurred after the date of classification.

No reclassifications or intention alterations occurred in 2011, 2010 and 2009.

9. Derivative financial instruments

The group actively engages in risk intermediation transactions involving derivative financial instruments, providing necessary hedge for their own needs and for their clients, with a view to reducing their exposure to market, currency and interest rate risks. Certain derivative financial instruments may be associated with operations involving marketable securities or rights and obligations. The risk management of these operations is made trough control policies, establishment of strategies, definitions of limits, among other monitoring techniques.

The transactions carried out in Brazil are traded, registered or held in custody by BM&FBOVESPA, and CETIP S.A. - OTC Clearing House ; transactions carried out abroad are traded and registered with first tier brokers.

On December 31, 2011, 2010 and 2009, the Bank does not have derivative financial instruments classified as hedge.

a) Recorded in memorandum accounts

The notional amounts of transactions with financial instruments are recorded in memorandum accounts and the adjustments/premium are recorded in the respective balance sheet accounts. The positions arising from transactions with derivative financial instruments, demonstrated below, take into account the provisions of BACEN Circular No. 3389/08, which determines the exclusion of derivative transactions of currency, gold and other assets, with maturity in the first business day following the date the exchange exposure is verified.

	2011				2010	2009
	In up to 6 months	From 6 to 12 months	Up to 12 months	Total	Total	Total
Futures market						
Long position	**131,131,104**	**1,800,773**	**17,692,792**	**150,624,669**	64,555,762	9,712,746
Currency	**1,692,854**	**3,413**	**1,104,146**	**2,800,413**	2,229,036	1,319,851
Interest rate	**128,546,160**	**1,610,763**	**16,551,743**	**146,708,666**	31,895,679	8,385,884
Commodities	**185,543**	**59,742**	**17,761**	**263,046**	124,795	-
Indexes	**706,547**	**116,578**	**16,897**	**840,022**	30,306,252	7,011
Share	**-**	**10,277**	**2,245**	**12,522**	-	-
Short position	**8,055,509**	**8,175,411**	**3,416,022**	**19,646,942**	50,120,609	3,014,710
Currency	**142,334**	**3,282,415**	**1,021,930**	**4,446,679**	5,746,150	1,319,851
Interest rate	**5,553,386**	**4,447,424**	**1,997,157**	**11,997,967**	6,787,434	1,633,177
Commodities	**159,233**	**87,691**	**-**	**246,924**	64,651	531
Indexes	**296,853**	**55,374**	**369,432**	**721,659**	37,522,374	61,151
Share	**1,903,703**	**302,507**	**27,503**	**2,233,713**	-	-
Swap						
Long position	**16,509,888**	**8,467,588**	**35,099,480**	**60,076,956**	28,044,946	8,031,739
Share	**263,594**	**825,680**	**13,140**	**1,102,414**	-	-
Currency	**275,615**	**914,993**	**390,152**	**1,580,760**	1,956,428	369,645
Interest rate	**15,120,073**	**6,563,619**	**33,592,454**	**55,276,146**	4,615,151	1,179,538
Commodities	**18,659**	**158**	**-**	**18,817**	-	-
Indexes	**373,626**	**86,825**	**712,591**	**1,173,042**	21,473,367	6,474,788
Sundry	**458,321**	**76,313**	**391,143**	**925,777**	-	7,768
Short position	**16,509,888**	**8,467,588**	**35,099,480**	**60,076,956**	27,863,683	6,815,320
Share	**186,105**	**1,028**	**3,441**	**190,574**	804	5,392
Currency	**1,619,020**	**884,282**	**986,399**	**3,489,701**	3,874,934	764,429
Interest rate	**14,147,003**	**6,676,133**	**32,677,403**	**53,500,539**	1,945,339	672,287
Commodities	**3,500**	**123**	**-**	**3,623**	-	-
Indexes	**323,564**	**140,262**	**978,396**	**1,442,222**	22,042,606	5,368,373
Others	**230,696**	**765,760**	**453,841**	**1,450,297**	-	4,839
Credit derivatives						
Long position	**23,908**	**1,374,596**	**379**	**1,398,883**	-	-
Sovereign	**23,908**	**1,255,362**	**379**	**1,279,649**	-	-
Corporate	**-**	**119,234**	**-**	**119,234**	-	-
Short position	**937,550**	**2,009,594**	**191,545**	**3,138,689**	-	-
Sovereign	**375,020**	**1,878,337**	**187,795**	**2,441,152**	-	-
Corporate	**562,530**	**131,257**	**3,750**	**697,537**	-	-

	2011				2010	2009
	In up to 6 months	From 6 to 12 months	Up to 12 months	Total	Total	Total
Currency forwards - NDF						
Long position	**10,435,184**	**4,319,914**	**2,933,483**	**17,688,581**	13,093,148	1,873,265
Currency	**4,842,796**	**347,523**	**138,997**	**5,329,316**	12,453,333	1,423,727
Interest rate	**5,592,388**	**3,972,391**	**2,794,486**	**12,359,265**	639,815	449,538
Short position	**10,435,184**	**4,319,914**	**2,933,483**	**17,688,581**	13,160,976	1,818,286
Currency	**4,842,796**	**347,523**	**138,997**	**5,329,316**	12,009,298	465,942
Interest rate	**5,592,388**	**3,972,391**	**2,794,486**	**12,359,265**	1,151,678	1,352,344
Currency forwards - DF						
Long position	**1,156,182**	**898,798**	**-**	**2,054,980**	3,760,816	168,934
Currency	**1,156,182**	**898,798**	**-**	**2,054,980**	3,760,816	168,934
Short position	**1,156,182**	**898,798**	**-**	**2,054,980**	3,773,716	152,882
Currency	**1,156,182**	**898,798**	**-**	**2,054,980**	3,773,716	152,882
Forward transactions						
Long position	**1,479,074**	**-**	**-**	**1,479,074**	-	-
Bond	**739,537**	**-**	**-**	**739,537**	-	-
Interest rate	**739,537**	**-**	**-**	**739,537**	-	-
Short position	**1,479,074**	**-**	**-**	**1,479,074**	-	-
Bond	**739,537**	**-**	**-**	**739,537**	-	-
Interest rate	**739,537**	**-**	**-**	**739,537**	-	-
Options market						
Call purchase	**49,751,688**	**4,709,014**	**17,746,484**	**72,207,186**	28,467,837	3,589,810
Share	**4,229,399**	**26,322**	**13,275**	**4,268,996**	1,231,856	358,138
Commodities	**24,386**	**-**	**-**	**24,386**	-	-
Index	**624,026**	**196,449**	**125,906**	**946,381**	-	-
Currency	**4,870,160**	**4,483,950**	**9,062,400**	**18,416,510**	27,150,232	3,231,672
Interest rate	**40,003,717**	**2,228**	**8,542,638**	**48,548,583**	85,749	-
Sundry	**-**	**65**	**2,265**	**2,330**	-	-
Put purchase	**58,127,728**	**6,755,599**	**20,299,978**	**85,183,305**	67,706,603	7,177,228
Share	**289,837**	**439,846**	**250,000**	**979,683**	89,416	209,286
Commodities	**66,361**	**-**	**-**	**66,361**	-	-
Index	**269,853**	**91,307**	**77,263**	**438,423**	-	-
Currency	**4,507,698**	**4,899,559**	**8,634,000**	**18,041,257**	67,515,992	6,967,942
Interest rate	**52,993,979**	**1,324,887**	**11,338,715**	**65,657,581**	101,195	-
Call sale	**67,291,600**	**12,562,055**	**9,420,566**	**89,274,221**	17,016,840	2,539,819
Share	**286,927**	**15,100**	**-**	**302,027**	1,050,273	640,344
Commodities	**24,377**	**-**	**-**	**24,377**	-	-
Index	**5,614,429**	**925,703**	**70,316**	**6,610,448**	-	-
Currency	**5,753,743**	**9,527,418**	**9,347,279**	**24,628,440**	15,966,567	1,899,475
Interest rate	**55,612,124**	**2,093,834**	**2,971**	**57,708,929**	-	-
Put sale	**66,611,094**	**8,160,050**	**9,003,379**	**83,774,523**	103,132,301	7,858,590
Share	**215,818**	**444,484**	**12,570**	**672,872**	996,485	22,062
Commodities	**64,843**	**-**	**-**	**64,843**	-	-
Index	**862,455**	**2,816,327**	**70,316**	**3,749,098**	-	-
Currency	**4,837,168**	**4,881,372**	**8,919,293**	**18,637,833**	102,135,816	7,836,528
Interest rate	**60,630,810**	**17,867**	**1,200**	**60,649,877**	-	-

