BANCO SANTANDER (Brasil) S.A. AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

June 30, 2009

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To Our Stockholders:

We are pleased to submit the Management Report and the Individual and Consolidated Financial Statements of Banco Santander S.A. (the "Bank", "Banco Santander" or "Santander") for the six-month period ended June 30, 2009, prepared in accordance with accounting practices established by Brazilian Corporation Law and standards established by the National Monetary Council (CMN), the Central Bank of Brazil (Bacen), and the Brazilian Securities and Exchange Commission (CVM).

Banco Santander S.A., indirectly controlled by Banco Santander S.A., headquartered in Spain (Banco Santander España), is the leading global institution of the financial and non-financial groups before the Bacen. After the corporate restructuring (share merger) in August 2008, Banco ABN AMRO Real S.A. and ABN AMRO Brasil Dois Participações S.A. and their respective subsidiaries (Banco Real) were integrated into Santander Groups, resulting in Brazil's third largest private financial Group by total assets.

In addition, the merger of Banco Real by Banco Santander was approved at the Extraordinary Stockholders' Meetings held by Banco Santander and Banco Real on April 30, 2009, thus completing the integration of the two banks.

Presentation of Financial Statements

The individual and consolidated financial statements of Santander and its subsidiaries for all the reporting periods have been prepared in accordance with prevailing legislation. The consolidated financial statements of Santander for the six-month period ended June 30, 2009 include the balance sheet and income and expense information Banco Real, while the consolidated financial statements for the same period in 2008 do not consider Banco Real's results of operations, since its merger into the Santander Group occurred in August 2008.

Santander – Pro-forma Financial Information

For a better understanding of changes in Santander's financial position and results of operations, given the merger of Banco Real by the Santander Group, Santander's pro-forma financial information, including the consolidation of Banco Real for 2009 and 2008, is being disclosed.

This information is being disclosed solely to allow for additional analysis of the balances and transactions for better comparability and evaluation of income, stockholders' equity and operational indices. Santander's pro-forma financial information does not represent the results that might have been obtained had the merger of shares taken place in prior periods, nor does it constitute Santander's financial statements or are indicative of future results.

The following assumptions were adopted in preparing the pro-forma financial information:

1. Goodwill generated on the acquisition of Banco Real and the related amortization have not been considered in property and equipment, net income and stockholders' equity.

2. Net income for the six-month periods ended June 30 2009 and 2008 include income earned Banco Real and disregard the non-recurring income or expenses related to the sale of ownership interests, goodwill amortization and related tax credits.

Santander Pro-Forma Statement of Income

In millions of Brazilian reais	Santander Consolidated Pro-Forma		% change 1H09 vs. 1H08
		(unaudited)	
	1H09	1H08	
Revenue from financial intermediation before allowance for loan losses	**11,837**	**9,476**	**24.9%**
Allowance for loan losses	(4,903)	(3,105)	57.9%
Gross profit from financial operations	**6,934**	**6,371**	**8.8%**
Income from services and banking fees	3,737	4,083	-8.5%
Administrative expenses	(6,077)	(6,152)	-1.2%
Tax expenses	(1,164)	(1,031)	12.9%
Other income (expenses)	(1,781)	(1,725)	3.2%
Net income	**1,649**	**1,546**	**6.7%**

Santander's pro-forma net income for 1H09 totaled R$1,649 million, compared to the R$1,546 million for the same period prior year. 1H09 income and expenses shows the growth of revenue from lending operations and the effort to control costs. On the other hand, there was an increase in the allowance for loan losses due to a rise in default and a decrease in revenue from services and income from banking fees, consequence of the Bacen regulations.

The allowances for loan losses represented 6.0 percent of the credit portfolio in the first half of 2009, over 4.5 percent in

2008. The allowance for loan losses grew 57.9 percent in the first half of 2009 over the same period prior year. This increase is mainly due to the 14.9 percent expansion in lending operations, as well as the increase in default, resulting from the social and economic situation in the local and international markets.

Administrative expenses totaled R$6,077 million in the first half of 2009, a decline of 1.2 percent compared to the first half of 2008, where payroll decreased 2.1 percent, while other administrative expenses fell 0.7 percent, reflecting our cost control effort.

Santander Pro-Forma Balance Sheet

In millions of Brazilian reais	Santander Consolidated Pro-Forma (unaudited)		% change Jun-09 vs. Jun-08
	Jun-09	Jun-08	
Current and long-term assets	**293,472**	**285,448**	**2.8%**
Cash and interbank investments	40,503	44,283	-8.5%
Securities and derivatives	47,951	49,879	-3.9%
Lending operations	137,268	119,477	14.9%
Allowance for loan losses	(8,214)	(5,398)	52.2%
Other assets	75,964	77,207	-1.6%
Permanent assets	**6,119**	**5,098**	**20.0%**
Total assets	**299,591**	**290,546**	**3.1%**
Current and long-term liabilities	**274,517**	**266,016**	**3.2%**
Deposits	122,029	116,999	4.3%
Money market funding	32,962	36,577	-9.9%
Funds from acceptance and issuance of securities	10,360	7,462	38.8%
Borrowing and onlendings	22,538	20,148	11.9%
Other payables	86,628	84,830	2.1%
Stockholders' equity	**25,074**	**24,530**	**2.2%**
Total liabilities and stockholders' equity	**299,591**	**290,546**	**3.1%**

Santander's pro-forma total assets totaled R$299,591 million as of June 30, 2009, a 3.1 percent increase as compared to June 2008. Of this amount, R$137,268 million is represented by the credit portfolio, R$47,951 million by securities and derivatives, mainly federal government securities, and R$40,503 million by cash and interbank investments.

Santander Pro-Forma Credit Portfolio

Lending operations increased 14.9 percent over prior year, reaching R$137,268 million as of June 30, 2009. The highlight was operations with individuals, which grew 12.6 percent. In this segment, credit card transactions expanded 23.7 percent, realestate loans 22.8 percent, vehicle leasing and financing 8.9 percent, and payroll loans 13.1 percent.

In millions of Brazilian reais	Santander Consolidated Pro-Forma (unaudited)		% change Jun-09 vs. Jun-08
	Jun-09	Jun-08	
Legal entities	**71,147**	**59,778**	**19.0%**
Individuals	**60,753**	**53,967**	**12.6%**
Vehicle leasing and financing	24,781	22,766	8.9%
Payroll loans	7,311	6,463	13.1%
Credit cards	7,107	5,744	23.7%
Real estate loans	4,795	3,905	22.8%
Personal credit	16,759	15,089	11.1%
Rural credit	**5,368**	**5,732**	**-6.4%**
Total	**137,268**	**119,477**	**14.9%**

Santander Pro-forma Deposits

The bank's deposit volume as of June 30, 2009, were 4.3 percent higher than as of June 30, 2008, totaling R$122,029 million, with a 17.4 percent increase in savings deposits and a 10.2 percent increase in demand deposits.

In millions of Brazilian reais	Santander Consolidated Pro-Forma (unaudited)		% chang Jun-09 vs. Jun-08
	Jun-09	Jun-08	
Deposits			
Demand deposits	13,789	12,514	10.2%
Savings deposits	21,411	18,244	17.4%
Interbank deposits	1,172	1,919	-38.9%
Time deposits	85,268	83,962	1.6%
Other deposits	389	360	8.1%
Total	**122,029**	**116,999**	**4.3%**

Corporate Restructuring

On July 24, 2008, Banco Santander España assumed the indirect control of the companies of the ABN AMRO Real Group in Brazil, after meeting all conditions precedent for the transfer of control, especially the obtainment of the approval from De Nederlandsche Bank (the Central Bank of the Netherlands) and Bacen.

With the approval of the transfer of control, Banco Real and ABN AMRO Brasil Dois Participações S.A. and their subsidiaries were integrated into the Santander financial and non-financial group, for the purpose of consolidating investments in Brazil.

The Extraordinary Stockholders' Meeting held on August 29, 2008 of Banco Santander, Banco Real and AAB Dois Par approved the corporate restructuring proposals set out in the Agreement for the Merger of the Shares of Banco ABN AMRO Real S.A. and ABN AMRO Brasil Dois Participações S.A. by Banco Santander S.A. (Merger Agreement).

The Merger Agreement established the rationale and the terms and conditions for the corporate restructuring consisting of the merger of all the shares of Banco Real and AAB Dois Par into Banco Santander (Merger of Shares). As a result of the merger of shares: (a) Banco Real and AAB Dois Par were converted into wholly-owned subsidiaries of Banco Santander; (b) Banco Santander's capital was increased based on the economic value of the shares of Banco Real and AAB Dois Par, and (c) Banco Santander shares were issued and delivered to the stockholders of Banco Real and AAB Dois Par.

The objectives of the transaction were: (a) assure the transfer of the businesses acquired by Banco Santander Spain to its subsidiary already established and in operation in Brazil – Banco Santander; (b) assure the preservation of the corporate entity of Banco Santander, Banco Real and AAB Dois Par; (c) concentrate the minority interest of these entities only in Banco Santander.

The transaction allowed to streamline the equity structure of the companies of the Santander Group in Brazil and allowed the stockholders of Banco Real to become stockholders of a publicly-traded company with access to the current dividend policy of Banco Santander.

This new structure allows a reduction of administrative costs, especially those related to legal and regulatory requirements.

Costs for this transaction are estimated at approximately R$2.3 million and refer to the preparation of appraisal reports and fees of outside advisors.

Because this transaction consists of a share merger, the legal personality of Banco Real and AAB Dois Par were maintained and the changes in equity subsequent to the date of their balance sheets were properly recorded in their accounting books.

Also, the Extraordinary Stockholders' Meeting held on April 30, 2009 approved the merger of Banco Real by Banco Santander, thus completing the integration of these banks.

Economic Scenario

The economic indicators in the first half of 2009 reinforced the perception that the downturn cycle in the Brazilian economy may be less intense than originally expected. The ease of credit restrictions, the reduction of interest rates, and temporary tax exemption measures, signal a recovery, even if only gradual, of economic activity indicators. GDP for the first quarter of 2009, released in June, showed a drop of 0.8 percent compared with the fourth quarter of 2008. This was actually positive, has market expectations pointed to a 1.8 percent downturn. This better-than-expected performance made an important contribution to household consumption. Reflecting the government's stimulus packages to the appliances, automotive and building industries, both sales and industrial output posted growth. In the labor market, the unemployment rate reached 8.1 percent by June, higher than the 2008 average (7.5 percent), but well below the average on the past six years (10.4 percent).

After ending the first quarter of 2009 at 5.6 percent, the positive trend of inflation continued, reaching 4.8 percent for the twelve months ended June. The fact that inflation

was under control coupled with the gradual economic upturn, allowed the Bacen to maintain its economic stimuli. At the end of the first half, Brazil's base rate (Selic) stood at 9.25 percent p.a., a reduction of 200 basis points compared to the first quarter. The Brazilian Real ended the first half, having appreciated by 18.6 percent, quoted at R$1.95/US$.

The performance of the country's external accounts remained favorable during the second quarter. The trade surplus was US$27 billion in the twelve months ended in June; the country's international reserves and foreign direct investment (FDI) totaled US$208 billion and US$42.0 billion in the twelve months to May 2009, respectively. The maintenance of FDI at these levels was sufficient to finance the current account deficit, which totaled US$21 billion in the twelve months to May 2009.

Credit transactions operations grew at a slower pace, reaching 20 percent at the end of June 2009 against the 25 percent posted in the first quarter of the year. Credit totaled 44 percent of GDP, higher than the 36 percent posted in June 2008. Loans to individuals the same growth pace of the first quarter (at around 20 percent), in particular personal credit and payroll loans, which together accounted for more than 70 percent of the growth in loans to individuals in second half. In turn, there was a drop in corporate loans (15 percent in June 2009 against 27 percent at the end of the first quarter of 2009), mainly due to the decrease in foreign currency transactions, which were impacted by the appreciation of the Brazilian Real during this period. In June 2009, state-owned banks accounted for 38.6 percent of total credit granted, local private-sector institutions for 41.6 percent, and foreign institutions for 19.8%.

The growth pace of funding was also slower, amounting to 12 percent in June 2009. Total deposits in the same period increased by 28 percent, with a 41 percent increase in time deposits, 7 percent in demand deposits, and 14 percent in savings deposits. Funds posted a slight improvement compared to the first quarter (+3 percent versus -0.4 percent).

Performance

As a result of the previously-mentioned corporate restructuring, and in accordance with prevailing legislation, Santander's balance sheet and statement of income are being presented compared to the data reported in the same related prior periods, which do not encompass Banco Real's assets, liabilities and income and expenses for the first half of 2008; therefore, any analysis of development of financial information is limited.

1. Net Income

Santander posted net income of R$1,006 million for the first half of 2009, including the R$1,149 million expense related to the amortization of the goodwill incurred on the acquisition of Banco Real, and the gain on the sale of investments in Companhia Brasileira de Meios de Pagamento – Visanet, offset by the increase of the allowance for loan losses and the reserve for contingencies.

2. Assets and Liabilities

Total consolidated assets amounted to R$323,899 million as of June 30, 2009. Of this amount, R$137,268 million is represented by the credit portfolio, R$47,951 million by securities and derivatives, mainly federal government securities, and R$33,455 million by interbank investments.

Santander held R$928 million in securities classified as "Held-to-maturity securities" and has the positive intent and ability to hold these securities to maturity.

Shareholders' Equity

Santander's stockholders' equity totaled R$49,382 million as at June 30, 2009, or R$25,130 million if we excluded goodwill paid.

The Bank's regulatory capital is measured based on the Basel II Standardized Approach and considers: (a) Credit Risks – capital requirement portion for exposed assets and credit commitments, both weighted by a risk factor, considering the risk mitigation through the use of guarantees; (b) Market risks – capital requirement portions for exposures related to the fluctuations in foreign currency interest rates, price indices, and interest rates; the prices of commodities and shares classified in the trading portfolio; and interest rates not classified in the trading portfolio; and (c) Operational risks –requirement of a specific capital portion.

The Basel II ratio, which is calculated in a consolidated manner and reached 17 percent, less goodwill in minimum regulatory capital, as required by the international rule.

Strategy

The strategy of the Santander Group is reflected in the campaign "United we are even stronger", which expresses the strength and effort made in building a solid institution, combining the best of each bank: sustainability practices, and innovative products and services. Santander's experience with large corporations and Real's retail banking experience ensure the balance of their business operations. Geographically, the Santander Group strengthened its reach, particularly in the Southeast, in States such as Minas Gerais and Rio de Janeiro, which increased its distribution capacity. Santander now has 3,612 points of sale (branches and banking service centers) and 18,203 ATMs, for use by its more than 10 million active current account holders, increasing the convenience and comfort in their relationship with the Bank. Clients also have a well-structured business model, supported by efficient management tools and dedicated teams.

The integration process is progressing, providing an increase operational efficiency through the unification of processes and the consequent cut in costs. The legal merger of the two entities was completed in April 2009, and the brand unification is planned for 2010.

All the above helps us fulfill our mission: "to be a team capable of generating good ideas, that satisfy our clients, are profitable for our stockholders and consolidate us as a leading international financial institution and as an entity that contributes to the sustainable development of society."

People

For Santander to be the best and most efficient Bank in Brazil, our employees need to be united in building this progress. As such, one of the objectives is to be the best company to work for in the domestic financial sector and, to achieve this, we try to, during this integration process, identify the Human Resources best practices developed by both banks and the market. Based on this guideline, we continually invest in the qualification and well being of our 52,000 professionals using programs that involve individuals from high school students to senior management executives.

We maintain the *Programa Jovem Aprendiz* (Young Apprentice Program), based on the Ministry of Labor and Employment (MTE) guidelines, and continue our own internship programs.

For employees with the potential to assume executive positions, we offer the *Futuros Diretivos* (Future Officers) program and the *STEP* (Santander Executive Training Program), which in addition to specific training, offer the possibility of participating in exchange programs with other units in several countries where we operate.

In addition, we offer two MBA programs: the international program, which prepares professionals for exams at some of the most renowned institutions in Europe and the U.S., and the Summer Course, which seeks to attract employees doing MBA courses abroad to Brazil to work on specific development projects. Top managers can enroll in programs such as the Leadership Development, Mentoring and Education for Financial Business. There is also the Santander Career Program and the Opportunities Bank, which aim to increase the transparency in employees' identification of opportunities within the Bank. The *Trilha da Formação* (Training Trail) is aimed at increasing the qualification of professionals who work in the branch network.

We also have the *Programa de Valorização de Diversidade* (Diversity Promotion program), which encourages discussion and debate on this issue to promote quality relationships with all our stakeholders, as well as inclusion and respectful development.

All these continuous training initiatives are structured in accordance with our professionals' position and are carried out through either in class courses or e-learning.

Based on the belief that a better individual is a better professional, we also foster our employees' wellbeing. For this purpose, we maintain the Quality of Life Program, which involves activities related to health, social life, work relationships, and family life, and the Personal Support Program (PAP), which offers phone-in counseling to our professionals and their families during times of stress.

People management is aligned with a global training and knowledge exchange model, which is differentiated by its strategies to attract, qualify and retain talent. With policies and tools that promote both human and professional development, we are prepared for the challenge of maintaining our business growth.

Main Subsidiaries

As of June 30, 2009, Aymoré Crédito, Financiamento e Investimento S.A. reported total assets of R$18,928 million, a credit portfolio of R$9,600 million, and stockholders' equity of R$630 million.

As of June 30, 2009, Real Leasing S.A. Arrendamento Mercantil reported total assets of R$23,426 million, a lease portfolio of R$11,648 million, and stockholders' equity of R$9,960 million. Net income for the period was R$392 million.

As of June 30, 2009, ABN AMRO Arrendamento Mercantil S.A. reported total assets of R$11,791 million, a lease portfolio of R$329 million, and stockholders' equity of R$611 million. Net income for the period was R$23 million.

As of June 30, 2009, Santander Brasil Arrendamento Mercantil S.A. reported total assets of R$4,715 million, a lease portfolio of R$761 million, and stockholders' equity of R$536 million. Net income for the period was R$10 million.

As of June 30, 2009, Santander S.A. Corretora de Câmbio e Títulos reported total assets of R$1,154 million and stockholders' equity of R$211 million. Net income for the period was R$17 million.

As of June 30, 2009, Santander Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda. reported total assets of R$153 million, stockholders' equity of R$123 million, and managed funds totaling R$49,357 million. Net income for the period was R$19 million.

Santander Investimentos em Participações S.A., a special purpose enterprise engaged in the investments in equity and debt securities, reported net income of R$355 million for the first half of 2009. Total assets and stockholders' equity were R$1,355 million and R$980 million, respectively.

Credit Rating Agencies

Santander is rated by international rating agencies and the rating received reflects its operating performance and the quality of its management.

Santander		Long term		Short term
Fitch Ratings	Support	2		
	National scale	AAA (BRA)		F1+ (BRA)
	Local currency	BBB+		F2
	Foreign currency	BBB		F2
Standard & Poor's	National scale	brAAA		brA-1
	Local currency	BBB-		A-3
	Foreign currency	BBB-		A-3
Moody's	Foreign currency	Ba2		NP

	Local currency	A2		P1
	National scale	Aaa.br		Br-1

Social Responsibility

The Santander Group seeks to integrate our sustainability vision to all our processes, products, policies and relationships. The balance between the economic, social and environmental dimensions is also a driver of the actions adopted by the Santander Group to contribute to our Country's development.

In the second quarter of 2009, we disclosed our commitment that serves as inspiration and guideline to attain our strategic goals. To illustrate this commitment, we created the Banco Santander model and new mission. The pillars of this model are the people and trust.

In the same period we also launched a course on sustainability that was open to anyone willing to improve their knowledge on the topic. The course is available on Banco Real's sustainability website and attracted more than 500,000 visitors in the first half of 2009.
The initiative is part of the Real Center for Sustainability Practices, which also offers in-class training for corporate clients and suppliers of both Banco Real and Banco Santander, for the purpose of disseminating the topic and sharing the Group's experience in sustainability practice in our day-to-day business. Six courses were held in the first half of 2009, which were attended by 698 leaders from 412 organizations.

Another key initiative is the Santander Universities, one of the most comprehensive college education support programs in the world. In the second half of 2009, two Santander Universities Digital Centers were opened in the Northeast and Southeast of Brazil, at: Universidade Federal de Alagoas (UFAL) and Universidade Federal de Minas Gerais (UFMG). With these facilities, Santander Universities now has more than 30 Digital Centers in place in different regions in Brazil, increasing access to information and democratization of knowledge using the Internet.

In May, we launched the Santander Universities TOP CHINA program, a pioneering initiative that will promote the international mobility of Brazilian students to attend summer courses at the Jiao Tong University in Shanghai. The Program also fosters the exchange between both countries for the discussion of topics of global interest such as climate change, environmental impact and life sciences, benefiting 40 students and 11 professors from 10 Brazilian universities.

The Group also supports education through the Universia Network for university cooperation, which includes 1,100 partner universities from 15 Iberian-American countries where Santander operates. In the second quarter of 2009, Universia Brasil organized in association with the Pontifícia Universidade Católica do Rio de Janeiro (PUC-Rio), the seminar "*Innoversia e os desafios da inovação*" (Innoversia and the Challenges of Innovation), which highlighted the benefits of the Universia portal, which was created to link businesses' technological innovation needs with the capabilities of Iberian-American researchers and scientists.

In order to create a bridge between students and the job market, and promote employability, Universia announced the service "*Universia Emprego*" (Universia Employment), at the 15th Recruiting Week, sponsored by *Empresa Junior Mackenzie Consultoria* (EJMC), at the Mackenzie Presbyterian University. Universia Brasil also opened, in association with IBM and the "Julio de Mesquita Filho" State University in Sao Paulo (Unesp), the Language and Self-Learning Laboratory at the Instituto de Biociências, Letras e Ciências Exatas (IBILCE), in São José do Rio Preto campus. This center helps students to learn English to facilitate their contact with international institutions and help them write research papers. The laboratory will be expanded to other languages studied in IBILCE graduate courses, i.e., French, Spanish and Italian. The activities are open to undergraduate and graduate students, technical and administrative employees and professors on campus, as well as students from public schools and the Senior Citizen Open University (UNATI).

In the private social investment area, which is mainly focused on education, the novelty in 2009 is that the Brazil School Project (PEB) is now the corporate voluntary program of choice at the Santander Group. The project aims to improve the quality of public school education through volunteer groups made up of customers, suppliers, family members and partners who identify themselves with this cause. Approximately 1,500 employees are currently organized into 173 volunteer groups work at 155 schools throughout Brazil.

Operational Risks, Internal Controls and Sarbanes-Oxley Act

To put in place, maintain, and disseminate the culture, policies and infrastructure necessary to the proper management and control of Operational Risks constitute Santander's main strategic and competitive drivers in our continuous search to improve the efficiency of our Control, prevention, mitigation and event and loss reduction system due to Operational Risks; these concerns are reflected in the Mission of the Operational and Technology Risk Department.

Thus, the Bank has maintained a specific and independent corporate function, with its own structure, rules, methodologies, tools and internal models focused on the management and control of operational risks, which is also responsible for the technology risks associated to business continuity.

The processes developed and adopted are intended to position and maintain Santander among the financial institutions recognized as the entities with the best practices for the management of Operational Risks and their operations, thus contributing to attaining the strategic objectives and continuously improving the entity's reputation and its soundness and reliability in the local and international markets.

Santander has a defined management and control model, which ensures that it is adopted by managers in daily

operations, the alignment with the guidelines of Banco Santander España, the compliance with the requirements of the New Basel Accord (BIS II), the Bacen, the CVM, and the provisions of the Sarbanes-Oxley Act (SOX).

Our methodology is based on the best market practices used to identify, capture, assess, control, monitor, manage and prevent operational, technology, and business continuity risks, in addition to continuously strengthen our internal control system, in accordance with the provisions of CMN Resolutions 2554/1998 and 3380/2006, and SOX requirements. We also comply with the guidelines set out by Banco Santander España, which are based on the COSO - Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management – Integrated Framework.

Senior management is an acting party, aligned with the function's mission, by recognizing, participating and sharing responsibility for the continuous improvement of this culture and framework, in order to ensure the fulfillment of defined objectives and goals, as well as the security and quality of the products and services provided.

Consistently with the transparency of our operational risks management and control model, and related methodologies, visions and the increased detailing of the internal models adopted and the main results obtained, we disclose, document and register the results in annual financial and corporate reports, are available on our website: www.santander.com.br.

In compliance with Bacen Circular 3383/2008, our Board of Directors opted for the Alternative Standardized Approach (ASA) for the calculation of the regulatory capital ratio required for operational risk, starting the first half of 2009.

The annual certification process of the Internal Control Model, in compliance with section 404 of SOX, which encompasses the certification required for the controlling stockholder, for the financial period ending on December 31, 2008, did not identify any incidence considered a significantly weakness.

Market Risks

Market risk is the exposure to risks such as interest rates, exchange rates, prices of goods, prices in the stock market and others according to the type of product, volume of operations, term and conditions of the agreement and underlying volatility.

Santander operates according to global policies, within the Group's risk tolerance level, aligned with the objectives in Brazil and in the world. With this purpose, it has developed its own Risk Management model, according to the following principles:

- Functional independence;

- Team decisions, that assess all possible scenarios and do not compromise results with individual decisions, including the Credit and Market Risk Executive Committee, which sets limits and approves transactions, and the Executive Asset and Liability Management Committee, in charge of the capital and structural risk management, including country risk, liquidity, interest rates and foreign exchange rates;

- Management and optimization of the risk/return equation; and

- Advanced risk management methodologies such as Value at Risk (VaR) (a 521 -day history simulation, with a confidence level of 99 percent for a one-day horizon), stress scenarios and sensitivity analyses: Net Interest Margin (NIM), Market Value of Equity (MVE), and liquidity contingency plan.

The Market Risks structure is part of the Vice Presidency of Credit and Market Risks, an independent area that aligns risk policies taking into consideration the guidelines of the Board of Directors and the Risks Division of the Santander Group in Spain.

Further details of the structure, methodologies and control systems are provided annual report, available on the website www.santander.com.br.

Subsequent Events

At the meetings held on July 28, 2009, the executive committees of Banco Santander, Santander Seguros S.A. (Santander Seguros), Banco Comercial e de Investimento Sudameris S. A. (Banco BCIS), and Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliários S. A. (Santander Brasil Asset) approved and decided to submit to the approval of the Board of Directors and their stockholders the corporate restructuring proposal pursuant to the terms and conditions of the "Agreement and Plan of Merger of Shares of Santander Seguros S. A., Banco Comercial e de Investimento Sudameris S. A. and Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliários S.A. into the Equity of Banco Santander (Brasil) S.A." (the "Merger Agreement").

The Merger Agreement establishes the reasons and conditions for the corporate restructuring consisting of the merger of all the shares of Santander Seguros, Banco BCIS and Santander Brasil Asset into the equity of Banco Santander (Share Merger). As a result of the Share Merger: (a) Santander Seguros, Banco BCIS and Santander Brasil Asset (Merged Companies) will be transformed into wholly-owned subsidiaries of Banco Santander ("Merging Company"), under Article 252 of Law 6404/76; (b) the current stockholders of the merged companies will receive shares of the Merging Company, (c) the equity of Banco Santander will be increased by the carrying amount of the shares of Santander Seguros, Banco BCIS, and Asset, to be issued to the current stockholders.

The balance sheets of Banco Santander, Santander Seguros, Banco BCIS and Santander Brasil Asset as of June 30, 2009 consist of the basic balance sheets of the Share Mergers.

Because this transaction consists of a share merger, as set out in Article 252 of Law 6404/76, the legal personality of the merged companies will be maintained and the changes in equity subsequent to the date of their balance sheets will be properly recorded in their accounting books.

Share Mergers are justifiable as they result in an increased efficiency of the corporate structure, increased agility in the performance of strategic, administrative and business decision-making. Additionally, Share Mergers are justifiable as they result in the following benefits: (i) streamlining of the equity structure of the Santander Group's corporate vehicles; (ii) decrease in administrative costs, especially those related to legal and regulatory obligations, currently disbursed by the companies; (iii) the current stockholders of Santander Seguros, Banco BCIS and Santander Brasil Asset will become stockholders of a publicly-listed company (Banco Santander), whose shares are traded on the BM&FBovespa; (iv) these non-controlling stockholders will have access to the current dividend policy of Banco Santander; and (v) greater efficiency of the corporate structure and agility in the performance of the Santander Group's strategic, administrative and business decision-making.

The Share Mergers will be submitted to approval at the corresponding Extraordinary Stockholders' Meetings of the involved companies scheduled for August 14, 2009, called as set forth by Law 6404/76, other applicable laws and regulations, and the related bylaws.

In addition to the approval by the Entities' stockholders, the merger transactions will be subject to approval by the Bacen and the Private Insurance Authority (Susep), pursuant to Law 4595/64.

Merger of Banco Comercial e de Investimento Sudameris S.A. (BCIS) and ABN Amro Administradora de Cartões de Crédito Ltda.

The meetings of the executive committees of Banco BCIS and Banco Santander and the partners' meeting of AA Cartões , also held on July 28, 2009, approved and decided to submit to the approval of their stockholders the corporate restructuring proposal pursuant to the terms and conditions of the "Agreement and Plan of Merger of Shares of Banco Comercial e de Investimento Sudameris S.A. and ABN Amro Administradora de Cartões de Crédito Ltda. by Banco Santander (Brasil) S.A."

The merger of Banco BCIS (the "Merged Company") by Banco Santander (the "Merging Company") (the "Merger") constitutes a fundamental stage for the consolidation of the Santander Group's investments in Brazil and the resulting strengthening of its operational and organizational structure, as well as the integration of their operations.

The mergers are justifiable as they will permit the integration of the banking operations currently carried out by Banco Santander and BCIS and the streamlining of the Santander Group's corporate structure, with the resulting decrease in administrative costs, especially those related to legal and regulatory obligations.

The merger will be carried out through the transfer of the book net assets of the Merged Companies to the equity of the Merging Company, based on the audited balance sheets as of June 30, 2009. Changes in equity occurring between the date of said balance sheets and the completion of the mergers (date of the corresponding Extraordinary Stockholders' Meetings that approve the mergers) will be recognized and recorded directly by the Merging Company.
In addition to the approval by the Entities' stockholders, the Share Mergers will be subject to approval by the Central Bank of Brazil.

Full spin-off of Santander Investimentos e Participações (Santander Participações) with the transfer of its equity to Banco Santander.

At the meetings held on July 28, 2009, the executive committees of Banco Santander, Santander Participações, and Santander Advisory Services S.A. (Advisory) approved and decided to submit to the approval of their stockholders and the Board of Directors of Banco Santander the corporate restructuring proposal pursuant to the terms and conditions of the "Spin-off Agreement and Plan of Santander Investimentos e Participações S.A., with transfer of all its Equity to Banco Santander (Brasil) S.A. and Santander Advisory Services S.A." (the "Spin-off Agreement").

The Spin-off Agreement establishes the reasons and conditions for the corporate restructuring consisting of the full spin-off of Santander Participações (the "Spun-off Company"), its termination and the transfer of its equity to Banco Santander and Advisory (Spin-off). The Spin-off constitutes a fundamental stage for the consolidation of the Santander Group's investments in Brazil and the resulting strengthening of its operational and organizational structure, as well as the integration of their operations.

The Spin-off will also permit (i) decreasing administrative costs; and (ii) streamlining the Santander Group's corporate structure in Brazil.

Under the Spin-off Agreement, the stockholders' equity of the Spun-off Company was appraised based on the balance as of June 30, 2009. As a result of the Spin-off (a) the Spun-off Company will be terminated; (b) all assets, rights, liabilities, obligations and liabilities of the Spun-off Company related to the spun-off net assets will be automatically and respectively transferred to the net assets of Banco Santander and Advisory, which will be the successors of all its rights and obligations related to the spun-off net assets.

The changes in equity of each spun-off net assets, occurring from the balance sheet date to the date the transaction is completed will be appropriately and respectively recorded in the books and other accounting documentation of Banco Santander and Advisory.

Corporate Restructuring – Life Insurance and Pension Fund Lines

At the meetings held on July 28, 2009, the executive committees of Santander Seguros, Real Seguros Vida e Previdência S.A. (RSVP) and ABN AMRO Brasil Dois Participações S.A. (AAB Dois Par) approved and decided to submit to the approval of their stockholders the corporate restructuring proposal pursuant to the terms and conditions of the "Agreement and Plan of Merger of Real Seguros Vida e Previdência S.A. by Santander Seguros S.A." and the "Agreement and Plan of Merger of ABN AMRO Brasil Dois Participações S.A. by Santander Seguros S.A."

The mergers of RSVP and AAB Dois Par (the "Merged

Companies") by Santander Seguros (the "Merging Company") (the "Mergers") constitute a fundamental stage for the consolidation of the Santander Group's investments in Brazil and the resulting strengthening of its operational and organizational structure, as well as the integration of their operations.

The mergers will also allow (i) the integration of businesses and activities in a single life insurance and pension plan entity for all commercial, financial and legal purposes; (ii) the decrease in administrative costs, and (iii) the streamlining of the corporate structure of the Santander Group in Brazil.

The merger will be carried out through the transfer of the book net assets of the Merged Companies to the equity of the Merging Company, based on the audited balance sheets as of June 30, 2009. Changes in equity occurring between the date of said balance sheets and the completion of the mergers (date of the corresponding Extraordinary Stockholders' Meetings that approve the mergers) will be recognized and recorded directly by the Merging Company.

In addition to the approval by the Entities' stockholders, the merger transactions will be subject to approval by the Susep.

Other Information

It is our policy to restrict the services provided by our independent auditors, so as to preserve the auditor's independence and objectivity, in accordance with Brazilian and international standards. In compliance with CVM Instruction 381/2003, we hereby inform that on the first half of 2009, we did not contract non-audit services from Deloitte Touche Tohmatsu Auditores Independentes which cumulatively represent more than 5 percent of the related overall consideration.

Acknowledgments

The Management of Banco Santander (Brasil) S.A. wishes to thank its customers and stockholders for their trust, and its employees for their efforts and dedication that have made the results possible.

São Paulo, July 28, 2009.

The Board of Directors
The Executive Committee

Deloitte.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITORS' REPORT

To the Management and Stockholders of
Banco Santander S.A.
São Paulo - SP

1. We have audited the accompanying individual (Bank) and consolidated balance sheets of Banco Santander (Brasil) S.A. and subsidiaries as of June 30, 2009 and 2008, and the related statements of income, changes in stockholders' equity, cash flows and statements of value added for the six-month period ended June 30, 2009, all expressed in Brazilian reais and prepared under the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements.

2. Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Bank and its subsidiaries; (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed; and (c) evaluating the significant accounting practices and estimates adopted by Management, as well as the presentation of the financial statements taken as a whole.

3. In our opinion, the financial statements referred to in paragraph 1 present fairly, in all material respects, the individual and consolidated financial positions of Banco Santander (Brasil) S.A. and subsidiaries as of June 30, 2009 and 2008, and the results of their operations, the changes in their stockholders' equity, the changes in their cash flows, and statements of value added for the six-month period ended June 30, 2009, in conformity with Brazilian accounting practices.

4. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, July 28, 2009

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Francisco Antonio Maldonado Sant'Anna
Engagement Partner

A Deloitte refere-se a uma ou mais Deloitte Touche Tohmatsu, uma verein (associação) estabelecida na Suíça, e sua rede de firmas-membro, sendo cada uma delas uma entidade independente e legalmente separada. Acesse www.deloitte.com/about para a descrição detalhada da estrutura legal da Deloitte Touche Tohmatsu e de suas firmas-membro.

Membro da
Deloitte Touche Tohmatsu

BANCO SANTANDER (BRASIL) S.A. (current name of Banco Santander S.A.) AND SUBSIDIARY COMPANIES
BALANCE SHEETS ON JUNE 30
In Thousands of Brazilian Reais - R$, Unless Otherwise Stated

	Note	Bank		Consolidated	
		2009	2008	2009	2008
Current Assets		**189.284.560**	**85.235.834**	**194.316.626**	**84.887.590**
Cash	**5**	**7.041.302**	**1.588.185**	**7.047.708**	**1.588.194**
Interbank Investments	**6**	**39.982.714**	**24.004.165**	**31.716.974**	**23.813.562**
Money Market Investments		21.398.709	20.645.278	21.398.709	20.645.278
Interbank Deposits		16.972.290	1.702.566	8.706.550	1.511.963
Foreign Currency Investments		1.611.715	1.656.321	1.611.715	1.656.321
Securities and Derivative Financial Intrument	**7**	**27.954.439**	**14.431.861**	**26.992.545**	**13.651.634**
Own Portfolio		10.918.434	5.367.298	11.278.564	6.072.730
Subject to Resale Commitments		1.756.732	1.733.409	117.469	177.601
Derivative Financial Instruments		3.398.689	2.923.284	3.393.901	2.921.644
Linked to Central Bank of Brazil		10.298.886	3.326.857	10.298.886	3.326.857
Privatization Certificates		-	55.652	-	55.652
Linked to Guarantees		1.581.698	1.025.361	1.903.725	1.097.150
Interbank Accounts	**8**	**12.123.238**	**7.401.268**	**12.123.253**	**7.401.268**
Payments and Receipts Pending Settlement		1.658.214	642.010	1.658.214	642.010
Restricted Deposits:					
Central Bank of Brazil		10.186.463	6.661.707	10.186.478	6.661.707
National Housing System		107.920	90.678	107.920	90.678
Interbank Onlending		153.773	-	153.773	-
Correspondents		16.868	6.873	16.868	6.873
Interbranch Accounts		**13.004**	**478**	**13.004**	**478**
Third-party Funds in Transit		6.923	-	6.923	-
Internal Transfers of Funds		6.081	478	6.081	478
Lending Operations	**9**	**57.060.218**	**21.771.671**	**63.106.870**	**21.766.981**
Public Sector		94.187	35.495	90.827	32.348
Private Sector		58.799.861	21.967.765	64.887.437	21.963.986
(Allowance for Loan Losses)	9.f	(1.833.830)	(231.589)	(1.871.394)	(229.353)
Leasing Operations	**9**	**202.348**	**19.797**	**5.533.836**	**278.788**
Public Sector		-	-	779	-
Private Sector		224.837	19.873	5.628.878	281.903
(Allowance for Doubtful Lease Receivables)	9.f	(22.489)	(76)	(95.821)	(3.115)
Other Receivables		**44.670.301**	**15.856.525**	**47.375.129**	**16.223.074**
Receivables for Guarantees Honored		2.162	15	2.162	15
Foreign Exchange Portfolio	10	31.495.994	11.680.867	31.495.994	11.680.867
Income Receivable		628.327	104.078	397.913	112.595
Trading Account	11	200.974	259.975	1.090.615	580.196
Tax Credits	12	3.967.827	1.157.870	4.438.266	1.173.604
Other	13	8.550.665	2.690.072	10.210.765	2.712.732
(Allowance for Losses on Other Receivables)	9.f	(175.648)	(36.352)	(260.586)	(36.935)
Other Assets		**236.996**	**161.884**	**407.307**	**163.611**
Other Assets	14	258.294	191.835	280.318	197.207
(Allowance for Valuation)	14	(216.167)	(152.229)	(237.541)	(157.601)
Prepaid Expenses		194.869	122.278	364.530	124.005