b) By cost and market value

	2011					2010	2009
	Cost	Market	In up to 6 months	From 6 to 12 months	Up to 12 months	Total	Total
Futures market							
Long position	**26,127**	**26,128**	**17,707**	**2,152**	**6,269**	-	-
Short position	**32,392**	**32,574**	**24,512**	**1,488**	**6,574**	-	-
Swap							
Long position	**207,102**	**275,046**	**23,648**	**70,784**	**180,614**	312,084	167,676
Short position	**498,174**	**554,868**	**68,310**	**213,878**	**272,680**	229,590	205,664
Credit derivatives							
Long position	**101,108**	**151,046**	**1,624**	**117**	**149,305**		-
Short position	**109,419**	**144,554**	**-**	**168**	**144,386**		-
Currency forwards - NDF							
Long position	**271,131**	**267,604**	**54,783**	**130,591**	**82,230**	132,011	235,071
Short position	**164,990**	**163,496**	**126,603**	**12,140**	**24,753**	205,908	180,093
Currency forwards - DF							
Long position	**491,985**	**491,985**	**491,046**	**939**	**-**	-	-
Short position	**491,120**	**491,120**	**491,120**	**-**	**-**		-
Forward transaction							
Long position	**1,479,073**	**1,479,073**	**1,479,073**	**-**	**-**	1,354,370	496,801
Short position	**1,479,073**	**1,479,073**	**1,479,073**	**-**	**-**	1,360,086	480,587
Options market							
Long position	**305,980**	**309,496**	**161,151**	**85,639**	**62,706**	297,936	203,685
Short position	**403,355**	**315,855**	**165,858**	**65,422**	**84,575**	423,978	209,863

c) By counterparty

	2011				2010	2009
	BM&F Bovespa	Financial institutions	Companies	Total	Total	Total
Futures market						
Long position	**147,455,253**	**3,169,417**	**-**	**150,624,670**	64,555,762	8,840,362
Short position	**8,334,380**	**11,312,562**	**-**	**19,646,942**	50,120,609	3,014,710
Swap						
Long position	**3,286,383**	**54,857,548**	**1,933,025**	**60,076,956**	28,044,946	8,031,739
Short position	**3,286,383**	**54,857,548**	**1,933,025**	**60,076,956**	27,863,684	6,815,739
Credit derivatives						
Long position	**-**	**1,398,883**	**-**	**1,398,883**	-	-
Short position	**-**	**3,138,689**	**-**	**3,138,689**	-	-
Currency forwards - NDF						
Long position	**-**	**16,770,837**	**917,744**	**17,688,581**	13,093,148	1,873,265
Short position	**-**	**16,770,837**	**917,744**	**17,688,581**	13,160,976	1,818,286
Currency forwards - DF						
Long position	**-**	**1,455,316**	**-**	**1,455,316**	3,760,816	168,934
Short position	**-**	**599,664**	**-**	**599,664**	3,773,716	152,882
Forward transaction						
Long position	**-**	**1,479,074**	**-**	**1,479,074**	-	-
Short position	**-**	**1,479,074**	**-**	**1,479,074**	-	-
Options market						
Long position	**46,074,035**	**111,316,456**	**-**	**157,390,491**	96,073,244	10,767,038
Futures market	**53,481,710**	**119,567,027**	**-**	**173,048,737**	120,250,336	10,398,409

d) Credit derivatives

	2011
Credit swap	
Transferred risk	
Sovereign	**1,279,649**
Corporate	**119,234**
Received risk	
Sovereign	**(2,441,152)**
Corporate	**(697,537)**
Total	**(1,739,806)**

During the period, there was no credit event related to triggering facts for the specified in agreements.

In 2009 and 2010 there were no credit derivatives transactions.

e) Guarantees margins

The guarantees margin in operations traded in BM&FBovespa with derivative financial instruments is comprised by federal government securities in the amount of R$ 2,148,77 (2010 - R$ 624,043, 2009 - R$ 35,015) and shares in the amount of R$ 86,294 (2010 - R$ 613,751, 2009 - zero).

10. Loans

Loans are classified in risk levels in accordance with the criteria established by CMN Resolution No. 2682/99.

This classification takes into consideration , amongst others, a periodic analysis of operation, defaults, client history and guarantees, as applicable.

Allowance for loan losses is calculated based on the client's risk level classification, defined in the aforementioned Resolution.

Loans and other operations with loan characteristics may be demonstrated as below:

a) Loans

i) By type of credit

Type of credit	2011		2010		2009	
	Balance	Allowance	Balance	Allowance	Balance	Allowance
Loans	**3,363,683**	**(77,428)**	2,924,602	(79,514)	3,051,146	(83,607)
Financings	**1,399,992**	**(4,873)**	1,002,652	(1,084)	218,966	(4,081)
FINAME/BNDES	**44,647**	**(47)**	100,535	(70)	325	(2)
Securities financing	**315,298**	**-**	102,713	-	62,527	-
Total	**5,123,620**	**(82,348)**	4,130,502	(80,668)	3,332,964	(87,690)

ii) By risk level and maturity

	2011					
	Due					
Risk level	Overdue	In up to 6 months	From 6 to 12 months	After 12 months	Total	Allowance
AA	**-**	**1,296,053**	**387,075**	**1,141,203**	**2,824,331**	**-**
A	**-**	**672,549**	**216,515**	**605,409**	**1,494,473**	**(10,136)**
B	**-**	**153,884**	**90,285**	**291,992**	**536,161**	**(5,362)**
C	**1,974**	**18,514**	**17,297**	**18,310**	**56,095**	**(1,683)**
D	**10,243**	**98,806**	**15,426**	**13,781**	**138,256**	**(13,826)**
E	**-**	**-**	**-**	**-**	**-**	**-**
F	**22,699**	**-**	**1,513**	**-**	**24,212**	**(12,106)**
G	**-**	**6,943**	**4,896**	**24,351**	**36,190**	**(25,333)**
H	**-**	**-**	**-**	**13,902**	**13,902**	**(13,902)**
Total	**34,916**	**2,246,749**	**733,007**	**2,108,948**	**5,123,620**	**(82,348)**