BANCO SANTANDER (BRASIL) S.A. (current name of Banco Santander S.A.) AND SUBSIDIARY COMPANIES
BALANCE SHEETS ON JUNE 30
In Thousands of Brazilian Reais - R$, Unless Otherwise Stated

		Bank		Consolidated	
	Note	2009	2008	2009	2008
Long-Term Assets		**118.697.264**	**40.241.181**	**99.155.236**	**38.917.289**
Interbank Investments	**6**	**11.957.740**	**1.169.085**	**1.738.405**	**1.109.501**
Interbank Deposits		11.570.487	852.585	1.351.152	793.001
Foreign Currency Investments		387.453	316.700	387.453	316.700
Allowance for Losses		(200)	(200)	(200)	(200)
Securities and Derivative Financial Intrument	**7**	**44.494.836**	**11.142.540**	**20.958.329**	**9.123.740**
Own Portfolio		12.089.809	871.314	7.754.440	871.570
Subject to Resale Commitments		19.390.912	2.185.901	190.150	154.135
Derivative Financial Instruments		2.449.050	1.207.957	2.440.972	1.207.336
Linked to Central Bank of Brazil		7.530.738	4.875.053	7.530.738	4.875.053
Privatization Certificates		1.468	1.341	1.468	1.341
Linked to Guarantees		3.032.859	2.000.974	3.040.561	2.014.305
Interbank Accounts	**8**	**255.123**	**66.090**	**255.123**	**66.090**
Restricted Deposits:					
National Housing System		70.535	66.090	70.535	66.090
Interbank Onlending		184.588	-	184.588	-
Lending Operations	**9**	**38.481.922**	**18.400.109**	**42.393.175**	**18.368.909**
Public Sector		204.741	155.230	203.061	150.507
Private Sector		43.146.938	19.802.189	47.586.542	19.774.077
(Allowance for Loan Losses)	9.f	(4.869.757)	(1.557.310)	(5.396.428)	(1.555.675)
Leasing Operations	**9**	**537.263**	**51.560**	**7.654.407**	**407.922**
Public Sector		-	-	1.214	-
Private Sector		541.664	51.819	8.128.034	412.020
(Allowance for Doubtful Lease Receivables)	9.f	(4.401)	(259)	(474.841)	(4.098)
Other Receivables		**22.728.457**	**9.315.069**	**25.770.553**	**9.742.590**
Receivables for Guarantees Honored		9.791	5.151	9.791	5.151
Foreign Exchange Portfolio	10	8.823.037	2.955.458	8.823.037	2.955.458
Income Receivable		43.079	25.895	42.986	25.895
Tax Credits	12	6.160.398	2.941.597	8.172.768	3.057.043
Other	13	7.794.477	3.420.584	8.836.451	3.734.904
(Allowance for Losses on Other Receivables)	9.f	(102.325)	(33.616)	(114.480)	(35.861)
Other Assets		**241.923**	**96.728**	**385.244**	**98.537**
Temporary Investments		9.687	10.066	10.850	10.075
(Allowance for Losses)		(646)	(647)	(1.774)	(655)
Prepaid Expenses		232.882	87.309	376.168	89.117
Permanent Assets		**47.457.352**	**4.912.430**	**30.427.159**	**2.999.752**
Investments		**17.283.439**	**2.015.486**	**137.135**	**104.587**
Investments in Affiliates and Subsidiaries:	16	17.324.912	2.005.070	71.528	20.104
Domestic		17.221.497	2.005.070	71.366	20.104
Foreign		103.415	-	162	-
Other Investments		69.858	26.626	117.834	104.851
(Allowance for Losses)		(111.331)	(16.210)	(52.227)	(20.368)
Property and Equipment in Use	**17**	**3.391.691**	**1.062.015**	**3.465.551**	**1.060.150**
Real Estate		795.425	347.625	799.619	345.660
Other		5.630.680	2.105.504	5.788.416	2.105.579
(Accumulated Depreciation)		(3.034.414)	(1.391.114)	(3.122.484)	(1.391.089)
Intangibles	**18**	**26.782.222**	**1.834.929**	**26.824.473**	**1.835.015**
Goodwill		26.012.090	-	26.012.090	-
Intangible Assets		9.244.531	3.231.488	9.302.719	3.231.703
(Accumulated Amortization)		(8.474.399)	(1.396.559)	(8.490.336)	(1.396.688)
Total Assets		**355.439.176**	**130.389.445**	**323.899.021**	**126.804.631**

BANCO SANTANDER (BRASIL) S.A. (current name of Banco Santander S.A.) AND SUBSIDIARY COMPANIES
BALANCE SHEETS ON JUNE 30
In Thousands of Brazilian Reais - R$, Unless Otherwise Stated

		Bank		Consolidated	
	Note	2009	2008	2009	2008
Current Liabilities		**155.472.856**	**78.022.747**	**149.888.683**	**74.459.576**
Deposits	**19.a**	**80.491.543**	**32.021.532**	**72.662.158**	**28.268.046**
Demand Deposits		13.899.273	4.174.391	13.789.451	4.167.036
Savings Deposits		21.410.657	7.222.598	21.410.657	7.222.598
Interbank Deposits		8.584.338	4.365.598	946.954	679.657
Time Deposits		36.208.025	16.008.306	36.125.846	15.948.116
Other Deposits		389.250	250.639	389.250	250.639
Money Market Funding	**19.b**	**6.339.448**	**14.899.320**	**6.206.848**	**14.792.156**
Own Portfolio		154.770	1.131.657	75.598	1.091.493
Third Parties		2.714.237	12.871.567	2.660.809	12.804.567
Linked to Trading Portfolio Operations		3.470.441	896.096	3.470.441	896.096
Funds from Acceptance and Issuance of Securities	**19.c**	**7.804.278**	**3.091.388**	**8.295.436**	**3.091.388**
Exchange Acceptances		-	-	20.397	-
Real Estate Credit Notes, Mortgage Notes, Credit and Similar Notes		6.474.085	1.987.467	6.944.846	1.987.467
Securities Issued Abroad		1.330.193	1.103.921	1.330.193	1.103.921
Interbank Accounts	**8**	**1.656.705**	**682.626**	**1.656.705**	**682.626**
Receipts and Payments Pending Settlement		1.621.819	681.246	1.621.819	681.246
Correspondents		34.886	1.380	34.886	1.380
Interbranch Accounts		**1.449.820**	**971.607**	**1.449.820**	**971.607**
Third-Party Funds in Transit		1.443.978	971.307	1.443.978	971.307
Internal Transfers of Funds		5.842	300	5.842	300
Borrowings	**19.e**	**10.577.475**	**5.529.731**	**10.577.475**	**5.529.731**
Local Borrowings - Other Institutions		1.032.774	-	1.032.774	-
Foreign Borrowings		9.544.701	5.529.731	9.544.701	5.529.731
Domestic Onlendings - Official Institutions	**19.e**	**2.520.622**	**1.760.189**	**2.521.134**	**1.760.189**
National Treasury		7.385	-	7.385	-
National Economic and Social Development Bank (BNDES)		796.063	738.402	796.567	738.402
Federal Savings and Loan Bank (CEF)		3.453	9.217	3.453	9.217
National Equipment Financing Authority (FINAME)		1.554.478	726.053	1.554.486	726.053
Other Institutions		159.243	286.517	159.243	286.517
Foreign Onlendings	**19.e**	**838.793**	**-**	**838.793**	**-**
Foreign Onlendings		838.793	-	838.793	-
Derivative Financial Instruments	**7**	**2.332.995**	**2.910.968**	**2.311.771**	**2.909.475**
Derivative Financial Instruments		2.332.995	2.910.968	2.311.771	2.909.475
Other Payables		**41.461.177**	**16.155.386**	**43.368.543**	**16.454.358**
Collected Taxes and Other		980.688	1.623.524	984.447	1.623.524
Foreign Exchange Portfolio	10	28.329.273	10.213.245	28.329.273	10.213.245
Social and Statutory		462.752	98.133	482.423	98.710
Tax and Social Security	20	2.238.679	109.970	2.973.132	178.298
Trading Account	11	157.183	238.119	873.205	556.336
Subordinated Debts	21	81.159	1.924	81.159	1.924
Other	22	9.211.443	3.870.471	9.644.904	3.782.321

BANCO SANTANDER (BRASIL) S.A. (current name of Banco Santander S.A.) AND SUBSIDIARY COMPANIES
BALANCE SHEETS ON JUNE 30
In Thousands of Brazilian Reais - R$, Unless Otherwise Stated

		Bank		Consolidated	
	Note	2009	2008	2009	2008
Long-Term Liabilities		**150.441.881**	**41.643.084**	**124.062.245**	**41.659.167**
Deposits	19.a	**78.882.025**	**19.259.716**	**49.366.897**	**18.734.598**
Interbank Deposits		29.583.574	59.584	224.993	-
Time Deposits		49.298.451	19.200.132	49.141.904	18.734.598
Money Market Funding	19.b	**27.161.976**	**2.897.565**	**26.755.436**	**2.897.565**
Own Portfolio		21.022.156	2.897.565	20.615.616	2.897.565
Third Parties		6.139.820	-	6.139.820	-
Funds from Acceptance and Issuance of Securities	19.c	**1.820.720**	**928.423**	**2.064.723**	**928.423**
Exchange Acceptances		-	-	244.003	-
Real Estate Credit Notes, Mortgage Notes, Credit and Similar Notes		84.206	-	84.206	-
Securities Issued Abroad		1.736.514	928.423	1.736.514	928.423
Borrowings	19.e	**1.835.839**	**1.285.444**	**1.835.839**	**1.285.444**
Local Borrowings - Other Institutions		245.481	-	245.481	-
Foreign Borrowings		1.590.358	1.285.444	1.590.358	1.285.444
Domestic Onlendings - Official Institutions	19.e	**5.132.841**	**2.555.931**	**5.133.772**	**2.555.931**
National Treasury		10.928	-	10.928	-
National Economic and Social Development Bank (BNDES)		2.366.961	1.535.682	2.367.758	1.535.682
Federal Savings and Loan Bank (CEF)		4.633	11.296	4.633	11.296
National Equipment Financing Authority (FINAME)		2.744.417	1.002.903	2.744.551	1.002.903
Other Institutions		5.902	6.050	5.902	6.050
Foreign Onlendings	19.e	**1.630.854**	**-**	**1.630.854**	**-**
Foreign Onlendings		1.630.854	-	1.630.854	-
Derivative Financial Instruments	7	**2.592.789**	**1.718.165**	**2.609.191**	**1.707.496**
Derivative Financial Instruments		2.592.789	1.718.165	2.609.191	1.707.496
Other Payables		**31.384.837**	**12.997.840**	**34.665.533**	**13.549.710**
Foreign Exchange Portfolio	10	8.599.809	2.938.222	8.599.809	2.938.222
Social and Statutory		536.441	-	536.441	-
Tax and Social Security	20	4.974.759	2.487.923	8.016.444	2.879.298
Trading Account	11	490	18.262	26.569	18.262
Subordinated Debts	21	10.911.908	4.869.717	10.911.908	4.869.717
Other	22	6.361.430	2.683.716	6.574.362	2.844.211
Deferred Income		**108.244**	**74.028**	**127.058**	**74.028**
Deferred Income		108.244	74.028	127.058	74.028
Minority Interest		**-**	**-**	**438.679**	**59**
Stockholders' Equity	24	**49.416.195**	**10.649.586**	**49.382.356**	**10.611.801**
Capital:		47.152.201	9.116.280	47.152.201	9.116.280
Brazilian Residents		959.452	160.086	959.452	160.086
Foreign Residents		46.192.749	8.956.194	46.192.749	8.956.194
Capital Reserves		922.130	22.130	922.130	22.130
Revaluation Reserves		1.070.811	1.397.844	1.070.811	1.397.844
Adjustment to Fair Value - Securities and Derivatives		273.001	113.332	313.199	71.326
Retained Earnings/Accumulated Deficit		-	-	(74.037)	4.221
(-) Treasury shares		(1.948)	-	(1.948)	-
Total Liabilities and Stockholders' Equity		**355.439.176**	**130.389.445**	**323.899.021**	**126.804.631**

The accompanying notes are an integral part of these financial statements.

BANCO SANTANDER (BRASIL) S.A. (current name of Banco Santander S.A.) AND SUBSIDIARY COMPANIES

STATEMENTS OF INCOME FOR THE PERIODS ENDED JUNE 30

In Thousands of Brazilian Reais - R$, Unless Otherwise Stated

		Bank		Consolidated	
	Note	2009	2008	2009	2008
Financial Income		**10.605.259**	**5.788.897**	**16.616.252**	**5.723.448**
Lending Operations		6.875.115	3.783.099	11.334.267	3.784.301
Leasing Operations		65.188	(734)	1.023.905	36.557
Securities Transactions	7	2.355.178	1.554.742	2.083.198	1.442.331
Derivatives		1.204.411	225.843	2.024.847	234.312
Compulsory Investments		105.367	225.947	150.035	225.947
Financial Expenses		**(6.207.802)**	**(3.437.288)**	**(9.682.518)**	**(3.218.794)**
Funding Operations	19.d	(4.793.072)	(2.675.439)	(6.055.647)	(2.456.002)
Borrowings and Onlendings		2.299.825	200.592	2.481.419	200.592
Foreign Exchange Operations		(442.408)	313.691	(1.205.429)	313.691
Allowance for Loan Losses	9.f	(3.272.147)	(1.276.132)	(4.902.861)	(1.277.075)
Gross Profit From Financial Operations		**4.397.457**	**2.351.609**	**6.933.734**	**2.504.654**
Other Operating (Expenses) Income		**(4.182.046)**	**(1.363.534)**	**(6.338.697)**	**(1.441.920)**
Income from Services Rendered	27	1.728.060	1.461.030	2.697.298	1.653.441
Income from Banking Fees	28	616.429	363.992	1.040.186	363.992
Personnel Expenses	29	(1.542.889)	(929.819)	(2.386.729)	(951.766)
Other Administrative Expenses	30	(3.739.709)	(1.489.634)	(4.839.120)	(1.513.534)
Tax Expenses	31	(714.953)	(401.071)	(1.164.875)	(424.841)
Investments in Affiliates and Subsidiaries	16	1.089.626	176.038	147.582	817
Other Operating Income	32	826.938	257.844	1.198.413	280.723
Other Operating Expenses	33	(2.445.548)	(801.914)	(3.031.452)	(850.752)
Income From Operations		**215.411**	**988.075**	**595.037**	**1.062.734**
Nonoperating (Expenses) Income	**34**	**980.717**	**(27.465)**	**1.295.199**	**55.701**
Income Before Taxes On Income and Profit Sharing		**1.196.128**	**960.610**	**1.890.236**	**1.118.435**
Income and Social Contribution Taxes	**35**	**119.065**	**34.693**	**(433.095)**	**(70.436)**
Provision for Income Tax		(115.455)	(31.181)	(1.019.362)	(96.725)
Provision for Social Contribution Tax		(113.654)	(118.832)	(418.566)	(144.617)
Deferred Tax Credits		348.174	184.706	1.004.833	170.906
Profit Sharing		**(312.657)**	**(202.875)**	**(424.766)**	**(214.509)**
Minority Interest		**-**	**-**	**(26.352)**	**(2)**
Net Income	**24**	**1.002.536**	**792.428**	**1.006.023**	**833.488**
Number of Shares (Thousands)	24	325.732.888	136.388.004		
Earnings per Thousand Shares (R$)		3,08	5,81		

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Santander

BANCO SANTANDER (BRASIL) S.A. (current name of Banco Santander S.A.) AND SUBSIDIARY COMPANIES
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE PERIODS ENDED JUNE 30
In thousands of Brazilian reais - R$, unless otherwise stated

					Profit Reserves		Adjustment to Fair Value				
	Note	Capital	Capital Increase	Capital Reserves	Legal Reserve	Reserve for Dividend Equalization	Position Own	Affiliates and Subsidiaries	Retained Earnings	Treasury Shares	Total
Balances as of December 31, 2007		**8.331.448**	**-**	**22.130**	**602.371**	**3.045**	**342.440**	**(2)**	**-**	**-**	**9.301.432**
Capital Increase	24.a	-	800.000	-	-	-	-	-	-	-	800.000
Unpaid Capital		-	(15.168)	-	-	-	-	-	-	-	(15.168)
Adjustment to Fair Value - Securities and Derivative Financial Instruments		-	-	-	-	-	(279.359)	50.253	-	-	(229.106)
Net income		-	-	-	-	-	-	-	792.428	-	792.428
Allocations:											
Legal Reserve		-	-	-	39.621	-	-	-	(39.621)	-	-
Reserve for Dividend Equalization	24.c	-	-	-	-	752.807	-	-	(752.807)	-	-
Balances as of June 30, 2008		**8.331.448**	**784.832**	**22.130**	**641.992**	**755.852**	**63.081**	**50.251**	**-**	**-**	**10.649.586**
Balances as of December 31, 2008		**9.131.448**	**38.020.753**	**922.130**	**679.416**	**13.859**	**127.955**	**(101.676)**	**-**	**-**	**48.793.885**
Approval of Capital Increase	24.a	38.020.753	(38.020.753)	-	-	-	-	-	-	-	-
Adjustment to Fair Value - Securities and Derivative Financial Instruments		-	-	-	-	-	216.328	30.394	-	-	246.722
Acquisition of treasury shares	24.d	-	-	-	-	-	-	-	-	(1.948)	(1.948)
Net Income		-	-	-	-	-	-	-	1.002.536	-	1.002.536
Allocations:											
Legal Reserve		-	-	-	50.127	-	-	-	(50.127)	-	-
Reserve for Dividend Equalization	24.c	-	-	-	-	327.409	-	-	(327.409)	-	-
Interest on capital	24.b	-	-	-	-	-	-	-	(625.000)	-	(625.000)
Balances as of June 30, 2009		**47.152.201**	**-**	**922.130**	**729.543**	**341.268**	**344.283**	**(71.282)**	**-**	**(1.948)**	**49.416.195**

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

BANCO SANTANDER (BRASIL) S.A. (current name of Banco Santander S.A.) AND SUBSIDIARY COMPANIES
STATEMENTS OF CASH FLOW FOR THE PERIODS ENDED JUNE 30
In thousands of Brazilian reais - R$, unless otherwise stated