Risk level	2010		2009	
	Total	Allowance	Total	Allowance
AA	2,959,398	-	2,014,215	-
A	783,781	(10,087)	684,306	(3,423)
B	202,950	(2,029)	383,859	(3,838)
C	30,197	(906)	23,326	(700)
D	17,298	(1,730)	131,832	(13,183)
E	90,417	(27,125)	32,919	(9,876)
F	-	-	11,674	(5,837)
G	25,568	(17,898)	48,254	-
H	20,893	(20,893)	2,579	(50,833)
Total	4,130,502	(80,668)	3,332,964	(87,690)

iii) By activity sector

Sector	2011	2010	2009
Commerce	**31,908**	45,119	56,685
Industry	**872,011**	899,640	380,576
Services	**3,174,486**	2,331,203	429,271
Rural	**313,494**	152,675	325
Individuals	**731,721**	701,865	2,466,107
Total	**5,123,620**	4,130,502	3,332,964

b) Other receivables - with credit assignment characteristics

Exclusively comprised by securities and receivables (Note 12 (b)), relating to credit rights acquisition transactions, may be demonstrated as below:

i) By risk level and maturity

	2011					
		Due				
Risk level	Overdue	In up to 6 months	From 6 to 12 months	After 12 months	Total	Allowance
AA	**-**	**65,093**	**106,003**	**464,451**	**635,547**	**-**
A	**-**	**-**	**-**	**-**	**-**	**-**
B	**2,955**	**10,707**	**3,169**	**9,230**	**26,061**	**(261)**
C	**175**	**-**	**-**	**-**	**175**	**(5)**
D	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3,130**	**75,800**	**109,172**	**473,681**	**661,783**	**(266)**

	2010		2009	
Risk level	Total	Allowance	Total	Allowance
AA	575,837	-	38,638	-
A	1,197	(6)	4,749	(24)
B	46,680	(467)	6,321	(63)
C	-	-	25,260	(758)
D	159	(16)	-	-
F	-	-	1,904	(952)
Total	623,873	(489)	76,872	(1,797)

ii) By activity sector

Sector	2011	2010	2009
Commerce	**-**	34,029	-
Industry	**42,641**	16,101	41,693
Services	**619,142**	573,417	29,691
Individuals	**-**	326	5,488
Total	**661,783**	623,873	76,872

c) Advances in foreign exchange contracts (note 11 (a))

i) By risk level and maturity

	2011						2010	
		Maturity						
Risk level	Overdue	In up to 6 months	From 6 to 12 months	After 12 months	Total	Allowance	Total	Allowance
AA	-	97,578	-	-	97,578	-	-	-
A	15,720	42,465	218,696	-	276,881	(1,384)	50,038	(250)
B	-	190,037	-	-	190,037	(1,900)	17,283	(173)
Total	15,720	330,080	218,696	-	564,496	(3,284)	67,321	(423)

On December 31, 2009, there are no outstanding advances in foreign exchange contracts.

ii) By activity sector

Sector	2011	2010
Commerce	**5,885**	8,246
Industry	**32,954**	23,712
Services	**525,657**	35,363
Total	**564,496**	67,321

d) Allowance

Operations with allowance for losses on loans and other receivables with loan characteristics during the fiscal years was the following:

	2011	2010	2009
Initial balances	**(81,580)**	(89,487)	(46,685)
Allowance reversion/(constitution)	**(18,190)**	(23,413)	(49,461)
Exchange rate variance	**(417)**	-	-
Credits marked down for losses	**14,289**	31,320	6,659
Final balances	**(85,898)**	(81,580)	(89,487)
Composition of final balances			
Allowance for loans	**(82,348)**	(80,668)	(87,690)
Allowance for other receivables	**(266)**	(489)	(1,797)
Allowance for advances in foreign exchange contracts	**(3,284)**	(423)	-
	(85,898)	(81,580)	(89,487)

Operations with allowance for other receivables without credit characteristics during the fiscal years were the following:

	2011	2010	2009
Initial balances	**(30.253)**	(49.955)	(16.694)
Incorporation fo balances (i)	**(617.496)**	-	-
Allowance reversion/(constitution)	**(11.832)**	16.383	(43.168)
Credit writte offs	**1.616**	3.319	9.907
Final balances	**(657.965)**	(30.253)	(49.955)

(i) Referes to balances of companies consolidated from 2011.

Allowances for other accounts receivables, that has credit characteristics refer to the allowance computed on transactions of acquisition of credit rights, as demonstrated in item b of this note, while allowances for other receivables without credit characteristics basically refer to credits arising from securities trading and brokerage, presented in note 11(b).

e) Renegotiation/recoveries of credit write-offs

In the credit portfolio the amount of R$ 88,718 refer to renegotiations occurred in the fiscal year ended December 31, 2011 (R$ 31,031 in 2010 and R$ R$ 87,537 in 2009). Credit writte noff were recovered in the amount of R$ 19,566 (R$ 8,594 in 2010 and R$ zero in 2009).

f) Credit assignment

In 2011 credit assignment with coobrigation were contracted in the amount of R$ 295,783, with no effect in the fiscal years' results. There were no credit assignments in 2010 and 2009.

11. Other receivables/other liabilities

a) Foreign exchange portfolio

	2011		2010		2009	
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Unsettled exchange purchased/sold	**753,728**	**101,311**	680,732	598,180	371,306	388,727
Rights on foreign exchange sales	**101,484**		598,209	-	393,392	-
(-) Advances in foreign exchange contracts (i)	**19,037**	**(545,459)**	-	(67,321)	-	-
(-) Advances in foreign currency Received	**(94,335)**	**-**	-	-	(383)	-
(-) Advances in local currency Received	**(3,739)**	**-**	(5,934)	-	(37,783)	-
Liabilities for foreign exchange purchases	**-**	**668,529**	-	685,420	-	375,670
	776,175	**224,381**	1,273,007	1,216,279	726,532	764,397
Current assets	**145,565**	**224,381**	1,216,971	1,162,107	706,554	744,270
Long term	**630,610**	**-**	56,036	54,172	19,978	20,127

(i) See note 10(c).

Guarantees given in connection with foreign exchange transactions carried out through BM&FBOVESPA S.A. - Stock Exchange, Commodities and Futures (BM&FBOVESPA) are represented by federal government securities in the amount of R$ 18,422 (2010 - R$ 3,123 and 2009 - zero).

b) Securities trading and brokerage

	2011		2010		2009	
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Clearing houses	**30,809**	**99,295**	18,002	174,074	2,763,126	2,023,209
Debtors/creditors - pending settlement account	**12,188,318**	**13,026,283**	7,735,871	5,808,512	79,288	343,572
Margin deposit - guarantee	**-**	**3,727,062**	-	-	8,949	-
Credits for stock loans	**-**	**1,613,269**	223,008	1,173,165	-	374,830
Securities trading and brokerage	**513**	**7,470,738**	22,618	21,519,149	29,909	14,903,875
	12,219,640	**25,936,647**	7,999,499	28,674,900	2,881,272	17,645,486
Current assets	**12,218,859**	**25,928,519**	7,999,386	28,661,205	2,881,210	17,643,446
Long term	**781**	**8,128**	113	13,695	62	2,040

The item “Debtors/creditors - pending settlement account” is basically represented by amounts pending settlement within terms established in regulation, relating to transactions involving the purchase and sale of securities and financial asset agreements on BMF&BOVESPA, and abroad through first tier stockbrokers, on the Bank’s behalf or on behalf of third parties.

The item "Securities trading and brokerage" basically represents, in assets, swap intermediation transactions, and in liabilities, refers basically to sale of shares, to be settled within the terms established in regulation. In 2011, 2010 and 2009 this amounts were presented offsetted in the amounts of R$ 5,688,626, R$ 6,117,095 and R$ 939,921, respectively.

12. Other receivables

a) Income receivable

	2011	2010	2009
Dividends and bonuses	**13,201**	4,913	2,111
Receivables from services rendered	**208,608**	143,144	6,455
Management and performance fees			
For investment funds and portfolios	**145,974**	86,475	103,227
Distribution fee	**12,753**	-	-
Commissions on guarantees	**2,450**	7,646	-
Others	**9,614**	8,219	460
	392,600	250,397	112,253
Current assets	**357,795**	250,397	112,253
Long term	**34,805**	-	-

b) Others

	2011	2010	2009
Deferred tax assets	**1,311,176**	872,252	1,144,723
Judicial deposits	**530,668**	440,342	320,725
Recoverable taxes	**221,572**	176,157	51,691
Tax incentive options	**1,317**	1,317	1,317
Securities and credits receivables			
With credit characteristics (i)	**661,783**	623,873	76,872
Without credit characteristics (ii)	**3,095,307**	139,525	16,442
Others debtors- local	**1,415,495**	50,646	83,986
Sundry	**13,139**	99,986	21,616
	7,250,457	2,404,098	1,717,372
Current assets	**5,318,352**	871,778	441,921
Long term	**1,932,105**	1,532,320	1,275,451

(i) See note 10 (b)
(ii) Refers to the acquisition of payroll loans and vehicle financing by the Investment Funds in Credit Rights - FIDC. These were recorded under this classification, since the acquisition of the portfolio did not take into account the criteria for each of the individual contracts.

13. Investments in associates

	2011	
	Shareholders' equity	**Profit/loss**
In Brazil		
Banco Panamericano S.A.	**1,398,350**	**11,181**
Warehouse 1 Empreendimentos Imobs S.A.	**40,089**	**(3,237)**
Max Casa XIX Empreendimentos Imobs S.A.	**14,358**	**(2,179)**
ACS Omicron Empreendimentos Imobs S.A.	**18,414**	**3,898**
One Properties S.A.	**658,287**	**(200,444)**
Vivere Soluções e Serviços S.A.	**29,997**	**5,070**

	2009	
	Shareholders' equity	**Net income**
Abroad		
BTG Alpha Investments LLC	67,427	(11,536)

	2011		
	Equity interest	**Investment**	**Equity pickup**
In Brazil			
Banco Panamericano S.A.	**37.64%**	**522,138**	**(27,236)**
Negative goodwill- Banco Panamericano.		**(99,209)**	**-**
Warehouse 1 Empreendimentos Imobs S.A.	**35.00%**	**14,031**	**(1,133)**
Goodwill - Warehouse 1 Empreendimentos Imobs S.A.		**14,136**	**-**
Max Casa XIX Empreendimentos Imobs S.A.	**50.00%**	**7,179**	**(1,572)**
ACS Omicron Empreendimentos Imobs S.A.	**44.74%**	**8,239**	**2,326**
Goodwill - ACS Omicron Empreendimentos Imobiliárias S.A.		**6**	**-**
One Properties S.A. (i)	**49.99%**	**329,078**	**22,583**
Goodwill One Properties S.A.		**320,956**	**-**
Vivere Soluções e Serviços S.A. (ii)	**30.00%**	**8,738**	**1,500**
Others		**-**	**5**
		1,125,292	**(3,537)**

(i) Acquired in November 2011
(ii) Acquired in October 2011

	2009		
	Equity interest	**Investment**	**Equity pickup**
Abroad			
BTG Alpha Investments LLC (i)	100.00%	67,427	(11,536)
		67,427	(11,536)

(i) Investment was held for trading,in December, 2009.

There was no investment in joint controlled subsidiaries in 2010 and 2009.

a) Banco Panamericano

On May 27, 2011, as mentioned in Note 1, the Bank purchased 37.64% of Banco Panamericano's interest for the amount of R$ 450,000. At the date of completion of the transaction, a negative goodwill in the amount of R$ 99,209 was verified.

Panamericano acts mainly in the direct consumer credit market, operating personal credit lines and other credit lines to individuals related to the financing of: vehicles; , construction materials; furniture; tourism; appliances and others. Through its direct and indirect subsidiaries, it also acts in leasing of vehicles and other goods; offering insurance coverage for personal accident , incomes for random events (temporary unemployment insurance), life insurance and personal damages and vehicles, as well as selling consortium. Benefits from services rendered amongst companies of the Panamericano Group and the costs of operational and administrative structures are jointly or individually absorbed by these companies.

b) One Properties S.A. ("OneP")

On June 10, 2011, the Bank entered into an investment agreement with WTorre Properties S.A. to create a new company focused on developing, acquiring, leasing and selling commercial real estate and industrial/logistics.

Under the terms of the transaction, which was completed on November 22, 2011, the Bank acquired an indirect stake of 49.99%, the new company One Properties SA, the transfer of cash and assets totaling R$ 627,452.

The goodwill verified based on the fair values adjusted for the amount of R$ 320,956, represents the future economic benefit of the expected synergies from the acquisition.

14. Funding and borrowings and onlendings

a) Summary

	2011						2010	2009
	Total	In up to 90 days	From 90 to 365 days	From 1 to 3 years	From 3 to 5 years	Up to 5 years	Total	Total
Deposits	**14,137,707**	**4,876,337**	**6,562,764**	**1,557,093**	**97,511**	**1,044,002**	10,573,544	5,468,400
Open market funding	**48,977,447**	**48,407,628**	**569,819**	**-**	**-**	**-**	49,729,542	17,897,111
Funds from securities issued and accepted	**3,774,631**	**667,143**	**1,036,319**	**426,904**	**1,059,851**	**584,414**	1,305,686	401,088
Borrowings and onlendings	**1,027,144**	**159,913**	**864,106**	**2,143**	**982**	**-**	722,728	737,713
Subordinated debt	**4,158,295**	**-**	**-**	**415,830**	**3,742,465**	**-**	-	-
	72,075,224	**54,111,021**	**9,033,008**	**2,401,970**	**4,900,809**	**1,628,416**	62,331,500	24,504,312

b) Deposits

	2011						2010	2009
	Total	In up to 90 days	From 90 to 365 days	From 1 to 3 years	From 3 to 5 years	Up to 5 years	Total	Total
Demand deposits	**1,501,062**	**1,501,062**	**-**	**-**	**-**	**-**	2,312,891	1,223,701
Interbank deposits	**576,405**	**194,456**	**378,305**	**3,644**	**-**	**-**	338,891	217,776
Time deposits	**12,060,240**	**3,180,819**	**6,184,459**	**1,553,449**	**97,511**	**1,044,002**	7,908,932	4,019,974
Other deposits	**-**	**-**	**-**	**-**	**-**	**-**	12,830	6,949
	14,137,707	**4,876,337**	**6,562,764**	**1,557,093**	**97,511**	**1,044,002**	10,573,544	5,468,400

c) Open market funding

Open market funding is underlined by the following securities:

	2011						2010	2009
	Total	In up to 90 days	From 90 to 365 days	From 1 to 3 years	From 3 to 5 years	Up to 5 years	Total	Total
Own portfolio	**31,963,664**	**31,518,659**	**445,005**	**-**	**-**	**-**	31,947,798	9,331,422
Federal government securities	**5,885,970**	**5,440,965**	**445,005**	**-**	**-**	**-**	6,447,058	340,975
Securities issued abroad	**25,453,316**	**25,453,316**	**-**	**-**	**-**	**-**	22,668,234	7,675,797
Corporate bonds	**624,378**	**624,378**	**-**	**-**	**-**	**-**	2,832,506	1,314,650
Third-party portfolio	**14,241,452**	**14,241,452**	**-**	**-**	**-**	**-**	7,392,980	6,984,211
Federal government securities	**11,572,282**	**11,572,282**	**-**	**-**	**-**	**-**	7,382,102	6,980,090
Securities issued abroad	**2,669,170**	**2,669,170**	**-**	**-**	**-**	**-**	10,878	4,121
Operations with free portfolio	**2,772,331**	**2,647,517**	**124,814**	**-**	**-**	**-**	10,388,764	1,581,478
Federal government securities	**2,239,368**	**2,114,554**	**124,814**	**-**	**-**	**-**	10,388,764	1,581,478
Securities issued abroad	**532,963**	**532,963**	**-**	**-**	**-**	**-**		
Own portfolio	**48,977,447**	**48,407,628**	**569,819**	**-**	**-**	**-**	49,729,542	17,897,111

In 2011, 2010 and 2009 the balances above are presented net of the corresponding assets of R$ 12,803,415, R$ 3,192,615 e R$ 7,950,997.

d) Funds from securities issued and accepted

	2011						2010	2009
	Total	In up to 90 days	From 90 to 365 days	From 1 to 3 years	From 3 to 5 years	Up to 5 years	Total	Total
Securities - Brazil	**2,624,991**	**664,295**	**854,286**	**412,654**	**109,342**	**584,414**	1,299,479	330,210
Real estate credit bills/agribusiness	**2,624,991**	**664,295**	**854,286**	**412,654**	**109,342**	**584,414**	1,299,479	330,210
Securities - abroad	**1,149,640**	**2,848**	**182,033**	**14,250**	**950,509**	**-**	6,207	70,878
Medium term notes	**1,143,042**	**-**	**178,283**	**14,250**	**950,509**	**-**	6,207	70,878
Credit linked notes	**6,598**	**2,848**	**3,750**	**-**	**-**	**-**		
	3,774,631	**667,143**	**1,036,319**	**426,904**	**1,059,851**	**584,414**	1,305,686	401,088

e) Loans and onlendings

	2011						2010	2009
	Total	In up to 90 days	From 90 to 365 days	From 1 to 3 years	From 3 to 5 years	Up to 5 years	Total	Total
Loans abroad	**982,522**	**142,220**	**840,302**	**-**	**-**	**-**	622,628	737,390
Foreign currency liabilities	**541,493**	**142,220**	**399,273**	**-**	**-**	**-**	622,628	737,390
Liabilities for loans abroad	**441,029**	**-**	**441,029**	**-**	**-**	**-**	-	-
Onlending in Brazil - official instances	**44,622**	**17,693**	**23,804**	**2,143**	**982**	**-**	100,100	323
FINAME	**44,622**	**17,693**	**23,804**	**2,143**	**982**	**-**	100,100	323
	1,027,144	**159,913**	**864,106**	**2,143**	**982**	**-**	722,728	737,713

f) Subordinated debt

On December 31, 2011, the outstanding balance of this item in the amount of R$ R$ 4,158,295, is represented by financial bills issued on 4/15/2011, with repayment every six months and maturity on 4/15/2021, indexed to inflation rates plus fixed income rates.

15. Other liabilities

a) Social and statutory

	2011	2010	2009
Employees profit sharing	**176**	352,990	405,574
Bonuses payable	**449,841**	52,846	-
Dividends payable	**105,065**	-	63
	555,082	405,836	405,637
Current assets	**553,699**	364,393	405,637
Long term	**1,383**	41,443	-

b) Tax and social security

	2011	2010	2009
Taxes and contributions payable	**116,799**	50,487	39,970
Taxes and mandatory contributions payable	**83,718**	79,605	34,504
Deferred social contribution and income tax	**48,720**	9,744	50,208
Taxes with suspended collection	**511,421**	418,434	328,027
	760,658	558,270	452,709
Current	**239,501**	115,459	343,648
Long term	**521,157**	442,811	109,061

c) Sundry

	2011	2010	2009
Payables for acquisition of assets and rights	**569,711**	83,118	43,165
Provision for accounts payable	**236,914**	121,823	173,214
Provision for contingent liabilities	**27,719**	27,580	20,693
Consolidated fund shareholders	**-**	19,772	7,273
Payables to related parties	**163**	-	-
Others	**135,185**	6,836	17,108
	968,692	259,129	261,453
Current	**368,185**	148,212	240,272
Long term	**600,507**	110,917	21,181

16. Contingent assets and liabilities and legal, tax and social security obligations

Group's Management evaluates existing contingencies related to legal proceedings filed against Group's entities and recognizes a provision to cover probable losses on such proceedings. Management's judgment is based on the opinion of its outside lawyers regarding the expected outcome for each proceeding.

a) Contingent assets

On December 31, 2011, 2010 and 2009 the group did not record any contingent assets.

b) Contingent liabilities classified as probable loss and legal obligations

Labor provisions

These related to suits filed by former employees, mostly claiming overtime and equal pay. The contingencies are accrued based on analysis of the potential loss amounts, considering the current stage of the lawsuit and the opinion of external and internal legal counsel.

Civil provisions

For civil suits with chances of unfavorable outcome (pain and suffering and property damages, among others requesting sentences to condemn), the contingency amounts are accrued for based on the opinion of internal and external legal counsel.

Tax and social security provisions

Tax and social security provisions are represented by legal and administrative proceedings of federal, state and local taxes, regarding legal obligations and contingent liabilities. The provisions are set up considering the opinion of the internal and external legal counsel and the court level to which each proceeding was submitted.

c) Break down and changes in provisions in the period

The Bank's management is challenging the constitutionality of certain procedures regarding federal taxes, in addition to being a party to legal, tax and civil proceedings. Based on the opinion of its legal counsel, management considers that the provisions set up for such proceedings at December 31, 2011 are adequate to cover any losses arising therefrom.

The provisions set up and related charges in the period are presented below:

	2011	2010	2009
Balance at beginning of the year	**446,014**	348,720	287,641
Set up	**105,541**	101,387	71,280
Write off	**(12,415)**	(4,093)	(10,201)
Balance at end of the year	**539,140**	446,014	348,720

BTG Pactual Group has challenged in court the legal nature of some taxes and mandatory contributions. Relevant tax amounts have been fully provided for, although there are good chances of a favorable outcome, according to the opinion or assessment of the Bank's outside lawyers. The following legal disputes are to be mentioned:

COFINS - Challenge of the legal grounds for the levy of COFINS under rules established by Law No. 9718/98.