		Bank		Consolidated	
	Note	2009	2008	2009	2008
Cash Flow from Operating Activities:					
Net Income		**1.002.536**	**792.428**	**1.006.023**	**833.488**
Adjustement Net Income		**4.333.123**	**1.953.102**	**7.349.397**	**2.077.725**
Allowance for Loan Losses	9.f	3.272.147	1.276.132	4.902.861	1.277.075
Provision for Contingent Liabilities		1.960.723	728.506	2.495.803	781.214
Deferred Tax Credits		(531.314)	(182.933)	(423.006)	(204.021)
Equity in Affiliates and Subsidiaries	16	(1.089.626)	(176.038)	(147.582)	(817)
Depreciation and Amortization	30	1.667.390	307.302	1.800.183	307.255
Allowance for Losses on Other Assets	34	50.543	(2.759)	60.040	(2.785)
Gain (Loss) on Sale of Other Assets	34	(1.408)	(2.251)	(774)	(4.249)
Impairment of Assets	33	35.798	5.424	35.798	5.424
Gain (Loss) on Sale of Other Investments	34	(1.034.386)	(948)	(1.377.427)	(81.732)
Minority Interest		-	-	-	2
Other		3.256	667	3.501	359
Changes on Assets and Liabities		**(23.071.570)**	**(2.002.353)**	**(18.084.773)**	**(2.407.526)**
Decrease (Increase) in Interbank Investments		(6.919.487)	799.475	(5.538.458)	894.708
Decrease (Increase) in Securities and Derivative Financial Instruments		(5.895.607)	(2.819.757)	(2.640.445)	(2.663.145)
Decrease Increase) in Lending and Leasing Operations		(166.905)	(3.881.546)	(1.437.380)	(4.114.040)
Decrease (Increase) in Deposits on Central Bank of Brazil		(3.023.897)	(670.902)	(3.236.849)	(670.902)
Decrease (Increase) in Other Receivables		9.467.425	(4.174.384)	6.358.436	(4.393.678)
Decrease (Increase) in Other Assets		(73.736)	(47.893)	153.816	(46.876)
Net Change on Interbank and Interbranch Accounts		(325.159)	461.736	(920.505)	461.736
Increase (Decrease) in Deposits		3.012.996	8.346.699	(1.958.248)	8.120.400
Increase (Decrease) in Money Market Funding		(5.356.795)	(5.372.551)	2.029.980	(5.425.120)
Increase (Decrease) in Funds from Acceptance and Issuance of Securities		(396.828)	2.103.410	(198.556)	2.103.410
Increase (Decrease) in Borrowings and Onlendings		(2.123.622)	(531.633)	(2.992.321)	(531.633)
Increase (Decrease) in Other Liabilities		(11.237.528)	3.789.857	(7.669.032)	3.862.478
Increase (Decrease) in Change in Deferred Income		(32.427)	(4.864)	(35.211)	(4.864)
Net Cash Provided by (Used in) Operating Activities		**(17.735.911)**	**743.177**	**(9.729.353)**	**503.687**
Investing Activities					
Acquisition of Investment		(132.952)	(405)	(96.187)	(7.744)
Acquisition of Property and Equipment in Use		(291.181)	(192.910)	(329.123)	(192.910)
Acquisition of Intangible Assets		(900.850)	(246.195)	(911.870)	(246.174)
Net Cash Received on Sale of Investments		15.571.031	12.317	2.905.347	106.916
Proceeds from Assets not in Use		38.023	30.220	51.374	32.301
Proceeds from Property in Use		273.355	161.228	269.562	165.668
Dividends and Interest on Capital Received		-	4.847	-	3.666
Net Cash Provided by (Used in) Investing Activities		**14.557.426**	**(230.898)**	**1.889.103**	**(138.277)**
Financing Activities					
Capital Increase		-	784.832	-	784.832
Acquisition of Treasury Shares	24.d	(1.948)	-	(1.948)	-
Increase in Subordinated Debts		1.693.331	652.016	1.804.625	652.016
Paid Dividends and Interest on Capital		(1.462.177)	(1.434.956)	(1.388.428)	(1.434.956)
Increase (Decrease) on Minority Interest		-	-	38.269	-
Net Cash Provided by (Used in) Financing Activities		**229.206**	**1.892**	**452.518**	**1.892**
Increase (Decrease) in Cash and Cash Equivalents		**(2.949.279)**	**514.171**	**(7.387.732)**	**367.302**
Cash and Cash Equivalents Beginning of Period	**5**	**23.886.113**	**21.852.324**	**28.260.963**	**21.852.364**
Cash and Cash Equivalents End of Period	**5**	**20.936.834**	**22.366.495**	**20.873.231**	**22.219.666**

The accompanying notes are an integral part of these financial statements.

BANCO SANTANDER (BRASIL) S.A. (current name of Banco Santander S.A.) AND SUBSIDIARY COMPANIES
STATEMENTS OF VALUE ADDED PERIODS ENDED JUNE 30
In thousands of Brazilian reais - R$, unless otherwise stated

		Bank				Consolidated			
	Note	2009		2008		2009		2008	
Value Added Breakdown									
Financial Income		10.605.259		5.788.897		16.616.252		5.723.448	
Income from Services Rendered and Banking Fees		2.344.489		1.825.022		3.737.484		2.017.433	
Allowance for Loan Losses	9.f	(3.272.147)		(1.276.132)		(4.902.861)		(1.277.075)	
Other Assets and Liabilities		(602.095)		(566.111)		(502.042)		(508.904)	
Financial Expenses		(2.935.655)		(2.161.156)		(4.779.657)		(1.941.719)	
Third-party Input		(1.946.621)		(1.103.784)		(2.844.383)		(1.126.404)	
Materials and Utilities		(92.153)		(47.539)		(123.054)		(47.594)	
Outside and Specialized Services	30	(555.615)		(425.310)		(819.694)		(435.783)	
Impairment of Assets	33	(35.798)		(5.424)		(35.798)		(5.424)	
Other		(1.263.055)		(625.511)		(1.865.837)		(637.603)	
Gross Added Value		**4.193.230**		**2.506.736**		**7.324.793**		**2.886.779**	
Retention									
Depreciation and Amortization	30	(1.667.390)		(307.302)		(1.800.183)		(307.255)	
Added Value Produced		**2.525.840**		**2.199.434**		**5.524.610**		**2.579.524**	
Added Value Received from Transfer									
Investments in Affiliates and Subsidiaries	16	1.089.626		176.038		147.582		817	
Added Value to Distribute		**3.615.466**		**2.375.472**		**5.672.192**		**2.580.341**	
Added Value Distribution									
Employee		1.628.177	45,0%	1.008.959	42,5%	2.457.215	43,3%	1.039.769	40,3%
Compensation	29	886.488		554.474		1.386.651		565.737	
Benefits	29	263.700		161.308		392.742		166.929	
Goverment Severance Indemnity Funds for Employees - FGTS		94.417		53.565		154.933		54.852	
Other		383.572		239.612		522.889		252.251	
Taxes		823.257	22,8%	490.113	20,6%	1.952.250	34,4%	621.783	24,1%
Federal		698.431		400.026		1.759.789		524.177	
State		127		32		198		54	
Municipal		124.699		90.055		192.263		97.552	
Remunaration of Third Part - Rental	30	161.496	4,5%	83.972	3,5%	230.352	4,1%	85.299	3,3%
Remunaration of Interest on Capital		1.002.536	27,7%	792.428	33,4%	1.032.375	18,2%	833.490	32,3%
Interest on Capital	24.b	625.000		-		625.000		-	
Profit Reinvestment		377.536		792.428		381.023		833.488	
Participation Results of Minority of Shareholders		-		-		26.352		2	
Total		**3.615.466**	**100,0%**	**2.375.472**	**100,0%**	**5.672.192**	**100,0%**	**2.580.341**	**100,0%**

The accompanying notes are an integral part of these financial statements.

1. Operations

Banco Santander (Brasil) S.A. (Banco Santander), indirectly controlled by Banco Santander, S.A., with headquarters in Spain (Banco Santander Espanha), is the lead institution of the financial and non-financial group with the Central Bank of Brazil (Bacen), established as a corporation, with main offices at Rua Amador Bueno, 474, Santo Amaro, São Paulo, and operates as a multiple service bank, conducting operations such as commercial, foreign exchange, investment, credit and financing and mortgage loan, leasing portfolios and, through related entities, insurance, pension plan, capitalization, leasing, asset management, and securities and insurance brokerage operations. Transactions are conducted within the context of a group of financial institutions that operate on an integrated basis in the financial markets.

2. Corporate Restructuring

On July 24, 2008, Banco Santander, S.A., headquartered in Spain (Banco Santander Spain), took indirect share control of the companies of the ABN AMRO Real Group in Brazil, after meeting all conditions for this transfer of control, especially the approval of De Nederlandsche Bank (the Central Bank of the Netherlands) and the Bacen.
As a result of the approval of the transfer of control, Banco ABN AMRO Real S.A. (Banco Real) and ABN AMRO Brasil Dois Participações S.A. (AAB Dois Par) were incorporated into the Santander Financial and Non-Financial Conglomerates, with the aim of consolidating the investments in Brazil.
The Extraordinary Stockholders" Meeting held on August 29, 2008 of Banco Santander, Banco Real and AAB Dois Par approved the corporate restructuring as defined in the Agreement and Plan of Merger of Shares of Banco ABN AMRO Real S.A. and ABN AMRO Brasil Dois Participações S.A. into Banco Santander S.A. (Merger Agreement).

The above-mentioned merger agreement established the justifications and conditions for the corporate restructuring consisting of the merger of all shares of Banco Real and AAB Dois Par into Banco Santander (Merger of Shares). As a result of the merger of shares: (a) Banco Real and AAB Dois Par were converted into wholly-owned subsidiaries of Banco Santander, according to article 252 of Law No. 6404/76; (b) Banco Santander's capital was increased based on the economic value of the shares of Banco Real and AAB Dois Par from R$9,131,448 thousand to R$47,152,201 thousand and (c) shares were issued by Banco Santander and delivered to the respective stockholders of Banco Real and AAB Dois Par.

The goodwill accrued based on the August 31, 2008 data related to the acquisition of Banco Real and AAB Dois Par was R$26,333,931.
The objectives of the operation are: (a) assure the transfer of the businesses acquired by Banco Santander Spain to its subsidiary already established and in operation in Brazil - Banco Santander; (b) assure the preservation of the corporate entity of Banco Santander, Banco Real and AAB Dois Par; (c) concentrate the minority interest in these institutions only in Banco Santander.
The operation allows to rationalize and simplify the equity structure of the companies of the Santander Group in Brazil and will enable the stockholders of Banco Real and AAB Dois Par to become stockholders of a publicly traded company and have access to the current dividend policy of Banco Santander.
This new structure also allows a reduction of administrative costs, especially those related to legal and regulatory requirements.
As this is an operation involving the merger of shares, the corporate entity of Banco Real and AAB Dois Par were preserved and any variations subsequent to the date of their balance sheets were properly accounted for in their respective accounting books.
The merger of shares was approved by Bacen on January, 2009.

Mergers of Net Assets

On April 14, 2009, the executive committees of Banco Real and Sudameris Distribuidora de Títulos e Valores Mobiliários S.A. (Sudameris DTVM) approved and decided to submit to the approval of their respective stockholders the "Merger Agreement of Sudameris Distribuidora de Títulos e Valores Mobiliários S.A. by Banco ABN AMRO Real S.A.".

On the same date, the executive committees of Banco Santander and Banco Real approved and decided to submit to the approval of the Board of Directors of Santander and its respective stockholders the corporate restructuring proposal as set out by the "Merger Agreement of Banco ABN AMRO Real S.A. by Banco Santander S.A." (the "Agreement").

The merger of Sudameris DTVM by Banco Real and the subsequent merger of Banco Real by Banco Santander (the "Mergers") constituted fundamental stages for the consolidation of the Santander Group's investments in Brazil and the resulting strengthening of its operational and organizational structure, as well as the integration of their operations.

The merger of Banco Real by Banco Santander allows the conclusion of the operational, administrative and technological integration plan that has been implemented since the control of Banco Real was acquired, in July 2008, and the stock of Banco Real by Banco Santander was merged, in August 2008.

The merger of Banco Real also allows (i) the integration of the banking businesses and activities in a single financial institution for all commercial, financial and legal purposes; (ii) the decrease in administrative costs, and (iii) the streamlining of the corporate structure of the Santander Group in Brazil.

The Mergers will be carried out through the transfer of the book net assets of the Mergerd Companies to the equity of the Merger, based on the audited balance sheets as of March 31, 2009. Changes in equity occurring between the date of said balance sheets and the completion of the Mergers, on April 30, 2009 (date of the Extraordinary Shareholders' Meetings that approve the Mergers) were recognized and recorded directly by the Acquirers.

As the Mergers involved wholly-owned subsidiaries, (i) determining a share exchange ratio; (ii) defining withdrawal rights; (iii) increasing the capital of Banco Santander and Banco Real, and (iv) changing the voting, dividend or any other equity or corporate rights to which the stock issues by Banco Santander is currently entitled were not necessary as a result of these transactions.

The merger of shares is subject to approval by Bacen.

Merger transactions

	March 31, 2009	
Balance Sheets	**Sudameris DTVM**	**Banco Real**
Current and Long-term Assets	**297.164**	**164.292.143**
Cash	16	1.880.544
Interbank Investments	215.158	31.690.043
Securities and Derivatives	-	43.165.156
Interbank and Interbranch Accounts	-	6.072.080
Lending and Leasing Operations	-	54.642.010
Allowance for Loan Losses	-	(3.729.562)
Other Receivables and Other Assets	81.990	30.571.872
Permanent Assets	**1.922.668**	**16.749.738**
Total Assets	**2.219.832**	**181.041.881**
Current and Long-term Liabilities	**46.626**	**168.813.268**
Deposits	-	97.921.476
Money Market Funding	-	20.501.793
Funds from Acceptance and Issuance of Securities	-	4.804.316
Interbank and Interbranch Accounts	-	1.521.501
Borrowings, Domestic Onlendings - Official Institutions and Foreign Onlendings	-	8.958.659
Other Payables	46.626	35.105.523
Deferred Income	**-**	**46.656**
Stockholders' Equity	**2.173.206**	**12.181.957**
Total Liabilities	**2.219.832**	**181.041.881**

The Extraordinary Stockholder's Meeting held in April 14, 2009, was approved the changes of the social denomination from Banco Santander S.A. to Banco Santander (Brasil) S.A., approved by Bacen in April 17, 2009.

3. Presentation of Financial Statements

The financial statements of Banco Santander S.A., which include its foreign branches (Bank) and the consolidated financial statements of the Bank and its subsidiaries (Consolidated) indicated in Note 16 have been prepared in accordance with accounting practices established by Brazilian Corporate Law and standards established by the National Monetary Council (CMN), the Central Bank of Brazil and the Brazilian Securities Commission (CVM), the National Council of Private Insurance (CNSP) and the Superintendency of Private Insurance (SUSEP). It was adopted for report of financial the approved regulations from CVM related to international accounting convergence process that does not conflict with the rules of CMN and Bacen.

In the preparation of the consolidated financial statements, equity in subsidiaries, significant balances arising from transactions among domestic branches, foreign branches and subsidiaries, and unrealized profits between these entities have been eliminated. Minority interest is recorded in a separate caption in stockholders' equity and in the statements of income. The balances stated in the jointly-owned subsidiaries' balance sheets and statements of income were consolidated in proportion to the interest in the subsidiary.

The information of the leasing transactions has been reclassified, in order to reflect its financial position in the consolidated financial statements in conformity with the financial method of accounting for leasing operations.

For a better comparability of the financial statements, certain reclassifications have been made from Deferred Charges and Prepaid Expenses - Rights for Acquisition of Payrolls to Intangible Assets and Property and Equipment, related to the balances as of June 30, 2008, to conform them to the accounting procedures/classifications adopted in 2009. Additionally, certain reclassifications have been made on the income statement for the period ended in June 30, 2008 to confrom them to the accounting procedures/classifications mentioned on note 4.b.

As a result of the corporate restructuring mentioned in Note 2 and in accordance with current legislation, the consolidated financial information are presented compared with the data of the previous periods, which do not include the assets, liabilities or results of Banco Real, so that the analysis of the evolution of financial information is limited.

The preparation of financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting periods. Since Management's judgment involves making estimates concerning the likelihood of future events, actual amounts could differ from those estimates.

4. Significant Accounting Practices

a) Results of Operations

Determined on the accrual basis of accounting and includes income, charges and monetary or exchange variations earned or incurred through the balance sheet date, on a daily pro rata basis.

b) Financial Statement Translation

The functional currency used for the operations of the branches abroad is the real. The assets and liabilities are substantially monetary items and are converted by exchange rates at the end of the period, the non-monetary items are measured at cost history and the results are converted by the average exchange rates for the period.

The exchange effects of the operations of the branches abroad are located on the lines of statement of income, according to their assets and liabilities which resulted it.

c) Current and Long-Term Assets and Liabilities

Stated at their realizable or settlement amounts, respectively, and include income, charges and monetary or exchange variations earned or incurred through the balance sheet date, determined on a daily pro rata basis. When applicable, allowances for valuation are recorded to reflect market or realizable values. The allowance for loan losses is based on analyses of outstanding lending operations (past-due and current), past experience, future expectations, and specific portfolio risks, as well as on the risk assessment policy of the Bank's management for recognition of allowances, including requirements of the National Monetary Council (CMN) and Bacen.

Receivables and payables due within 12 months are recorded in current assets and liabilities, respectively, except for trading securities that, regardless of their maturity, are classified in current assets, in conformity with Bacen Circular 3068/2001.

d) Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents correspond to the balances of cash and applications interbank investments with immediate convertibility in to cash or with original maturity of more than ninety days.

e) Securities

Securities are presented in accordance with the following recognition and accounting valuation criteria:
I - Trading securities.
II - Available-for-sale securities.
III - Held-to-maturity securities.

"Trading securities" include securities acquired for the purpose of being actively and frequently traded and "Held-to-maturity securities" include those which the Bank intends to maintain in its portfolio to maturity. "Available-for-sale securities" include those which cannot be classified in categories I and III. Securities classified in categories I and II are stated at cost plus income earned through the balance sheet date, calculated on a daily pro rata basis, and adjusted to fair value, reflecting the increase or decrease arising from this adjustment in:

(1) The related income or expense account, in income for the period, when related to securities classified as "Trading securities", net of tax effects; and

(2) Separate caption in stockholders' equity, when related to securities classified as "Available-for-sale securities", net of tax effects. The adjustments to fair value on sale of these securities are transferred to income for the period.

Securities classified as "Held-to-maturity securities" are stated at cost, plus income earned through the balance sheet date, calculated on a daily pro rata basis.

Permanent losses in the realization value of available-for-sale and held-to-maturity securities are recognized in the statement of income.

f) Derivatives

Derivatives are classified according to Management's intent to use them for hedging or not. Transactions made at customers' request, on own account, or that to not meet the criteria for hedge accounting, especially derivatives used to manage the global risk exposure, are reported at fair value, with realized and unrealized gains and losses included in income for the period.

Derivatives designated as hedge may be classified as:

I - Market risk hedge.
II - Cash flow hedge.

Derivatives designated as hedge and the respective hedged items are adjusted to fair value, considering the following:

(1) For those classified in category I, the increase or decrease is recorded in income or expense for the period, net of tax effects; and

(2) For those classified in category II, the increase or decrease is recorded in a separate caption in stockholders' equity, net of tax effects.

g) Prepaid Expenses

Funds used in advance payments, whose benefits or provision of services will occur in future years, are recorded as "prepaid expenses" and allocated to income over the term of the respective agreements.

h) Permanent Assets

Stated at acquisition cost and include:

h.1) Investments

Adjustments to investments in affiliates and subsidiaries are determined under the equity method of accounting and recorded as investments in affiliates and subsidiaries. Other investments are stated at cost, reduced to fair value, when applicable.

h.2) Property and Equipment

Depreciation of property and equipment is determined under the straight-line method at the following annual rates: buildings - 4%, installations, furniture, equipment in use, communication and security systems - 10%, and data processing systems and vehicles - 20% and leasehold improvements - 10% or considering the benefit period of the terms of rental contracts.

h.3) Intangible assets

Goodwill on acquisition of subsidiaries is amortized over 10 years, based on expected future earnings and is tested for impairment annually or more frequently if conditions or circumstances indicate an impairment.

Goodwill on merger and the related reduction account, reserve for maintenance of integrity of the merging entity's stockholders' equity, are amortized over a period of up to 10 years, based on expected future earnings.

Exclusivity contracts for provision of banking services are accrued the payments related to the commercial partnership contracts with the private and public sectors to assure exclusivity for banking services of payroll credit processing and payroll loans, maintenance of collection portfolio, supplier payment services and other banking services, allocated to income over the term of the respective agreements.

Acquisition and development of software are amortized over a maximum period of 5 years.

i) Pension Plan

The actuarial liabilities related to pension plans are recorded based on an actuarial study made by independent actuaries, by the end of each period and used in the following period, in accordance with CVM Resolution 371/2000.