PIS - Challenge of the levy of PIS established by Constitutional Amendments No. 10 of 1996 and No. 17 of 1997.

CSL - Challenge of CSL payment required from financial institutions in the period from 1996 to 1998 at rates higher than those applied to legal entities in general, opposing the constitutional principle of equality.

No significant contingencies have been assessed as possible losses by outside lawyers that were not disclosed.

17. Income and social contribution taxes

The reconciliation of income tax and social contribution expenses with the figure obtained by applying relevant tax rate on income before taxes is shown below:

	2011	2010	2009
Income tax and social contribution			
Calculation basis	**1,726,292**	1,507,880	1,844,541
Income before taxation and profit sharing	**2,168,431**	1,759,011	2,355,401
Interest or equity	**(442,139)**	(251,131)	(510,860)
Total income tax and social contribution at the rates of 25% and 15%, respectively	**(690,517)**	(603,152)	(737,816)
Permanent additions (exclusions) on the taxation calculation	**201,001**	8,529	157,961
Equity in the earnings of subsidiaries and associated companies in Brazil	**(1,412)**	-	85,670
Income / (Loss) of fx revaluation on forign investments	**58,904**	-	105,501
Income in forign countries	**-**	-	(32,579)
Interest on capital	**127,600**	6,176	-
Dividends	**15,360**	4,351	-
Other permanent additions (exclusions)	**549**	(1,998)	(631)
Temporary additions (exclusions) on the taxation calculation	**239,431**	337,260	374,190
Amortization of goodwill on the acquisition of investments	**373,400**	366,301	353,224
Marked-to-market evaluation of securities and derivative financial instruments	**10,629**	(13,677)	-
Allowance for loan losses	**(8,353)**	9,588	-
Contingencies	**(24,574)**	(22,327)	(18,789)
Losses of foreign branches	**(81,352)**	-	-
Other provisions	**(30,319)**	(2,625)	39,755
Effect of different tax rates in other countries	**177,892**	126,525	293,585
(Creation)/offset on tax loss carryforwards	**107,987**	(20,089)	155,286
Income tax and social contribution	**(180,180)**	(110,749)	(67,366)
Temporary differences			
Creation/(reversal) for the year	**(182,124)**	(357,096)	(414,598)
Goodwill on the acquisition of investments	**481,369**	87,183	-
Loss on investments abroad	**81,352**	-	-
	380,597	(269,913)	(414,598)
(Expenses)/revenues from deferred taxes	**200,417**	(380,662)	(481,964)

Income tax and social contributions are calculated and recorded in accordance with criteria established by the Central Bank Circular No. 3059/02, taking into account the period of realization.

Changes in deferred tax assets, in line item “Other credits - Others" (Note 12(b)), are as follows:

Income tax and social contribution	2009	2010	Creation	Realization	2011
Tax loss carryforwards	177,429	166,030	**189,564**	**(3,822)**	**351,772**
Allowance for loan losses	110,181	67,680	**73,788**	**(65,435)**	**76,033**
Adjustment to market value of securities and derivatives	-	14,202	**442,896**	**(453,522)**	**3,576**
Goodwill on the acquisition of investments (i)	735,883	457,631	**536,182**	**(373,401)**	**620,412**
Tax contingencies and provision for taxes with suspended payment	78,216	104,474	**24,575**	**-**	**129,049**
Other provisions (i)	43,014	62,235	**78,568**	**(10,469)**	**130,334**
	1,144,723	872,252	**1,345,573**	**(906,649)**	**1,311,176**

(i) The net movement of the deffered tax for the year 2011, presented in the table above, presents a difference in the amount of R$ 58,327 in relation to the amount of deferred tax on the “Statement of Income”, which basically refers to the tax benefit recorded by the Group in September 2011, when the wholly owned subsidiary, BTG Pactual Empresa Operadora do Mercado Energético Ltda.(Coomex) conducted a reverse merger transaction from its parent BTG Pactual Agente Comercializador de Energia Ltda.

The present value of tax credits, based on the expected realization of deferred tax assets, is as follows:

	Tax credits on temporary differences	Tax loss carryforwards	Total
2012	**217,566**	**134,446**	**352,012**
2013	**289,708**	**133,544**	**423,252**
2014	**160,659**	**83,782**	**244,441**
2015	**147,598**	**-**	**147,598**
2016 onwards	**140,359**	**-**	**140,359**
	955,890	**351,772**	**1,307,662**
Present value	**740,248**	**294,487**	**1,034,735**

18. Shareholders' equity

a) Capital

Banco BTG Pactual S.A.

On December 31, 2011 and 2010, the total subscribed and paid-up capital of the Bank is comprised of 2,400,000,000 shares (1,253,583,889 in 2009), being 1,200,160,000 ordinary shares (1,253,583,889 in 2009), 298,445,596 preferred class A shares and 901,394,404 preferred class B registered shares, with no par value.

The extraordinary general shareholders meeting held on December 9, 2010 and approved by BACEN on December 24, 2010 resolved as follows:

(i) Creation of non-voting class A and class B shares, ensuring, in case of the Bank's dissolution, capital reimbursement priority without premium. Class B shares will be convertible into class A common or preferred shares, in accordance with the conditions set forth in the bank's bylaws.

(ii) Split of all 1,253,583,889 ordinary shares issued by the Bank, so that capital is now divided into 1,952,331,606 common registered shares with no par value.

(iii) Conversion of 901,394,404 common shares into 901,394,404 preferred class B shares.

(iv) Capital increase by R$ 2,409,264 by issuing 447,668,394 new shares, comprising 149,222,798 ordinary shares and 298,445,596 preferred class A shares.

The Extraordinary General Shareholders Meeting held on April 30, 2010 and approved by BACEN on December 8, 2010 decided for a capital increase in the amount of R$ 7,079 through realization of capital reserve, without issuance of new shares.

The extraordinary general shareholders meeting held on December 31, 2011 approved the capital increase of the company in the amount of R$ 271,150. Such resolution is still pending BACEN approval.

BTG Investments LP resolved the following:

(i) Capital increase in the amount of R$ 62,273 with the issuance of 25,159,001 shares and 13,465,381 shares, corresponding to the amount of R$ 26,492, were repurchased and cancelled;

(ii) Issuance of 50,349,007 shares;

(iii) Split of all 749,840,122 shares into 1,952,331,606 shares;

(iv) Capital increase in the amount of R$ 599,544 with the issuance of 447,668,394 shares.

BTG Investments, LP's fully subscribed and paid-up capital December 31, 2011 and 2010 is comprised by 2,400,000,000 shares (688,176,387 shares in 2009).

Find below is the composition of the movement of shares in the years 2011, 2010 and 2009:

	Quantity			
		Preferred		
Banco BTG Pactual	Ordinary	Class A	Class B	Total
Into circulation in 01/01/2008, 2009 and 2010	1,253,583,889	-	-	1,253,583,889
Into circulation in 12/01/2010	1,253,583,889	-	-	1,253,583,889
Shares split	698,747,717	-	-	698,747,717
Shares conversion	(901,394,404)	-	901,394,404	-
Shares issued	149,222,798	298,445,596	-	447,668,394
Into circulation in 12/31/2011 e 2010	1,200,160,000	298,445,596	901,394,404	2,400,000,000

	Ordinary				
BTG Investments LP	**Class A**	**Class B**	**Class C**	**Class D**	**Total**
12/31/2008	124,943,750	7,281,250	-	-	132,225,000
Shares issued	547,754,157	49,696,798	-	-	597,450,955
Shares voided	(41,106,402)	(772,058)	-	-	(41,878,460)
12/31/2009	631,591,505	56,205,990	-	-	687,797,495
Shares issued	20,541,506	54,966,502	-	447,668,394	523,176,403
Shares voided	(13,344,579)	(120,802)	-	-	(13,465,381)
Shares split (749,840,122 shares to 1,952,331,606 shares)	1,024,401,909	178,089,575	-	-	1,202,491,484
Shares issued			1		
12/31/2010	**1,663,190,341**	**289,141,265**	**-**	**447,668,394**	**2,400,000,001**
12/31/2011	**1,663,190,341**	**289,141,265**	**1**	**447,668,394**	**2,400,000,001**

b) Capital reserve

On December 31, 2009, refers to the update of property bonds from the Commodities and Futures Exchange (*Bolsa de Mercadorias e Futuros*, BM&F), São Paulo Stock Exchange (*Bolsa de Valores de São Paulo*, BOVESPA) and CETIP.

c) Legal reserve

Established at the rate of 5% of net income for the fiscal year, before any other appropriation, limited to 20% of the capital.

d) Statutory reserve

In accordance with the Bylaws, this reserve aims at preserving the working capital and is limited to the balance of total capital.

e) Unrealized income reserve

Established considering undistributed dividends obtained in investments in foreign subsidiaries.

f) Profit distribution

Shareholders are entitled to annual dividends of at least 1% of net income for the fiscal year adjusted in accordance with article 202 of Law 6404/76.

The Bank proceeded with the following resolutions:

(i) The Extraordinary General Shareholders Meeting of September 18, 2009 decided to distribute dividends in the amount of R$ 1,250,000.

(ii) Board of Officers Meetings held on March 18, April 26 and September 20, 2010, decided to distribute dividends on profit from previous fiscal years, in the amounts of R$ 133,061, R$ 13,000 and R$ 227,576, respectively.

(iii) Board of Officers Meetings held on December 29, 2010, decided to distribute dividends on profit from current year, in the amounts of R$473,000.

(iv) On September 20, 2010, interest on equity was determined in the amount of R$ 15,440, generating a tax benefit resulting from deductibility of expense, in the amount of R$ 6,176.

(v) Extraordinary General Shareholders Meetings of March 17, 2011, July 1, 2011 and September 19, 2011 decided to distribute of dividends in the amount of R$ 210,000, R$ 150,000 and R$ 197,000, respectively, relating to previous fiscal years.

(vi) Extraordinary General Shareholders Meeting of December 5, 2011 decided to distribute dividends in the amount of R$ 135,000 relating to the Bank's retained earnings, in the first semester of 2011.

(vii) On December 31, 2011, interest on equity was determined in the amount of R$ 319,000, generating a tax benefit resulting from deductibility of expense, in the amount of R$ 127,600.

In the fiscal year ended December 31, 2011, 2010 and 2009 to BTG Investments, LP distributed dividends in the amount of R$ 1,367, R$ 1,126,728 and R$ 1,399, respectively.

19. Income from services rendered

	2011	2010	2009
Management fees and performance premium for Investment funds and portfolio	**465,729**	354,153	294,828
Brokerage	**117,752**	105,767	93,587
Technical advisory services	**346,301**	268,178	180,834
Commission on the placement of securities	**112,919**	68,074	68,204
Guarantees	**46,068**	-	-
Other services	**26,554**	23,504	7,388
	1,115,323	819,676	644,841

20. Other operating income

	2011	2010	2009
Reversal of allowances - employees profit sharing	**20,650**	-	606,211
Reversal of allowances - sundry	**604**	98,964	4,458
Revenues from portfolio management	**-**	-	52,508
Income from energy trading	**214,046**	65,123	-
Repayments of financial operating costs	**-**	-	141,318
Indemnification for judicial recovery	**-**	31,680	-
Reversal of allowances - contingencies	**15,272**	-	-
Credit recovery	**5,695**	-	-
Revenue from foreign exchange	**25,129**	-	3,359
Monetary restatement of judicial deposits	**70,675**	25,684	19,778
Other operating income	**29,767**	22,288	37,870
	381,838	243,640	866,502

21. Other operating expenses

	2011	2010	2009
Expense with tax update	**(4,407)**	(2,949)	(2,295)
Reimbursement of operating financial costs	**(8,131)**	(3,787)	-
Allowance for goodwill amortization	**(31,808)**	(8,377)	-
Debt forgiveness	**(1,350)**	-	-
Monetary restatement of accounts payables	**(33,418)**	-	-
Sundry	**(24,358)**	(44,619)	(57,227)
	(103,472)	(60,797)	(59,522)

22. Related parties

Institutions comprising the BTG Pactual Group invest their cash and cash equivalents mainly in funding products offered by Banco BTG Pactual S.A.

The balance of transactions involving the related parties, which are carried out at arm's length, is reflected in the following accounts:

		2011		2010		2009	
	Relationship	Assets/ liabilities	Revenues/ expenses	Assets/ liabilities	Revenue/ expenses	Assets/ liabilities	Revenues/ expenses
Assets							
Open market							
Banco Panamericano S.A.	Joint-controlled	**-**	**1,714**	**-**	**-**	**-**	**-**
Investments in deposits interbank							
Banco Panamericano S.A.	Joint-controlled	**500,504**	**2,128**	**-**	**-**	**-**	**-**
Credit operations							
Borrowings							
BTG Pactual Participações II S.A.	Affiliated	**-**	**-**	-	20,731	1,273,171	50,013
BTG Pactual Holding S.A.	Affiliated	**1,278**	**(122)**	-	60	**-**	**-**
BTG Alpha Participações Ltda.	Affiliated	**-**	**-**	-	338	-	-
BTG MB Investments, LP	Affiliated	**-**	**-**	-	1,924	-	-
Shareholders	Partners	**374,914**	**(2,820)**	291,131	29,276	543,207	9,877
Sundry							
Max Casa XIX Empreendimentos Imobiliários S.A.	Associate	**4,936**	**-**	-	-	-	-
ACS Omicron Empreendimentos Imobiliários S.A.	Associate	**12**	**-**	-	-	-	-
Warehouse 1 Empreendimentos Imobiliários S.A.	Associate	**432**	**-**	-	-	-	-
Saíra Diamante Empreendimentos Imobiliários S.A.	Associate	**10**	**-**	-	-	-	-
BTG MB Investments LP	Affiliated	**34,985**	**30,225**	-	-	-	-
		917,070	**33,663**	291,131	52,329	1,816,378	59,890