Expenses related to sponsors' contributions to the plans are recognized on the accrual basis.

j) Contingent Assets and Liabilities and Legal Obligations

j.1) Contingent Assets
Contingent assets are not recorded, except when there are real guarantees or unappealable court decisions, for which a favorable outcome is practically certain. Contingent assets whose likelihood of favorable outcome is probable, if any, are only disclosed in the financial statements.

j.2) Contingent Liabilities
Contingent liabilities are recorded based on the nature, complexity and history of lawsuits, and on the opinion of the in-house and outside legal counsel when the risk of loss on the administrative or judicial proceeding is considered as probable and the amounts can be reasonably determined.

j.3) Legal Obligations - Tax and Social Security
Refer to judicial and administrative proceedings related to tax and social security obligations challenging their legality or constitutionality which, regardless of the assessment of the likelihood of a favorable outcome, have their amounts fully recorded in the financial statements.

k) Deferred Income

Refers to income received before the completion of the term of the obligation that gave rise to it, including non-refundable income, mainly related to guarantees and collaterals provided and credit card annual fees. Deferred income is recorded in income over the term of the respective agreements.

l) Income and Social Contribution Taxes

Income tax is calculated at the rate of 15% plus a 10% surtax; social contribution tax is calculated at the rate of 15% (period from January 1st to April 30, 2008) for financial institutions, and for non-financial companies the social contribution tax rate is 9%, after adjustments determined by tax legislation. Deferred tax assets and liabilities are computed basically on certain temporary differences between the book and tax basis of assets and liabilities, tax losses, and adjustments to fair value of securities and derivatives.

In accordance with the current regulation, the expected realization of the Bank's tax credits, as shown in Note 12, is based on the projection of future income and a technical study.

m) Impairment Valuation

Nonfinancial Assets are subject to the assessment of recoverable values on an annual or more frequently if conditions or circumstances indicate the possibility of impairment.

5. Cash and Cash Equivalents

	Bank			
	June 30, 2009	December 31, 2008	June 30, 2008	December 31, 2007
Cash	**7.041.302**	**2.449.760**	**1.588.185**	**1.641.665**
Interbank investments	**13.895.532**	**21.436.353**	**20.778.310**	**20.210.659**
Money market investments	12.212.784	12.857.439	18.683.498	18.347.855
Interbank deposits	71.033	258.455	438.491	88.200
Foreign currency investments	1.611.715	8.320.459	1.656.321	1.774.604
Total	**20.936.834**	**23.886.113**	**22.366.495**	**21.852.324**

	Consolidated			
	June 30, 2009	December 31, 2008	June 30, 2008	December 31, 2007
Cash	**7.047.708**	**5.087.316**	**1.588.194**	**1.641.705**
Interbank investments	**13.825.523**	**23.173.647**	**20.631.472**	**20.210.659**
Money market investments	12.212.784	12.857.439	18.683.498	18.347.855
Interbank deposits	1.024	687.952	291.653	88.200
Foreign currency investments	1.611.715	9.628.256	1.656.321	1.774.604
Total	**20.873.231**	**28.260.963**	**22.219.666**	**21.852.364**

6. Interbank Investments

	Bank				
				2009	2008
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Money market investments	**14.554.875**	**6.843.834**	**-**	**21.398.709**	**20.645.278**
Own portfolio	**4.573.149**	**4.686.097**	**-**	**9.259.246**	**6.862.984**
Treasury bills - LFT	561	-	-	561	332.264
National Treasury bills - LTN	1.438.489	95.411	-	1.533.900	4.782.520
National Treasury notes - NTN	3.134.099	4.590.686	-	7.724.785	1.579.097
Securities issued abroad by the Brazilian government	-	-	-	-	104.484
Other	-	-	-	-	64.619
Third-party portfolio	**8.738.512**	**100.203**	**-**	**8.838.715**	**12.862.079**
Treasury bills - LFT	3.649.991	-	-	3.649.991	9.250.538
National Treasury bills - LTN	4.174.477	-	-	4.174.477	718.437
National Treasury notes - NTN	914.044	100.203	-	1.014.247	2.893.104
Sold Position	**1.243.214**	**2.057.534**	**-**	**3.300.748**	**920.215**
National Treasury notes - NTN	1.243.214	2.057.534	-	3.300.748	920.215
Interbank deposits	**4.970.107**	**12.002.183**	**11.570.487**	**28.542.777**	**2.555.151**
Foreign currency investments	**1.611.715**	**-**	**387.453**	**1.999.168**	**1.973.021**
Allowance for losses	**-**	**-**	**(200)**	**(200)**	**(200)**
Total	**21.136.697**	**18.846.017**	**11.957.740**	**51.940.454**	**25.173.250**
Current				**39.982.714**	**24.004.165**
Long-term				**11.957.740**	**1.169.085**

	Consolidated				
				2009	2008
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Money market investments	**14.554.875**	**6.843.834**	**-**	**21.398.709**	**20.645.278**
Own portfolio	**4.626.577**	**4.686.097**	**-**	**9.312.674**	**6.929.984**
Treasury bills - LFT	561	-	-	561	332.264
National Treasury bills - LTN	1.491.917	95.411	-	1.587.328	4.849.520
National Treasury notes - NTN	3.134.099	4.590.686	-	7.724.785	1.579.097
Securities issued abroad by the Brazilian government	-	-	-	-	104.484
Other	-	-	-	-	64.619
Third-party portfolio	**8.685.084**	**100.203**	**-**	**8.785.287**	**12.795.079**
Treasury bills - LFT	3.649.991	-	-	3.649.991	9.250.538
National Treasury bills - LTN	4.121.049	-	-	4.121.049	651.437
National Treasury notes - NTN	914.044	100.203	-	1.014.247	2.893.104
Sold Position	**1.243.214**	**2.057.534**	**-**	**3.300.748**	**920.215**
National Treasury notes - NTN	1.243.214	2.057.534	-	3.300.748	920.215
Interbank deposits	**3.438.199**	**5.268.351**	**1.351.152**	**10.057.702**	**2.304.964**
Foreign currency investments	**1.611.715**	**-**	**387.453**	**1.999.168**	**1.973.021**
Allowance for losses	**-**	**-**	**(200)**	**(200)**	**(200)**
Total	**19.604.789**	**12.112.185**	**1.738.405**	**33.455.379**	**24.923.063**
Current				**31.716.974**	**23.813.562**
Long-term				**1.738.405**	**1.109.501**

7. Securities and Derivatives

a) Securities

I) By Category

	Bank				
				2009	2008
		Effect of adjustment to fair value on:		Carrying	Carrying
	Cost	Income	Equity	amount	amount
Trading securities	**11.721.754**	**(5.976)**	**-**	**11.715.778**	**10.182.162**
Government Securities	9.386.225	46.453	-	9.432.678	7.778.940
Private Securities	2.335.529	(52.429)	-	2.283.100	2.403.222
Available-for-sale securities	**53.093.271**	**-**	**864.267**	**53.957.538**	**10.442.852**
Government Securities	24.933.766	-	574.914	25.508.680	6.986.150
Private Securities	28.159.505	-	289.353	28.448.858	3.456.702
Held-to-maturity securities	**928.220**	**-**	**-**	**928.220**	**818.146**
Government Securities	849.716	-	-	849.716	818.146
Private Securities	78.504	-	-	78.504	-
Total Securities	**65.743.245**	**(5.976)**	**864.267**	**66.601.536**	**21.443.160**
Derivatives (Assets)	**5.152.713**	**695.026**	**-**	**5.847.739**	**4.131.241**
Total Securities and Derivatives	**70.895.958**	**689.050**	**864.267**	**72.449.275**	**25.574.401**
Current				**27.954.439**	**14.431.861**
Long-term				**44.494.836**	**11.142.540**
Derivatives (Liabilities)	**(4.663.387)**	**(262.397)**	**-**	**(4.925.784)**	**(4.629.133)**
Current				**(2.332.995)**	**(2.910.968)**
Long-term				**(2.592.789)**	**(1.718.165)**

	Consolidated				
				2009	2008
		Effect of adjustment to fair value on:		Carrying	Carrying
	Cost	Income	Equity	amount	amount
Trading securities	**10.264.304**	**(6.040)**	**-**	**10.258.264**	**8.876.678**
Government Securities	9.610.459	46.389	-	9.656.848	7.893.716
Private Securities	653.845	(52.429)	-	601.416	982.962
Available-for-sale securities	**30.173.656**	**-**	**755.861**	**30.929.517**	**8.951.570**
Government Securities	25.606.615	-	578.639	26.185.254	7.012.098
Private Securities	4.567.041	-	177.222	4.744.263	1.939.472
Held-to-maturity securities	**928.220**	**-**	**-**	**928.220**	**818.146**
Government Securities	849.716	-	-	849.716	818.146
Private Securities	78.504	-	-	78.504	-
Total Securities	**41.366.180**	**(6.040)**	**755.861**	**42.116.001**	**18.646.394**
Derivatives (Assets)	**5.148.862**	**686.011**	**-**	**5.834.873**	**4.128.980**
Total Securities and Derivatives	**46.515.042**	**679.971**	**755.861**	**47.950.874**	**22.775.374**
Current				**26.992.545**	**13.651.634**
Long-term				**20.958.329**	**9.123.740**
Derivatives (Liabilities)	**(4.658.284)**	**(262.678)**	**-**	**(4.920.962)**	**(4.616.971)**
Current				**(2.311.771)**	**(2.909.475)**
Long-term				**(2.609.191)**	**(1.707.496)**

II)Trading Securities

	Bank				
				2009	2008
			Adjustment to fair value -		
Trading Securities		Cost	income	Carrying amount	Carrying amount
Government Securities		**9.386.225**	**46.453**	**9.432.678**	**7.778.940**
Treasury certificates - CFT		52.239	1.710	53.949	48.185
National Treasury bills - LTN		2.918.166	4.710	2.922.876	2.008.757
Treasury bills - LFT		920.352	85	920.437	722.445
National Treasury notes - NTN B		3.267.957	39.404	3.307.361	3.590.485
National Treasury notes - NTN C		97.300	(17)	97.283	22.722
National Treasury notes - NTN D		-	-	-	15.076
National Treasury notes - NTN F		1.443.660	(1.576)	1.442.084	1.043.975
Agricultural debt securities - TDA		267.930	(471)	267.459	213.601
Global bonds		54.411	(998)	53.413	113.694
Foreign government securities		364.210	3.606	367.816	-
Private Securities		**2.335.529**	**(52.429)**	**2.283.100**	**2.403.222**
Shares		272.296	(55.559)	216.737	302.297
Receivables Investment Fund [(1)]		165.827	-	165.827	288.260
Investment fund shares		54.053	-	54.053	96.233
Debentures		1.843.353	3.130	1.846.483	1.696.442
Eurobonds		-	-	-	19.990
Total		**11.721.754**	**(5.976)**	**11.715.778**	**10.182.162**

						Bank 2009
Trading Securities by maturity	**Without maturity**	**Up to 3 months**	**From 3 to 12 months**	**From 1 to 3 years**	**Over 3 years**	**Total**
Government Securities	**-**	**554.353**	**3.403.417**	**2.693.730**	**2.413.362**	**9.432.678**
Treasury certificates - CFT	-	-	-	-	53.949	53.949
National Treasury bills - LTN	-	508.313	2.029.981	384.582	-	2.922.876
Treasury bills - LFT	-	1.520	414.403	248.468	256.046	920.437
National Treasury notes - NTN B	-	18.956	508.194	1.513.062	1.267.149	3.307.361
National Treasury notes - NTN C	-	1.183	-	37.690	58.410	97.283
National Treasury notes - NTN F	-	-	277.663	425.628	738.793	1.442.084
Agricultural debt securities - TDA	-	23.417	138.483	84.300	21.259	267.459
Global bonds	-	964	34.693	-	17.756	53.413
Foreign government securities	-	-	-	-	-	367.816
Private Securities	**270.790**	**-**	**54.276**	**35.655**	**1.922.379**	**2.283.100**
Shares	216.737	-	-	-	-	216.737
Receivables Investment Fund [1]	-	-	34.391	3.107	128.329	165.827
Investment fund shares	54.053	-	-	-	-	54.053
Debentures	-	-	19.885	32.548	1.794.050	1.846.483
Total	**270.790**	**554.353**	**3.457.693**	**2.729.385**	**4.335.741**	**11.715.778**

			Consolidated 2009	2008
Trading Securities	**Cost**	**Adjustment to fair value - equity**	**Carrying amount**	**Carrying amount**
Government Securities	**9.610.459**	**46.389**	**9.656.848**	**7.893.716**
Treasury certificates - CFT	52.239	1.710	53.949	48.185
National Treasury bills - LTN	2.918.166	4.710	2.922.876	2.008.757
Treasury bills - LFT	1.144.586	21	1.144.607	837.221
National Treasury notes - NTN B	3.267.957	39.404	3.307.361	3.590.485
National Treasury notes - NTN C	97.300	(17)	97.283	22.722
National Treasury notes - NTN D	-	-	-	15.076
National Treasury notes - NTN F	1.443.660	(1.576)	1.442.084	1.043.975
Agricultural debt securities - TDA	267.930	(471)	267.459	213.601
Global Bonds	54.411	(998)	53.413	113.694
Foreign government securities	364.210	3.606	367.816	-
Private Securities	**653.845**	**(52.429)**	**601.416**	**982.962**
Shares	274.848	(55.559)	219.289	377.254
Receivables Investment Fund - FIDC [1]	165.827	-	165.827	288.260
Real estate investment fund	949	-	949	-
Investment fund shares in Participation - FIP	54.053	-	54.053	96.233
Investment fund shares	80.644	-	80.644	85.008
Debentures	77.524	3.130	80.654	116.217
Eurobonds	-	-	-	19.990
Total	**10.264.304**	**(6.040)**	**10.258.264**	**8.876.678**

						Consolidated 2009
Trading Securities by maturity	**Without maturity**	**Up to 3 months**	**From 3 to 12 months**	**From 1 to 3 years**	**Over 3 years**	**Total**
Government Securities	**-**	**940.878**	**3.449.229**	**2.702.445**	**2.564.296**	**9.656.848**
Treasury certificates - CFT	-	-	-	-	53.949	53.949
National Treasury bills - LTN	-	508.313	2.029.981	384.582	-	2.922.876
Treasury bills - LFT	-	20.229	460.215	257.183	406.980	1.144.607
National Treasury notes - NTN B	-	18.956	508.194	1.513.062	1.267.149	3.307.361
National Treasury notes - NTN C	-	1.183	-	37.690	58.410	97.283
National Treasury notes - NTN F	-	-	277.663	425.628	738.793	1.442.084
Agricultural debt securities - TDA	-	23.417	138.483	84.300	21.259	267.459
Global Bonds	-	964	34.693	-	17.756	53.413
Foreign government securities		367.816	-	-	-	367.816
Private Securities	**354.935**	**9.215**	**54.276**	**35.655**	**147.335**	**601.416**
Shares	219.289	-	-	-	-	219.289
Receivables Investment Fund - FIDC [1]	-	-	34.391	3.107	128.329	165.827
Real estate investment fund	949	-	-	-	-	949
Investment fund shares in Participation - FIP	54.053	-	-	-	-	54.053
Investment fund shares	80.644	-	-	-	-	80.644
Debentures	-	9.215	19.885	32.548	19.006	80.654
Total	**354.935**	**950.093**	**3.503.505**	**2.738.100**	**2.711.631**	**10.258.264**

III) Available-for-sale Securities

	Bank			
			2009	2008
Available-for-sale securities	**Cost**	**Adjustment to Fair Value - Equity**	**Carrying Amount**	**Carrying Amount**
Government Securities	**24.933.766**	**574.914**	**25.508.680**	**6.986.150**
National Treasury bonus - BTN	-	-	-	821
Treasury certificates - CFT	74.050	9.076	83.126	74.252
Securitized credit	967	501	1.468	56.993
National Treasury bills - LTN	9.176.441	159.848	9.336.289	2.557.729
Treasury bills - LFT	2.508.723	(23)	2.508.700	-
National Treasury notes - NTN A	130.687	(24.897)	105.790	90.876
National Treasury notes - NTN B	2.006.424	5.827	2.012.251	1.476.875
National Treasury notes - NTN C	555.595	246.436	802.031	802.482
National Treasury notes - NTN F	10.480.514	178.157	10.658.671	1.925.588
National Treasury notes - NTN P	100	(12)	88	71
Agricultural debt securities - TDA	265	1	266	463
Private Securities	**28.159.505**	**289.353**	**28.448.858**	**3.456.702**
Shares	299.093	231.291	530.384	28.944
Receivables Investment Fund - FIDC [1]	12.926	-	12.926	-
Real estate investment fund	19.420	-	19.420	-
Debentures	24.962.888	15.356	24.978.244	2.642.857
Eurobonds	194.203	-	194.203	-
Promissory notes - NP	2.105.112	7.314	2.112.426	572.591
Real estate credit notes - CCI	22.206	1.619	23.825	-
Agribusiness receivables certificates - CDCA	8.037	(1.586)	6.451	-
Certificates of real estate receivables - CRI	535.620	35.359	570.979	212.310
Total	**53.093.271**	**864.267**	**53.957.538**	**10.442.852**

	Bank					2009
Available-for-sale securities by maturity	**Without maturity**	**Up to 3 months**	**From 3 to 12 months**	**From 1 to 3 years**	**Over 3 years**	**Total**
Government Securities	**-**	**438.841**	**9.882.275**	**5.211.285**	**9.976.279**	**25.508.680**
Treasury certificates - CFT	-	-	-	-	83.126	83.126
Securitized credit	-	-	-	-	1.468	1.468
National Treasury bills - LTN	-	275.903	9.060.386	-	-	9.336.289
Treasury bills - LFT	-	142.774	132.366	-	2.233.560	2.508.700
National Treasury notes - NTN A	-	-	864	-	104.926	105.790
National Treasury notes - NTN B	-	7.272	116.480	245.569	1.642.930	2.012.251
National Treasury notes - NTN C	-	12.671	-	-	789.360	802.031
National Treasury notes - NTN F	-	-	572.154	4.965.696	5.120.821	10.658.671
National Treasury notes - NTN P	-	-	-	-	88	88
Agricultural debt securities - TDA	-	221	25	20	-	266
Private Securities	**549.804**	**768.337**	**1.094.522**	**453.767**	**25.582.428**	**28.448.858**
Shares	530.384	-	-	-	-	530.384
Receivables Investment Fund - FIDC [1]	-	-	12.926	-	-	12.926
Real estate investment fund	19.420	-	-	-	-	19.420
Debentures	-	33.582	143.006	450.814	24.350.842	24.978.244
Eurobonds	-	1.055	9	-	193.139	194.203
Promissory notes - NP	-	731.157	876.954	-	504.315	2.112.426
Real estate credit notes - CCI	-	-	882	-	22.943	23.825
Agribusiness receivables certificates - CDCA	-	-	-	-	6.451	6.451
Certificates of real estate receivables - CRI	-	2.543	60.745	2.953	504.738	570.979
Total	**549.804**	**1.207.178**	**10.976.797**	**5.665.052**	**35.558.707**	**53.957.538**

	Consolidated			
			2009	2008
Available-for-sale securities	**Cost**	**Adjustment to fair value - equity**	**Carrying amount**	**Carrying amount**
Government Securities	**25.606.615**	**578.639**	**26.185.254**	**7.012.098**
National Treasury bonus - BTN	-	-	-	821
Treasury certificates - CFT	74.050	9.076	83.126	74.252
Securitized credit	967	501	1.468	56.993
National Treasury bills - LTN	9.324.695	162.543	9.487.238	2.557.729
Treasury bills - LFT	2.673.361	1.007	2.674.368	25.948
National Treasury notes - NTN A	130.687	(24.897)	105.790	90.876
National Treasury notes - NTN B	2.006.424	5.827	2.012.251	1.476.875
National Treasury notes - NTN C	555.595	246.436	802.031	802.482
National Treasury notes - NTN F	10.480.514	178.157	10.658.671	1.925.588
National Treasury notes - NTN P	100	(12)	88	71
Agricultural debt securities - TDA	265	1	266	463
Foreign government securities	359.957	-	359.957	-
Private Securities	**4.567.041**	**177.222**	**4.744.263**	**1.939.472**
Shares	709.813	119.160	828.973	543.480
Receivables Investment Fund - FIDC (1)	12.926	-	12.926	-
Real estate investment fund	19.420	-	19.420	-
Debentures	913.895	15.356	929.251	611.091
Eurobonds	194.203	-	194.203	-
Promissory notes - NP	2.105.112	7.314	2.112.426	572.591
Bank certificates of deposits - CDB	45.809	-	45.809	-
Real estate credit notes - CCI	22.206	1.619	23.825	-
Agribusiness receivables certificates - CDCA	8.037	(1.586)	6.451	-
Certificates of real estate receivables - CRI	535.620	35.359	570.979	212.310
Total	**30.173.656**	**755.861**	**30.929.517**	**8.951.570**

	Consolidated					
						2009
Available-for-sale securities by maturity	**Without maturity**	**Up to 3 months**	**From 3 to 12 months**	**From 1 to 3 years**	**Over 3 years**	**Total**
Government Securities	**-**	**438.841**	**10.041.647**	**5.573.945**	**10.130.821**	**26.185.254**
Treasury certificates - CFT	-	-	-	-	83.126	83.126
Securitized credit	-	-	-	-	1.468	1.468
National Treasury bills - LTN	-	275.903	9.211.335	-	-	9.487.238
Treasury bills - LFT	-	142.774	138.917	4.575	2.388.102	2.674.368
National Treasury notes - NTN A	-	-	864	-	104.926	105.790
National Treasury notes - NTN B	-	7.272	116.480	245.569	1.642.930	2.012.251
National Treasury notes - NTN C	-	12.671	-	-	789.360	802.031
National Treasury notes - NTN F	-	-	572.154	4.965.696	5.120.821	10.658.671
National Treasury notes - NTN P	-	-	-	-	88	88
Agricultural debt securities - TDA	-	221	25	20	-	266
Foreign government securities	-	-	1.872	358.085	-	359.957
Private Securities	**848.393**	**809.956**	**1.095.350**	**456.301**	**1.534.263**	**4.744.263**
Shares	828.973	-	-	-	-	828.973
Receivables Investment Fund - FIDC (1)	-	-	12.926	-	-	12.926
Real estate investment fund	19.420	-	-	-	-	19.420
Debentures	-	33.582	143.006	450.814	301.849	929.251
Eurobonds	-	1.055	9	-	193.139	194.203
Promissory notes - NP	-	731.157	876.954	-	504.315	2.112.426
Bank certificates of deposits - CDB	-	41.619	828	2.534	828	45.809
Real estate credit notes - CCI	-	-	882	-	22.943	23.825
Agribusiness receivables certificates - CDCA	-	-	-	-	6.451	6.451
Certificates of real estate receivables - CRI	-	2.543	60.745	2.953	504.738	570.979
Total	**848.393**	**1.248.797**	**11.136.997**	**6.030.246**	**11.665.084**	**30.929.517**

(1) Receivables Investment Fund (FIDC) shares are calculated based on the value of the receivables and other financial assets in the respective portfolios, less respective provisions that take into consideration aspects related to the debtors, their guarantors and the corresponding transaction's characteristics, according to accounting standards and practices for evaluating credits, and are not adjusted to fair value.

IV) Held-to-maturity securities

	Bank/Consolidated	
	2009	2008
Held-to-maturity securities (1)	**Cost/carrying amount**	**Cost/carrying amount**
Government Securities	**849.716**	**818.146**
National Treasury notes - NTN C	832.696	818.146
National Treasury notes - NTN I	17.020	-
Private Securities	**78.504**	**-**
Credit Linked Notes	78.504	-
Total	**928.220**	**818.146**

	Bank/Consolidated				
					2009
Held-to-maturity securities [1] by maturity	**Up to 3 months**	**From 3 to 12 months**	**From 1 to 3 years**	**Over 3 years**	**Total**
Government Securities	**21.919**	**5.770**	**7.481**	**814.546**	**849.716**
National Treasury notes - NTN C	19.761	-	-	812.935	832.696
National Treasury notes - NTN I	2.158	5.770	7.481	1.611	17.020
Private Securities	**-**	**78.504**	**-**	**-**	**78.504**
Credit Linked Notes	-	78.504	-	-	78.504
Total	**21.919**	**84.274**	**7.481**	**814.546**	**928.220**

(1) In the Bank and Consolidated the fair value of Held-to-Maturity Securities, R$1,248,223 (2008 - R$1,249,336).

In accordance with Bacen Circular 3068/2001, article 8, Santander has the positive intent and ability to hold to maturity the securities classified as Held-to-Maturity Securities.

The fair value of securities is computed based on the average quotation on organized markets and their estimated cash flows, discounted to present value using the applicable interest rate, which are considered representative of the market conditions at the balance sheet date.

The principal interest rates are obtained from futures and swap contracts traded on the BM&FBovespa - Securities, Commodities and Futures Exchange (BM&FBovespa). Adjustments to these curves are made whenever certain points are considered illiquid or when, for unusual reasons, they do not fairly represent market conditions.

V) Financial Income - Securities Transactions

	Bank		Consolidated	
	2009	**2008**	**2009**	**2008**
Income from fixed-income securities	2.533.652	238.812	2.385.874	63.353
Income from interbank investments	1.986.638	922.930	1.771.222	917.672
Income from variable-income securities	(104.849)	73.332	(63.478)	137.981
Other	(2.060.263)	319.668	(2.010.420)	323.325
Total	**2.355.178**	**1.554.742**	**2.083.198**	**1.442.331**

b) Derivatives

Santander operates according to global policies, classified based on the risk appetite of the Santander Group in Spain, aligned with the objectives in Brazil and worldwide, taking into consideration the guidance of the Board of Directors and in compliance with Bacen regulation and good international practices, to hedge capital and ensure the profitability of business.

Santander's risk management is guided by principles such as independence and collegiate decisions, and is present in its policies, procedures and goals.

Credit risk is the exposure to losses in the event of default by a counterparty. Credit risk management is intended to provide insight to define strategies and set limits, covering the analysis of exposures and trends, as well as the efficiency of the credit policy.

Operating risk is the probability of financial losses resulting from failures or flaws in people, processes and systems or any other adverse market conditions. Operating risk management and control are intended to ensure the efficiency of the Internal Control system, and prevent, mitigate and reduce risks and losses.

Market risk is the exposure to risks such as interest rates, exchange rates, prices of goods, prices in the stock market and others according to the type of product, volume of operations, term and conditions of the agreement and underlying volatility. Market risk management uses practices that include measuring and following up on the use of limits previously set in internal committees, the value at risk of portfolios, the sensitivities to fluctuations in interest rates, foreign exchange exposure, liquidity gaps, among other practices that permit monitoring risks that might impact the Bank's portfolio positions in the different marketplaces where it operates.

In this context, Santander uses derivatives, recorded in balance sheet and memorandum accounts, to minimize the market risks of the Bank's overall exposure, resulting from its operation.

The fair value of swaps is computed based on the estimated cash flows of each position, discounted to present value according to the applicable interest rate curves, considered as representative of the market conditions at the balance sheet date.

For options, Santander adopts statistical models that consider the volatility of the asset price and interest rates representative of the market conditions at the balance sheet date.

The principal interest rates are obtained from futures and swap agreements traded on the BM&FBovespa. Adjustments to these curves are made whenever certain points are considered illiquid or when due to unusual reasons, they do not fairly represent market conditions.

The exposure to credit risk in futures contracts is minimized by daily settlement. Swap agreements are subject to credit risks in the event the counterparty is unable or unwilling to fulfill its contractual obligations.

I) Derivatives recorded in memorandum and balance sheets

						Bank
			2009			2008
			Trading			Trading
	Notional	Cost	Fair Value	Notional	Cost	Fair Value
Swap		**710.000**	**889.037**		**151.986**	**420.308**
Asset	**93.805.705**	**13.681.806**	**13.937.965**	**58.368.202**	**11.163.524**	**10.353.038**
CDI (interbank deposit rates)	30.653.948	9.904.028	10.061.751	26.482.674	8.645.073	8.495.196
Fixed interest rate - Reais	5.789.531	3.777.778	3.876.214	4.165.174	2.209.953	1.554.484
Fixed interest rate - foreign currency [1]	9.584.266	-	-	5.920.125	-	-
Indexed to price and interest rates	9.362.977	-	-	8.781.454	-	-
Indexed to foreign currency [1]	38.347.860	-	-	12.128.341	-	-
Other indexes	67.123	-	-	890.434	308.498	303.358
Liabilities	**93.095.705**	**(12.971.806)**	**(13.048.928)**	**58.216.216**	**(11.011.538)**	**(9.932.730)**
CDI (interbank deposit rates)	20.749.920	-	-	17.837.601	-	-
Fixed interest rate - Reais	2.011.753	-	-	1.955.221	-	-
Fixed interest rate - foreign currency [1]	11.401.391	(1.817.125)	(2.001.802)	8.547.757	(2.627.632)	(2.434.998)
Indexed to price and interest rates	12.273.115	(2.910.138)	(2.884.397)	11.328.043	(2.546.589)	(2.230.820)
Indexed to foreign currency [1]	46.476.706	(8.128.846)	(8.075.490)	17.965.658	(5.837.317)	(5.266.912)
Other indexes	182.820	(115.697)	(87.239)	581.936	-	-
Options	**213.983.642**	**(470.772)**	**(518.345)**	**243.477.249**	**(903.954)**	**(874.486)**
Purchased Position	**101.997.748**	**721.739**	**755.611**	**106.551.038**	**434.620**	**504.887**
Call option - Dollar	7.224.387	322.763	122.364	4.072.748	77.342	30.682
Put option - Dollar	5.108.135	118.492	204.285	2.289.987	40.620	65.992
Call option - Other [2]	46.761.139	175.133	113.782	57.539.837	281.124	385.519
Put option - Other [2]	42.904.087	105.351	315.180	42.648.466	35.534	22.694
Sold Position	**111.985.894**	**(1.192.511)**	**(1.273.956)**	**136.926.211**	**(1.338.574)**	**(1.379.373)**
Call option - Dollar	13.022.974	(575.376)	(450.680)	20.923.393	(467.854)	(328.268)
Put option - Dollar	9.103.912	(315.613)	(428.384)	12.350.239	(468.569)	(524.640)
Call option - Other [2]	45.169.834	(191.643)	(119.018)	68.686.250	(344.878)	(375.173)
Put option - Other [2]	44.689.174	(109.879)	(275.874)	34.966.329	(57.273)	(151.292)
Futures Contracts	**54.262.451**	**-**	**-**	**27.402.933**	**-**	**-**
Purchased Position	**29.617.296**	**-**	**-**	**10.727.503**	**-**	**-**
Exchange coupon (DDI)	4.648.590	-	-	5.138.967	-	-
Interest rates (DI1 and DIA)	23.283.099	-	-	4.067.018	-	-
Foreign currency	1.676.467	-	-	1.077.476	-	-
Indexes [3]	9.140	-	-	57.840	-	-
Treasury Bonds/Notes	-	-	-	368.245	-	-
Other	-	-	-	17.957	-	-
Sold Position	**24.645.155**	**-**	**-**	**16.675.430**	**-**	**-**
Exchange coupon (DDI)	2.621.263	-	-	1.029.260	-	-
Interest rates (DI1 and DIA)	20.726.627	-	-	13.535.251	-	-
Foreign currency	1.094.684	-	-	1.612.903	-	-
Indexes [3]	115.401	-	-	157.701	-	-
Treasury Bonds/Notes	77.147	-	-	267.892	-	-
Other	10.033	-	-	72.423	-	-
Forward Contracts and Others	**10.771.990**	**108.667**	**436.298**	**12.532.817**	**(51.655)**	**(43.714)**
Purchased Commitment	**4.894.105**	**(314.250)**	**67.752**	**8.953.064**	**(414.677)**	**(413.343)**
Currencies	4.760.411	(314.250)	67.752	8.862.485	(414.677)	(413.343)
Equities	133.694	-	-	90.579	-	-
Sell Commitment	**5.877.885**	**422.917**	**368.546**	**3.579.753**	**363.022**	**369.629**
Currencies	5.848.898	422.917	368.546	3.233.855	58.995	60.411
Stocks	-	-	-	308.915	307.290	312.481
Equities	28.987	-	-	36.983	(3.263)	(3.263)

	Consolidated					
	2009			2008		
			Trading			Trading
	Notional	Cost	Fair Value	Notional	Cost	Fair Value
Swap		**707.141**	**876.881**		**149.497**	**430.209**
Asset	**93.471.244**	**13.678.947**	**13.925.809**	**57.807.428**	**11.161.035**	**10.362.939**
CDI (interbank deposit rates)	30.646.388	10.220.556	10.378.279	26.468.797	9.175.492	9.025.615
Fixed interest rate - Reais	5.462.630	3.458.391	3.547.530	3.618.277	1.677.045	1.033.966
Fixed interest rate - foreign currency [1]	9.584.266	-	-	5.920.125	-	-
Indexed to price and interest rates	9.362.977	-	-	8.781.454	-	-
Indexed to foreign currency [1]	38.347.860	-	-	12.128.341	-	-
Other indexes	67.123	-	-	890.434	308.498	303.358
Liabilities	**92.764.103**	**(12.971.806)**	**(13.048.928)**	**57.657.931**	**(11.011.538)**	**(9.932.730)**
CDI (interbank deposit rates)	20.425.832	-	-	17.293.305	-	-
Fixed interest rate - Reais	2.004.239	-	-	1.941.232	-	-
Fixed interest rate - foreign currency [1]	11.401.391	(1.817.125)	(2.001.802)	8.547.757	(2.627.632)	(2.434.998)
Indexed to price and interest rates	12.273.115	(2.910.138)	(2.884.397)	11.328.043	(2.546.589)	(2.230.820)
Indexed to foreign currency [1]	46.476.706	(8.128.846)	(8.075.490)	17.965.658	(5.837.317)	(5.266.912)
Other indexes	182.820	(115.697)	(87.239)	581.936	-	-
Options	**213.880.390**	**(466.661)**	**(514.233)**	**243.477.249**	**(903.954)**	**(874.486)**
Purchased Position	**101.997.748**	**721.739**	**755.611**	**106.551.038**	**434.620**	**504.887**
Call option - Dollar	7.224.387	322.763	122.364	4.072.748	77.342	30.682
Put option - Dollar	5.108.135	118.492	204.285	2.289.987	40.620	65.992
Call option - Other [2]	46.761.139	175.133	113.782	57.539.837	281.124	385.519
Put option - Other [2]	42.904.087	105.351	315.180	42.648.466	35.534	22.694
Sold Position	**111.882.642**	**(1.188.400)**	**(1.269.844)**	**136.926.211**	**(1.338.574)**	**(1.379.373)**
Call option - Dollar	13.022.974	(575.376)	(450.680)	20.923.393	(467.854)	(328.268)
Put option - Dollar	9.103.912	(315.613)	(428.384)	12.350.239	(468.569)	(524.640)
Call option - Other [2]	45.066.582	(187.532)	(114.906)	68.686.250	(344.878)	(375.173)
Put option - Other [2]	44.689.174	(109.879)	(275.874)	34.966.329	(57.273)	(151.292)
Futures Contracts	**54.262.451**	**-**	**-**	**27.402.933**	**-**	**-**
Purchased Position	**29.617.296**	**-**	**-**	**10.727.503**	**-**	**-**
Exchange coupon (DDI)	4.648.590	-	-	5.138.967	-	-
Interest rates (DI1 and DIA)	23.283.099	-	-	4.067.018	-	-
Foreign currency	1.676.467	-	-	1.077.476	-	-
Indexes [3]	9.140	-	-	57.840	-	-
Treasury Bonds/Notes	-	-	-	368.245	-	-
Other	-	-	-	17.957	-	-
Sold Position	**24.645.155**	**-**	**-**	**16.675.430**	**-**	**-**
Exchange coupon (DDI)	2.621.263	-	-	1.029.260	-	-
Interest rates (DI1 and DIA)	20.726.627	-	-	13.535.251	-	-
Foreign currency	1.094.684	-	-	1.612.903	-	-
Indexes [3]	115.401	-	-	157.701	-	-
Treasury Bonds/Notes	77.147	-	-	267.892	-	-
Other	10.033	-	-	72.423	-	-
Forward Contracts and Others	**10.771.990**	**108.667**	**436.298**	**12.532.817**	**(51.655)**	**(43.714)**
Purchase Commitment	**4.894.105**	**(314.250)**	**67.752**	**8.953.064**	**(414.677)**	**(413.343)**
Currencies	4.760.411	(314.250)	67.752	8.862.485	(414.677)	(413.343)
Other	133.694	-	-	90.579	-	-
Sell Commitment	**5.877.885**	**422.917**	**368.546**	**3.579.753**	**363.022**	**369.629**
Currencies	5.848.898	422.917	368.546	3.233.855	58.995	60.411
Equities	-	-	-	308.915	307.290	312.481
Other	28.987	-	-	36.983	(3.263)	(3.263)

(1) Includes credit derivatives.
(2) Includes share options, indexes and commodities.
(3) Includes Bovespa, S&P indexes

II) Derivatives by counterparty

	Bank				
	Notional				
				2009	2008
	Customers	Related parties	Financial institutions [1]	Total	Total
Swap	53.066.136	18.665.796	22.073.773	93.805.705	58.368.202
Options	8.610.747	1.284.936	204.087.959	213.983.642	243.477.249
Futures Contracts	-	-	54.262.451	54.262.451	27.402.933
Forward Contracts and Others	7.461.090	3.057.705	253.195	10.771.990	12.532.817

	Consolidated				
	Notional				
				2009	2008
	Customers	Related parties	Financial institutions [1]	Total	Total
Swap	53.066.136	18.331.335	22.073.773	93.471.244	57.807.428
Options	8.610.747	1.181.684	204.087.959	213.880.390	243.477.249
Futures Contracts	-	-	54.262.451	54.262.451	27.402.933
Forward Contracts and Others	7.461.090	3.057.705	253.195	10.771.990	12.532.817

(1) Includes trades with the BM&FBovespa and other Securities and Commodities Exchanges.

III) Derivatives by maturity

	Bank				
	Notional				
				2009	2008
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Swap	23.387.607	25.021.766	45.396.332	93.805.705	58.368.202
Options	86.557.274	119.820.813	7.605.555	213.983.642	243.477.249
Futures Contracts	19.909.958	19.296.715	15.055.778	54.262.451	27.402.933
Forward Contracts and Others	5.380.866	3.711.416	1.679.708	10.771.990	12.532.817

	Consolidated				
	Notional				
				2009	2008
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Swap	23.334.542	24.883.068	45.253.634	93.471.244	57.807.428
Options	86.557.274	119.820.813	7.502.303	213.880.390	243.477.249
Futures Contracts	19.909.958	19.296.715	15.055.778	54.262.451	27.402.933
Forward Contracts and Others	5.380.866	3.711.416	1.679.708	10.771.990	12.532.817

IV) Derivatives by trade market

	Bank				
	Notional				
				2009	2008
	Exchange [1]	Cetip [2]	Over the counter	Total	Total
Swap	23.934.805	48.332.152	21.538.748	93.805.705	58.368.202
Options	203.401.874	10.326.144	255.624	213.983.642	243.477.249
Futures Contracts	54.262.451	-	-	54.262.451	27.402.933
Forward Contracts	-	7.414.388	3.357.602	10.771.990	12.532.817

	Consolidated				
	Notional				
				2009	2008
	Exchange [1]	Cetip [2]	Over the counter	Total	Total
Swap	23.934.805	47.997.691	21.538.748	93.471.244	57.807.428
Options	203.401.874	10.326.144	152.372	213.880.390	243.477.249
Futures Contracts	54.262.451	-	-	54.262.451	27.402.933
Forward Contracts	-	7.414.388	3.357.602	10.771.990	12.532.817

(1) Includes trades with the BM&FBovespa and other Securities and Commodities Exchanges.
(2) Includes amount traded on other clearinghouses

V) Credit Derivatives

The Bank enters into credit derivatives to reduce or eliminate is exposure to specific risks arising from the purchase or sale of assets associated with the credit portfolio management.