	Relationship	2011 Assets/ liabilities	2011 Revenues/ expenses	2010 Assets/ liabilities	2010 Revenue/ expenses	2009 Assets/ liabilities	2009 Revenues/ expenses
Liabilities							
Deposits							
Demand deposits							
BTG Pactual Participações II S.A.	Affiliated	**-**	**-**	474	-	-	-
BTG Pactual Holding S.A.	Affiliated	**-**	**-**	72	-	-	-
BTG Pactual Participações Ltda.	Affiliated	**-**	**-**	403	-	-	-
BTG MB Investments, LP	Affiliated	**9,425**	**-**	163	-	-	-
BTG Pactual Beta Participações S.A.	Affiliated	**10**	**-**	-	-	-	-
BTG Pactual Pharma Participações S.A.	Affiliated	**11**	**-**	-	-	-	-
BTG Alpha Participações Ltda.	Affiliated	**70**	**-**	44	-	-	-
BTG Alpha Investments LLC	Affiliated	**1,029**	**-**	208	-	-	-
Shareholders	Partners	**449**	**-**	-	-	-	-
Time deposits							
BTG Alpha Participações Ltda.	Affiliated	**258**	**-**	3,371	(342)	-	-
BTG Pactual Beta Participações S.A.	Affiliated	**1,459**	**-**	-	-	-	-
BTG Pactual Pharma Participações S.A.	Affiliated	**1,702**	**-**	-	-	-	-
Market funding							
Own portfolio							
Banco Panamericano S.A.	Joint-controlled	**629,374**	**(29,656)**	-	-	-	-
Porfolio of other							
Banco Panamericano S.A.	Joint-controlled	**9,999**	**-**	-	-	-	-
Loans and Onlendings							
Loans abroad							
ASE Investment Fund Limited	Others	**2,814**	**(30)**	12,489	(150)	-	-
Leblon Investment Fund Limited	Others	**104,614**	**(862)**	304,960	(2,398)	(151,728)	(115)
		761,214	**(30,548)**	322,184	(2,890)	(151,728)	(115)

Total compensation paid to key personal in the 2011 was in the amount of R$ 13,515 (R$ 18,834 in 2010 and R$ 71,726 in 2009) which is considered a short-term benefit.

23. Other information

a) Cash and cash equivalents

	2011	2010	2009
Balances at the beginning of the year	**24,275,802**	16,049,207	3,015,067
Cash and cash equivalents	**545,454**	1,725,294	95,305
Open market investments	**14,420,813**	22,546,405	15,412,127
Interbank deposits	**545,196**	4,103	541,745
Balances at the end of the year	**15,511,463**	24,275,802	16,049,177

b) Commitments and responsibilities

The bank's and its subsidiaries have the following main commitments and responsibilities:

	2011	2010	2009
Co-obligation and risks for guarantees given	**5,278,935**	1,122,929	135,311
Responsibility for the management of Investment funds and portfolio management (i)	**34,477,778**	99,409,007	77,830,916
Securities under custody	**142,531,821**	40,274,434	45,357,842
Securities trading and brokerage	**857,584,457**	888,938,214	318,107,476

(i) Records all equity value of investment funds and portfolio.

"Co-obligation and risks for guarantees given", is basically comprised by guarantees granted allocated to exchange trading securities.

"Securities under custody" reflect third party public and private securities positions, under custody with SELIC, CETIP S.A. and BM&FBOVESPA S.A.

"Securities trading and brokerage" represent amounts from derivative financial instruments purchase and sale agreements, related to third party transactions.

c) Reconciliation of shareholder's equity and statement of income BRGAAP versus IFRS

Below is the reconciliation between the balances of equity and net profit of Banco Pactual and BTG BTG Investments LP, for the years ended 2011 and 2010. For the year 2009, we present only the reconciliation of equity, since the date of initial adoption of IFRS for the Bank BTG Pactual was January 1, 2010.

	Shareholder's equity					
	12/31/2011		12/31/2010		12/31/2009	
	Banco BTG Pactual	BTG Investments LP	Banco BTG Pactual	BTG Investments LP	Banco BTG Pactual	BTG Investments LP
Consolidated shareholders' equity under IFRS	**6,545,485**	**2,200,357**	5,537,682	1,743,825	3,188,546	1,896,082
Adjustments that affect the PL of BRGAAP and IFRS	**6,484**	**-**	64,911	-	55,954	3,601
Adjustment to fair value	**(2,904)**	**-**	(10,177)	-	2,755	3,601
Adjust the effective rate of interest	**36,528**	**-**	26,791	-	25,626	-
Recognition of assets sold with risk retention	**141,277**	**-**	105,532	-	64,878	-
GAAP Adjustment of Subsidiary	**(88,997)**	**-**	-	-	-	-
Reversal of goodwill amortization	**(9,460)**	**-**	(8,376)	-	-	-
Deferred tax on adjustments to GAAP	**(69,960)**	**-**	(48,859)	-	(37,305)	-
Consolidated stockholders' equity in accordance with Brazilian accounting practices	**6,551,969**	**2,200,357**	5,602,593	1,743,825	3,244,500	1,892,481
Controlling shareholders	**6,339,762**	**2,200,357**	5,602,593	1,743,825	3,244,500	1,892,481
Noncontrolling	**212,207**	**-**	-	-	-	-

	Income			
	31/12/2011		31/12/2010	
	Banco BTG Pactual	BTG Investments LP	Banco BTG Pactual	BTG Investments LP
Consolidated net profit under IFRS	**1,339,566**	**171,992**	815,550	313,120
Adjustments that affect the stament of income of BRGAAP between IFRS and	**142,414**	**(25,517)**	(4,644)	(3,193)
Adjustment to fair value	**7,273**	**-**	(13,414)	(3,193)
Adjust the effective rate of interest	**9,737**	**-**	1,165	-
ecognition of assets sold with risk retention	**35,744**	**-**	40,655	-
Reclassification of foreign exchange variation on investments abroad	**200,842**	**(25,517)**	(22,697)	-
Reversal of goodwill amortization	**(90,081)**	**-**	(8,376)	-
Deferred tax on adjustments to GAAP	**(21,101)**	**-**	(1,977)	-
Consolidated statement of income in accordance Brazilian accounting practices	**1,481,980**	**146,475**	810,906	316,313
Controlling shareholders	**1,477,020**	**146,475**	810,906	316,313
Noncontrolling	**4,960**	**-**	-	-

24. Subsequent events

On February 8, 2012, the Bank announced the conclusion of the agreement for the acquisition of 100% of the outstanding shares of Celfin Capital, a lead company in financial transactions, operating in Chile, Peru and Colombia. In connection with this transaction, Banco BTG Pactual will pay to the owners of Celfin a total of US$ 486,000 in cash, of which US$ 196,000 will be used for the purchase of shareholding interest of Banco BTG Pactual, representing 2.423% of the capital. Such transaction is pending approval from the competent authorities

On January 31, 2012 the Bank contributed capital into Panamericano S.A., in the amount of R$ 495,476, without proportional impact on its shareholders composition and such transaction is pending approval from BACEN.

On January 31, 2012, Banco BTG Pactual and Banco PanAmericano entered into definitive agreements to purchase 100% of the shares of Brazilian Finance & Real Estate S.A., or BFRE, The total purchase price (subject to adjustment) is approximately R$ 1.21 billion, of which R$ 940,000 will be paid by Banco PanAmericano and R$ 270,000 will be paid by Banco BTG Pactual.

Additionally, after the definitive agreement, and before the settlement, BFRE will be split into two companies, and the Bank will acquire one of these companies the additional amount of approximately R$ 335,000 , which will be used for purchase of certain Real Estate Investment Funds held by BFRE. This transaction is subject to approval of the competent authorities.