In the Bank and Consolidated, the volume of credit derivatives with total return rate - credit risk received corresponds to R$580,917 of cost (2008 - R$474,870) and R$579,686 of fair value (2008 - R$478,321) and the credit risk volume transferred corresponds to R$54,139 of cost (2008 - R$94,549) and R$51,623 of fair value (2008 - R$91,645). During the period there were no credit events related to events provided for in the contracts.

Required base capital used amounted to R$6,000 (2008 - R$4,995).

VI) Derivatives used as Hedge instruments

Derivatives used as hedges by index are as follows:

a) Market risk hedge

	Consolidated		
	2009		
Hedge instruments	**Notional**	**Curve**	**Market**
Swap Contracts	**141.431**	**114.965**	**(26.466)**
Asset	**1.279.770**	**1.253.304**	**(26.466)**
Interbank Deposit Rates - CDI	1.279.770	1.253.304	(26.466)
Liabilities	**(1.138.339)**	**(1.138.339)**	**-**
Indexed to foreign currency	(1.068.631)	(1.068.631)	-
Fixed interest rate - Reais	(69.708)	(69.708)	-

	Consolidated		
	2009		
Hedge Object	**Notional**	**Curve**	**Market**
Credit Portfolio	**1.136.149**	**1.170.228**	**34.079**
Indexed to foreign currency	1.066.441	1.099.381	32.940
Fixed interest rate - Reais	69.708	70.847	1.139

b) Cash flow hedge

In the Bank and in the Consolidated include cash flow hedge - Future DI, with notional value of R$14,674,276 and maturities from July 1, 2009 to January 2, 2012. The mark-to-market effect is recorded in stockholders' equity and corresponds to a debit of R$410,498, net of taxes. The curve value and the fair values of transactions classified as hedges, Bank Certificates of Deposit (CDBs), is R$14,917,686.

The effectiveness obtained for the hedge portfolio as of June 30, 2009 is compliant with Bacen's requirements and no ineffective portion was identified to be recorded in income for the period.

VII) Financial Instruments Pledged as Guarantee

The amounts pledged to guarantee BM&FBovespa derivative transactions are comprised of federal government securities in the amount of R$3,228,578 in the Bank and Consolidated (2008 - R$2,160,471 in the Bank and R$2,206,792 in the Consolidated).

VIII) Financial Instruments Recorded in Assets and Liabilities

	Bank		Consolidated	
	2009	**2008**	**2009**	**2008**
Assets				
Swap differentials receivable [1]	4.343.906	3.239.479	4.331.040	3.237.218
Option premiums	755.611	504.887	755.611	504.887
Forward contracts and others	748.222	386.875	748.222	386.875
Total	**5.847.739**	**4.131.241**	**5.834.873**	**4.128.980**
Liabilities				
Swap differentials receivable [1]	3.339.904	2.819.171	3.339.194	2.807.009
Option premiums	1.273.956	1.379.373	1.269.844	1.379.373
Forward contracts and others	311.924	430.589	311.924	430.589
Total	**4.925.784**	**4.629.133**	**4.920.962**	**4.616.971**

(1) Includes swap options and credit derivatives.

c) Financial Instruments - Sensitivity Analysis

Banco Santander's risk management is focused on portfolios and risk factors pursuant to Bacen's regulations and good international practices.

As in the management of market risk exposure, financial instruments are segregated into trading and banking portfolios according to the best market practices and the transaction classification and capital management criteria of the Basel II New Standardized Approach of Bacen. The trading portfolio consists of all transactions with financial instruments and products, including derivatives, held for trading, and the banking portfolio consists of core business transactions arising from the different Bank business lines and their possible hedges. Accordingly, based on the nature of the Bank's activities, the sensitivity analysis was presented for trading and banking portfolios.

The table below summarizes the stress values generated by the Bank's corporate systems, related to the trading portfolio, for each one of the portfolio scenarios as of June 30, 2009.

	Financial Consolidated [1] [2]		
Trading Portfolio			**June 30, 2009**
Risk Factor	**scenario 1**	**scenario 2**	**scenario 3**
Coupon - US dollar	(1.497)	5.739	49.408
Coupon - other currencies	(2.338)	(23.377)	(116.886)
Fixed interest rate - Reais	(12.190)	(121.905)	(609.523)
Shares and indices	6.295	15.737	31.475
Inflation	1.656	16.560	82.799
Other	(2)	(22)	(109)
Total	**(8.076)**	**(107.268)**	**(562.836)**

(1) Amounts calculated based on the consolidated information of the financial institutions (financial group).
(2) Amounts net of taxes.

The following chart summarizes the sensitivity values generated by the Bank corporate systems referring to the banking portfolio, for each of the portfolio scenarios as of June 30, 2009.

	Financial Consolidated [1] [2] [3]		
Portfolio Banking			**June 30, 2009**
Risk Factor	**scenario 1**	**scenario 2**	**scenario 3**
Coupon - US dollar	(2.965)	(29.648)	(148.241)
TR and TJLP	(2.250)	(22.503)	(112.514)
Fixed interest rate - Reais	(14.818)	(148.177)	(740.883)
Inflation	(3.178)	(31.775)	(158.877)
Total	**(23.211)**	**(232.103)**	**(1.160.515)**

(1) Amounts calculated based on the consolidated information of the financial institutions (financial group).
(2) Capital market value was calculated with 1.5 year maturity.
(3) Amounts net of taxes.

Scenarios 2 and 3 above consider the deterioration situations established in CVM Instruction 475, of December 17, 2008, considered as of low probability. According to the strategy defined by Management, if signs of deterioration are detected, actions are taken to minimize possible impacts.

Scenario 1: usually reported in our daily reports and corresponds to a shock of 10 base points on the foreign currencies coupon curves, plus a shock of 10% on the currency and stock market spot positions, and a shock above ten base points on the volatility surface of currencies used to price options.

Scenario 2: corresponds to a shock of 100 base points on the foreign currency coupon curves, plus a shock of 25% on the currency and stock market spot positions, and a shock of 100 base points on the volatility surface of currencies used to price options.

Scenario 3: corresponds to a shock of 500 base points on the foreign currency coupon curves, plus a shock of 50% on the currency and stock market spot positions, and a shock of 500 base points on the volatility surface of currencies used to price options.

US dollar coupon: all products with price changes tied to changes in the US currency and the US dollar interest rate.

Other currencies coupon: all products with price changes tied to changes in any currency other than the US dollar and the US dollar interest rate.

TR (referential rate) and TJLP (long-term interest rate): all products with price changes tied to changes in the TR and TJLP.

Fixed rate - in Brazilian Reais: all products with price changes tied to changes in interest rate in Brazilian reais.

Equities and indices: stock market indices, shares and options tied to share indices or the shares themselves.

Inflation: all products with price changes tied to changes in inflation coupons and inflation indices.

Others: any other product that does not fit in the classifications above.

8. Interbank Accounts

Composed of restricted deposits with the Bacen to meet compulsory obligations for demand deposits, savings deposits and time deposits, and payments and receipts pending settlement, represented by checks and other documents sent to clearinghouses (assets and liabilities).

9. Credit Portfolio and Allowance for Losses

a) Credit portfolio

	Bank		Consolidated	
	2009	**2008**	**2009**	**2008**
Lending operations	**102.245.727**	**41.960.679**	**112.767.867**	**41.920.918**
Loans and discounted receivables	69.092.946	21.583.880	69.149.358	21.544.119
Financing	19.805.477	14.872.479	30.271.068	14.872.479
Rural, agricultural and industrial financing	5.369.043	3.238.702	5.369.126	3.238.702
Real estate financing	7.975.055	2.245.507	7.975.109	2.245.507
Securities financing	-	9.457	-	9.457
Infrastructure and development financing	3.206	10.654	3.206	10.654
Leasing operations	**766.501**	**71.692**	**13.758.905**	**693.923**
Advances on foreign exchange contracts [1]	**3.439.536**	**1.692.702**	**3.439.536**	**1.692.702**
Other receivables [2]	**5.988.767**	**2.185.261**	**7.301.935**	**2.189.295**
Total	**112.440.531**	**45.910.334**	**137.268.243**	**46.496.838**
Current	**67.870.798**	**25.688.266**	**80.023.327**	**25.941.153**
Long-term	**44.569.733**	**20.222.068**	**57.244.916**	**20.555.685**

(1) Classified as a reduction of "Other payables".
(2) Include receivables for guarantees honored, debtors for purchase of assets, notes and credits receivable (basically credit cards and rural product notes - CPR), income receivable from advances on foreign exchange contracts, and receivables from export contracts.

b) Credit portfolio by maturity

	Bank		Consolidated	
	2009	**2008**	**2009**	**2008**
Overdue	7.414.816	2.073.259	7.945.139	2.075.155
Due to:				
Up to 3 moths	35.297.118	13.226.245	39.419.479	13.299.622
From 3 to 12 months	32.573.680	12.462.021	40.603.848	12.641.531
Over 12 months	37.154.917	18.148.809	49.299.777	18.480.530
Total	**112.440.531**	**45.910.334**	**137.268.243**	**46.496.838**

c) Lease portfolio at present value

	Bank		Consolidated	
	2009	**2008**	**2009**	**2008**
Lease receivables	397.772	40.148	10.013.223	541.309
Unearned income on lease	(394.427)	(35.486)	(9.733.769)	(535.043)
Unrealized residual values	1.137.264	85.315	9.879.803	559.143
Offsetting residual values	(1.137.264)	(85.315)	(9.879.803)	(559.143)
Leased property and equipment	1.212.480	90.652	23.253.021	1.112.859
Accumulated depreciation	(301.639)	(1.914)	(7.803.454)	(282.049)
Excess depreciation	335.115	1.826	6.896.758	28.126
Losses on unamortized lease	-	-	137.914	45.041
Advances for guaranteed residual value	(482.800)	(23.534)	(9.042.749)	(216.320)
Other Assets	-	-	37.961	-
Total	**766.501**	**71.692**	**13.758.905**	**693.923**

d) Credit portfolio by business sector

	Bank		Consolidated	
	2009	2008	2009	2008
Private sector	**112.141.603**	**45.719.609**	**136.972.362**	**46.313.983**
Industrial	27.989.066	10.920.917	29.070.560	11.046.840
Commercial	10.692.402	3.917.407	12.356.537	4.002.871
Financial institutions	362.706	733	364.873	733
Services and other	26.360.721	9.206.168	29.060.048	9.783.071
Individuals	41.369.109	18.435.682	60.752.662	18.241.766
Credit Cards	7.106.616	2.734.367	7.106.616	2.734.367
Mortgage Loans	4.794.672	1.914.156	4.794.672	1.914.156
Payroll Loans	7.310.572	2.495.831	7.310.572	2.495.831
Leasing e Auto Finance	5.411.455	5.842.000	24.781.175	5.842.000
Other	16.745.794	5.449.328	16.759.627	5.255.412
Rural	5.367.599	3.238.702	5.367.682	3.238.702
Public sector	**298.928**	**190.725**	**295.881**	**182.855**
Federal	106.854	102.660	106.867	102.660
State	177.766	60.305	177.766	60.305
Municipal	14.308	27.760	11.248	19.890
Total	**112.440.531**	**45.910.334**	**137.268.243**	**46.496.838**

e) Classification of credit portfolio by risk level and respective allowance for loan losses

							Bank
				Balance			
	Minimum allowance			2009	2008		Allowance required
Risk level	required (%)	Current	Past due [1]	Total	Total	2009	2008
AA	-	41.509.087	-	41.509.087	25.708.824	-	-
A	0,5%	48.517.975	-	48.517.975	14.359.007	242.590	71.795
B	1%	3.786.630	1.901.149	5.687.779	647.118	56.878	6.471
C	3%	3.458.555	2.928.089	6.386.644	1.080.127	191.599	32.404
D	10%	603.714	1.548.903	2.152.617	2.067.369	215.262	206.737
E	30%	304.215	1.311.818	1.616.033	306.150	484.810	91.845
F	50%	113.731	1.460.568	1.574.299	423.753	787.150	211.876
G	70%	26.453	915.977	942.430	266.374	659.701	186.462
H	100%	186.628	3.867.039	4.053.667	1.051.612	4.053.667	1.051.612
Total		**98.506.988**	**13.933.543**	**112.440.531**	**45.910.334**	**6.691.657**	**1.859.202**
Additional Provision [2]						**316.793**	**-**
Total Provision						**7.008.450**	**1.859.202**

							Consolidated
				Balance			
	Minimum allowance			2009	2008		Allowance required
Risk level	required (%)	Current	Past due [1]	Total	Total	2009	2008
AA	-	42.993.486	-	42.993.486	26.128.642	-	-
A	0,5%	66.954.597	-	66.954.597	14.535.028	334.773	72.675
B	1,0%	4.499.306	3.070.370	7.569.676	653.071	75.697	6.531
C	3,0%	3.959.026	3.870.161	7.829.187	1.083.826	234.876	32.515
D	10,0%	588.354	1.924.620	2.512.974	2.039.355	251.297	203.936
E	30,0%	315.615	1.545.810	1.861.425	307.013	558.428	92.104
F	50,0%	223.518	1.674.525	1.898.043	425.038	949.021	212.519
G	70,0%	26.973	1.054.810	1.081.783	267.024	757.248	186.916
H	100,0%	190.530	4.376.542	4.567.072	1.057.841	4.567.072	1.057.841
Total		**119.751.405**	**17.516.838**	**137.268.243**	**46.496.838**	**7.728.412**	**1.865.037**
Additional Provision [2]						**485.138**	**-**
Total Provision						**8.213.550**	**1.865.037**

(1) Includes current and past-due operations.
(2) The additional allowance is recognized based on Management's risk assessment, the expected realization of the loan portfolio, and the current regulatory requirements.

f) Changes in allowance for loan losses

	Bank		Consolidated	
	2009	2008	2009	2008
At the beginning of the period	**2.636.484**	**1.797.422**	**7.094.232**	**1.805.873**
Merger Companies (Note 2)	3.729.562	-	-	-
Allowances recognized	3.272.147	1.276.132	4.902.861	1.277.075
Write-offs	(2.629.743)	(1.214.226)	(3.783.543)	(1.217.785)
Other changes	-	(126)	-	(126)
At the end of the period	**7.008.450**	**1.859.202**	**8.213.550**	**1.865.037**
Current	**2.031.967**	**268.017**	**2.227.801**	**269.403**
Long-term	**4.976.483**	**1.591.185**	**5.985.749**	**1.595.634**
Recoveries [1]	**171.531**	**106.996**	**292.192**	**113.392**

(1) Recorded as Financial Income under: Lending operations and Leasing operations. In 2008, includes results from the assignment of receivables without coobligation related to operations previously written-off as losses, amounting to R$31,545, in the Bank and consolidated.

10. Foreign Exchange Portfolio

	Bank/Consolidated	
	2009	**2008**
Assets		
Rights to foreign exchange sold	19.591.303	7.857.246
Exchange purchased pending settlement	20.819.211	6.870.409
Advances in local currency	(232.525)	(126.946)
Income receivable from advances and importing financing	140.455	34.150
Others	587	1.466
Total	**40.319.031**	**14.636.325**
Current	**31.495.994**	**11.680.867**
Long-term	**8.823.037**	**2.955.458**
Liabilities		
Exchange sold pending settlement	18.276.908	7.310.705
Foreign exchange purchased	22.177.812	7.565.259
Advances on foreign exchange contracts	(3.439.536)	(1.692.702)
Advances on foreign exchange contracts - Financial Institutions	(97.150)	(40.275)
Others	11.048	8.480
Total	**36.929.082**	**13.151.467**
Current	**28.329.273**	**10.213.245**
Long-term	**8.599.809**	**2.938.222**
Memorandum accounts		
Open import credits	386.612	558.466
Confirmed export credits	34.534	166.347

11. Trading Account

	Bank		Consolidated	
	2009	**2008**	**2009**	**2008**
Assets				
Transactions pending settlement	113.336	53.781	118.020	62.837
Debtors pending settlement	1.205	84.528	876.598	318.400
Stock exchanges - guarantee deposits	86.350	121.583	86.350	121.583
Clearinghouse transactions	-	-	9.564	77.293
Other	83	83	83	83
Total	**200.974**	**259.975**	**1.090.615**	**580.196**
Current	**200.974**	**259.975**	**1.090.615**	**580.196**
Liabilities				
Transactions pending settlement	116.720	49.515	119.222	50.166
Creditors pending settlement	13.097	47.650	407.776	348.140
Creditors for loan of shares	26.240	157.896	26.240	157.896
Clearinghouse transactions	-	-	342.334	14.544
Commissions and brokerage fees payable	1.616	1.320	4.202	3.852
Total	**157.673**	**256.381**	**899.774**	**574.598**
Current	**157.183**	**238.119**	**873.205**	**556.336**
Long-term	**490**	**18.262**	**26.569**	**18.262**

12. Tax Credits

a) Nature and Origin of Recorded Tax Credits

	Bank				
	December 31, 2008	**Merger [3]**	**Recognition**	**Realization**	**June 30, 2009**
Allowance for loan losses	1.082.645	2.343.129	1.264.834	(1.152.283)	3.538.325
Reserve for civil contingencies	93.782	301.316	220.955	(3.628)	612.425
Reserve for tax contingencies	503.001	402.510	239.564	(394)	1.144.681
Reserve for labor contingencies	466.961	369.020	331.366	(201.312)	966.035
Amortized Goodwill	228.343	331.587	178.665	(106.480)	632.115
Reserve for maintenance of stockholders' equity integrity	34.902	-	-	(25.267)	9.635
Adjustment to fair value of trading securities and derivatives [1]	1.387.150	177.995	-	(541.575)	1.023.570
Accrual for pension plan	68.293	48.642	13.285	(8.581)	121.639
Adjustment to fair value of available-for-sale securities [1]	76.281	183.749	-	(63.390)	196.640
Deferred income from derivatives [1]	135.193	528.154	50.020	(120.058)	593.309
Other temporary provisions	819.916	497.528	491.865	(304.330)	1.504.979
Total tax credits on temporary differences	**4.896.467**	**5.183.630**	**2.790.554**	**(2.527.298)**	**10.343.353**
Tax loss carryforwards	517.696	5.278	-	(120.527)	402.447
Social contribution tax - Executive Act No. 2158/2001 [2]	810.209	-	-	-	810.209
Total tax credits	**6.224.372**	**5.188.908**	**2.790.554**	**(2.647.825)**	**11.556.009**
Unrecorded tax credits[4]	(762.320)	(673.255)	(14.601)	22.392	(1.427.784)
Subtotal - recorded tax credits	**5.462.052**	**4.515.653**	**2.775.953**	**(2.625.433)**	**10.128.225**
Current	**2.295.074**				**3.967.827**
Long-term	**3.166.978**				**6.160.398**

					Consolidated
	December 31, 2008	Acquisition/ Disposal [3]	Recognition	Realization	June 30, 2009
Allowance for loan losses	4.030.191	(209)	1.764.784	(1.370.544)	4.424.222
Reserve for civil contingencies	409.504	(1.705)	238.533	(6.964)	639.368
Reserve for tax contingencies	1.094.630	(27.637)	342.518	(23.282)	1.386.229
Reserve for labor contingencies	869.388	(568)	351.787	(207.237)	1.013.370
Amortized Goodwill	561.916	-	178.665	(108.466)	632.115
Reserve for maintenance of stockholders' equity integrity	34.902	-	-	(25.267)	9.635
Adjustment to fair value of trading securities and derivatives [1]	1.639.676	-	2.178	(614.039)	1.027.815
Accrual for pension plan	100.409	-	29.811	(8.581)	121.639
Adjustment to fair value of available-for-sale securities [1]	212.888	(3.193)	119.429	(94.360)	234.764
Deferred income from derivatives [1]	822.649	-	50.020	(279.359)	593.310
Other temporary provisions	1.432.792	(6.567)	554.593	(414.898)	1.565.920
Total tax credits on temporary differences	**11.208.945**	**(39.879)**	**3.632.318**	**(3.152.997)**	**11.648.387**
Tax loss carryforwards	1.470.192	(337)	311.189	(129.906)	1.651.138
Social contribution tax - Executive Act No. 2158/2001	917.581	-	46	-	917.627
Total tax credits	**13.596.718**	**(40.216)**	**3.943.553**	**(3.282.903)**	**14.217.152**
Unrecorded tax credits[2]	(1.601.626)	427	(43.713)	38.794	(1.606.118)
Subtotal - recorded tax credits	**11.995.092**	**(39.789)**	**3.899.840**	**(3.244.109)**	**12.611.034**
Current	**4.700.703**				**4.438.266**
Long-term	**7.294.389**				**8.172.768**

(1) Includes Tax Credits IRPJ, CSLL, Pis and Cofins.
(2) Includes the unrecorded tax credit related to the increase in social contribution tax rate for financial institutions from 9% to 15%. The social contribution tax amount related to the tax rate increase is accrued in Other payables - tax and social security (note 20).
(3) Merger/Disposal of companies (Note 16).

b) Expected realization of recorded tax credits

						Bank 2009	
			Temporary differences	Tax loss			
Year	IRPJ	CSLL	PIS/Cofins	carryforwards	CSLL 18%	Total	Recorded
2009	1.265.775	747.936	44.152	7.748	2.446	2.068.057	2.060.647
2010	2.563.977	1.338.500	88.302	14.982	10.488	4.016.249	3.814.358
2011	1.433.065	831.374	46.199	16.235	70.233	2.397.106	1.829.808
2012	723.096	417.783	4.096	21.935	77.069	1.243.979	889.400
2013	298.042	170.580	4.096	138.083	85.323	696.124	564.387
2014 to 2016	183.024	82.868	2.048	203.464	564.650	1.036.054	954.698
2017 to 2018	34.648	14.394	-	-	-	49.042	14.927
2019 to 2021	24.735	5.553	-	-	-	30.288	-
2022 to 2023	15.606	3.504	-	-	-	19.110	-
Total	**6.541.968**	**3.612.492**	**188.893**	**402.447**	**810.209**	**11.556.009**	**10.128.225**

						Consolidated 2009	
			Temporary differences	Tax loss			
Year	IRPJ	CSLL	PIS/Cofins	carryforwards	CSLL 18%	Total	Recorded
2009	1.373.509	812.948	44.267	45.570	5.151	2.281.445	2.273.435
2010	2.855.561	1.485.902	88.523	90.966	17.172	4.538.124	4.329.662
2011	1.657.135	965.523	46.308	104.424	81.620	2.855.010	2.230.073
2012	843.474	489.161	4.096	145.976	90.770	1.573.477	1.162.771
2013	342.072	191.039	4.096	620.633	96.516	1.254.356	1.071.601
2014 to 2016	230.955	109.539	2.048	643.569	598.118	1.584.229	1.498.195
2017 to 2018	37.064	15.769	-	-	26.043	78.876	43.060
2019 to 2021	24.735	5.553	-	-	2.237	32.525	2.237
2022 to 2023	15.606	3.504	-	-	-	19.110	-
Total	**7.380.111**	**4.078.938**	**189.338**	**1.651.138**	**917.627**	**14.217.152**	**12.611.034**

Due to differences between accounting, tax and corporate criteria, expected realization of tax credits should not be taken as indicative of future net income.

c) Present value of deferred tax credits

The total present value of tax credits is R$9,829,925 (2008 - R$4,263,111) - Bank and R$11,903,900 (2008 - R$4,403,197) - Consolidated and the present value of recorded tax credits is R$8,710,081 (2008 - R$3,615,782) - Bank and R$10,646,238 (2008 - R$3,730,511) - Consolidated. The present value was calculated taking into account the expected realization of temporary differences, tax loss carryforwards, and social contribution tax at the rate of 18% (Executive Act No. 2.158/2001) and the average funding rate projected for the corresponding periods.

13. Other Receivables - Other

	Bank		Consolidated	
	2009	2008	2009	2008
Credit cards	4.870.774	1.580.182	4.870.774	1.580.182
Escrow deposits for:				
Tax claims	3.044.196	1.231.810	3.730.239	1.390.333
Labor claims	1.783.240	1.077.744	1.877.534	1.109.849
Other	609.609	304.548	687.505	318.737
Contract guarantees - former controlling stockholders (Note 23.h)	567.719	701.902	567.719	701.902
Recoverable taxes	730.833	297.286	1.204.641	419.533
Receivables	667.083	265.398	1.956.468	267.694
Receivables from export contracts	15.329	33.798	15.329	33.798
Reimbursable payments	234.932	180.128	242.052	186.660
Rural product notes	199.787	222.283	199.787	222.283
Salary advances/other	949.510	58.434	955.640	59.090
Debtors for purchase of assets	83.386	44.284	107.169	46.022
Receivable from affiliates	300.110	60.339	243.717	60.252
Other [1]	2.288.634	52.520	2.388.642	51.301
Total	**16.345.142**	**6.110.656**	**19.047.216**	**6.447.636**
Current	**8.550.665**	**2.690.072**	**10.210.765**	**2.712.732**
Long-term	**7.794.477**	**3.420.584**	**8.836.451**	**3.734.904**

(1) In 2009, includes R$1,086 million in the bank and R$1,236 million in the Consolidated of receivables related to the sale of investment in the Companhia Brasileira de Meios de Pagamento - Visanet, with financial settlement on July 1,2009.

14. Other Assets

	Bank		Consolidated	
	2009	2008	2009	2008
Assets not in Use [1]	248.299	184.229	269.947	189.601
Materials in inventory	9.995	7.606	10.371	7.606
Total	**258.294**	**191.835**	**280.318**	**197.207**
(Allowance for Valuation)	(216.167)	(152.229)	(237.541)	(157.601)
Total	**42.127**	**39.606**	**42.777**	**39.606**
Current	**42.127**	**39.606**	**42.777**	**39.606**

(1) Refer mainly to repossessed assets, consisting basically of properties and vehicles received as payment in kind

15. Foreign Branches

The financial position of the Foreign Branches (Grand Cayman and Tokyo), converted at the exchange rate prevailing at the balance sheet date and included in the individual (Bank) and consolidated financial statements can be summarized as follows:

	2009	2008
Assets	**24.141.974**	**14.287.588**
Current and long-term assets	**24.101.701**	**14.287.442**
Cash	317.024	123.417
Interbank investments	2.695.792	1.601.371
Securities and derivatives	10.253.942	5.527.619
Lending operations	4.479.616	3.089.536
Leasing operations	-	4.662
Foreign exchange portfolio	5.880.101	3.696.596
Other assets	475.226	244.241
Permanent assets	**40.273**	**146**
Liabilities	**24.141.974**	**14.287.588**
Current and long-term liabilities	**18.636.875**	**13.567.045**
Money market funding	1.440.681	418.329
Funds from acceptance and issuance of securities	1.423.645	1.506.829
Borrowings and Onlendings	5.883.914	4.832.800
Subordinated debt	978.158	797.874
Foreign exchange portfolio	6.041.797	3.738.136
Other payables [1]	2.868.680	2.273.077
Deferred Income	**2.054**	**117**
Stockholders' Equity	**5.503.045**	**720.426**
Net Income	**373.486**	**106.008**

(1) At Santander Grand Cayman Branch include Sale of right to receipt of future flow of payment orders from abroad (Note 22).

The transactions of Banco Real Grand Cayman Branch were transferred to Santander Grand Cayman Branch on April 30, 2009.

16. Investments in Affiliates and Subsidiaries

					2009
		Number of shares (in thousands)			Participation %
Investments - Direct and Indirect Ownership	Activity	Common shares and quotas	Preferred	Bank	Consolidated
Controlled by Banco Santander S.A.					
Santander Brasil Arrendamento Mercantil S.A.	Leasing	86.984	-	99,99%	99,99%
Santander S.A. Corretora de Câmbio e Títulos	Broker	22.574.322	14.300.515	99,99%	100,00%
Santander Brasil S.A. Corretora de Títulos e Valores Mobiliários	Broker	9.201	4.400	99,99%	100,00%
Santander Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	Asset manager	68.000	-	99,99%	100,00%
Santander Investimentos em Participações S.A.	Holding	1.830.752	-	99,99%	100,00%
Santander Administradora de Consórcios Ltda.	Buying club	3.000	-	99,99%	100,00%
ABN AMRO Administradora de Cartões de Crédito Ltda. (2)	Credit Card	136.817	-	100,00%	100,00%
Banco de Pernambuco S.A. - BANDEPE (2)	Bank	2.183.667.026	-	100,00%	100,00%
ABN AMRO Arrendamento Mercantil S.A. (2)	Leasing	19.274	-	99,99%	99,99%
Real Leasing S.A. Arrendamento Mercantil (2)	Leasing	7.662.541	-	76,40%	99,99%
Aymoré Crédito, Financiamento e Investimento S.A. (2)	Financial Companies	287.706.670	-	100,00%	100,00%
ABN AMRO Administradora de Consórcio Ltda. (2)	Buying club	136.817	-	100,00%	100,00%
Real Corretora de Seguros S.A. (2)	Insurance broker	9	-	100,00%	100,00%
Real Microcrédito Assessoria Financeira S.A. (2)	Microcredit	43.129.918	-	100,00%	100,00%
Santander Advisory Services S.A. (2) (5)	Other Activities	5	-	100,00%	100,00%
Companhia Real Distribuidora de Títulos e Valores Mobiliários (2)	Dealer	67	-	100,00%	100,00%
Real Argentina S.A. (2)	Other Activities	445	-	98,99%	98,99%
REB Empreendimentos e Administradora de Bens S.A. (2)	Holding	437.530	-	100,00%	100,00%
Webmotors S.A. (2)	Other Activities	348.253.362	17.929.313	100,00%	100,00%
Banco Comercial e de Investimento Sudameris S.A. (2)	Bank	92.109.131	70.110.634	99,80%	99,80%
Controlled by Banco Comercial e de Investimentos Sudameris S.A.					
Companhia de Arrendamento Mercantil RCI Brasil	Leasing	63	31	-	39,88%
Companhia de Crédito, Financiamento e Investimento RCI Brasil	Financial Companies	1	1	-	39,64%
ABN AMRO Real Corretora de Câmbio e Valores Mobiliários	Broker	1.400.000	1.400.000	-	100,00%
Controlled by ABN AMRO Administradora de Cartões de Crédito S.A.					
ABN AMRO Brasil Participações e Investimentos S.A.	Holding	16.501	-	-	100,00%
Real CHP S.A.	Holding	506	-	-	92,78%
Controlled by Santander Investimentos em Participações S.A.					
Santander S.A. Serviços Técnicos, Administrativos e de Corretagem de Seguros	Insurance broker	50.425.267	-	-	99,99%
Agropecuária Tapirapé S.A.	Other Activities	199.729	379.265	-	99,07%
Jointly Controlled Companies					
Companhia Brasileira de Meios de Pagamentos - Visanet	Card Processor	19.740	-	1,44%	9,20%
Celta Holding S.A.	Holding	-	260	-	26,00%
Araguari Real Estate Holding LLC	Holding	43.164	-	50,00%	50,00%
TecBan - Tecnologia Bancária S.A.	Other Activities	626.459	-	18,44%	20,68%
Companhia Brasileira de Soluções e Serviços - CBSS	Ticker insurance	200	106	-	15,32%
Cibrasec Companhia Brasileira de Securitização	Securization	6	-	9,08%	13,64%
Fonet Brasil S.A.	Other Activities	-	-	-	-
Norchem Participações e Consultoria S.A.	Other Activities	950	-	-	50,00%
Estruturadora Brasileira de Projetos S.A. - EBP	Other Activities	1.599	-	-	11,11%
Diamond Finance Promotora de Vendas	Other Activities	-	-	-	-
Affiliate					
Norchem Holding e Negócios S.A.	Other Activities	1.679	-	-	21,75%

	2009		Investments	
	Adjusted Stockholders' Equity	Adjusted Net Income (Losses)	2009	2008
Controlled by Banco Santander				
Santander Brasil Arrendamento Mercantil S.A.	535.549	9.758	535.549	507.965
Santander S.A. Corretora de Câmbio e Títulos	210.997	17.265	210.996	71.592
Santander Brasil S.A. Corretora de Títulos e Valores Mobiliários	932	(84)	932	125.878
Santander Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	123.316	19.451	123.316	89.743
Santander Investimentos em Participações S.A.	979.758	355.444	979.758	1.206.262
Santander Administradora de Consórcios Ltda.	3.672	36	3.672	3.630
ABN AMRO Administradora de Cartões de Crédito Ltda.	279.162	13.534	279.162	-
Banco de Pernambuco S.A. - BANDEPE [2]	3.803.909	134.978	3.803.908	-
ABN AMRO Arrendamento Mercantil S.A. [2]	610.545	23.268	610.545	-
Real Leasing S.A. Arrendamento Mercantil [2]	9.959.569	392.335	7.609.520	-
Aymoré Crédito, Financiamento e Investimento S.A. [2]	629.825	6.883	629.825	-
ABN AMRO Administradora de Consórcio Ltda. [2]	72.572	18.121	72.572	-
Real Corretora de Seguros S.A. [2]	47.499	30.397	47.499	-
Real Microcrédito Assessoria Financeira S.A. [2]	9.063	2.501	9.063	-
Santander Advisory Services S.A. [2] [5]	1.325	70	1.325	-
Companhia Real Distribuidora de Títulos e Valores Mobiliários [2]	75.707	(385)	75.707	-
Real Argentina S.A. [2]	164	(33)	-	-
REB Empreendimentos e Administradora de Bens S.A. [2]	23.787	23.287	23.787	-
Webmotors S.A. [2]	36.790	7.659	36.790	-
Banco Comercial e de Investimento Sudameris S.A. [2]	2.047.283	95.156	2.043.237	-
Controlled by Banco Comercial e de Investimento Sudameris S.A.				
Companhia de Arrendamento Mercantil RCI Brasil [6]	465.428	16.422	-	-
Companhia de Crédito, Financiamento e Investimento RCI Brasil [7]	240.577	26.706	-	-
ABN AMRO Real Corretora de Câmbio e Valores Mobiliários	42.220	2.320	-	-
Controlled by ABN AMRO Administradora de Cartões de Crédito Ltda.				
Real CHP S.A.	3.346	1.944	-	-
Controlled by Santander Investimentos em Participações S.A.				
Santander S.A. Serviços Técnicos, Administrativos e de Corretagem de Seguros	69.413	14.162	-	-
Agropecuária Tapirapé S.A.	6.623	182	-	-
Jointly Controlled Companies				
Companhia Brasileira de Meios de Pagamentos - Visanet	523.875	698.013	7.578	-
Celta Holding S.A.	253.411	17.464	65.886	-
Araguari Real Estate Holding LLC	111.722	-	103.415	-
TecBan - Tecnologia Bancária S.A.	156.099	1.194	28.794	-
Companhia Brasileira de Soluções e Serviços - CBSS	98.539	32.133	15.099	-
Cibrasec Companhia Brasileira de Securitização	76.755	5.845	6.977	-
Norchem Participações e Consultoria S.A.	27.344	(277)	-	-
Estruturadora Brasileira de Projetos S.A. - EBP	1.240	(265)	-	-
Total Investments - Bank			**17.324.912**	**2.005.070**
Affiliate				
Norchem Holding e Negócios S.A.	-	-	21.314	20.104
Companhia Brasileira de Meios de Pagamentos - Visanet	-	-	48.197	-
Other	-	-	2.017	-
Total Investimento - Consolidated			**71.528**	**20.104**

	Results on Investments in Affiliates and Subsidiaries	
	2009	2008
Controlled by Banco Santander S.A.		
Banco ABN AMRO Real S.A. [3]	258.061	-
Santander Brasil Arrendamento Mercantil S.A.	9.758	27.690
Santander S.A. Corretora de Câmbio e Títulos	17.265	26.614
Santander Brasil S.A. Corretora de Títulos e Valores Mobiliários	(84)	10.883
Santander Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	19.451	18.449
Santander Investimentos em Participações S.A.	258.895	86.422
Santander Administradora de Consórcios Ltda.	34	28
ABN AMRO Administradora de Cartão de Crédito Ltda.	12.603	-
Banco de Pernambuco S.A. - BANDEPE [2]	75.143	-
ABN AMRO Arrendamento Mercantil S.A. [2]	10.234	-
Real Leasing S.A. Arrendamento Mercantil [2]	182.774	-
Aymoré Crédito, Financiamento e Investimento S.A. [2]	65.326	-
ABN AMRO Administradora de Consórcio Ltda. [2]	8.938	-
Real Corretora de Seguros S.A. [2]	12.383	-
Real Microcrédito Assessoria Financeira S.A. [2]	1.634	-
Santander Advisory Services S.A. [2] [5]	1	-
Companhia Real de Valores - Distribuidora de Títulos e Valores Mobiliários [2]	1.028	-
REB Empreendimentos e Administradora de Bens S.A. [2]	534	-
Webmotors S.A. [2]	3.352	-
Banco Comercial e de Investimento Sudameris S.A. [2]	700	-
Real Seguros Vida e Previdência S.A. [1]	8.766	-

	Results on Investments in Affiliates and Subsidiaries	
	2009	**2008**
Jointly Controlled Companies		
Companhia Brasileira de Meios de Pagamentos - Visanet	15.595	-
Celta Holding S.A.	(2.950)	-
TecBan - Tecnologia Bancária S.A.	126	-
Companhia Brasileira de Soluções e Serviços - CBSS	3.357	-
Cibrasec Companhia Brasileira de Securitização	252	-
ABN AMRO Brasil Dois Participações S.A. (1) (2)	126.442	-
Diamond Finance Promotora de Vendas	31	-
Other	(23)	5.952
Results on Investments in Affiliates and Subsidiaries - Bank	**1.091.635**	**178.046**
Jointly Controlled Companies		
ABN AMRO Brasil Dois Participações S.A. (1) (2)	126.442	-
Real Seguros Vida e Previdência S.A.(1)	8.766	-
Norchem Holding e Negócios S.A.	128	817
Companhia Brasileira de Meios de Pagamentos - Visanet (4)	11.478	-
Other	768	-
Results on Investments in Affiliates and Subsidiaries - Consolidated	**147.582**	**817**

(1) As provided for in the Shareholders' Agreement of Real Tokio Marine Vida e Previdência S.A. (RTMVP), as a result of the change in shareholding control from Banco Real to Banco Santander, AAB Dois Par exercized its right to purchase the remaining interest in RTMVP, right which was transferred to Banco Santander on January 21, 2009. In the Board of Directors' meeting held on March 19, 2009, the sale of the following investments was authorized: 50% interest in the capital of Real Tokio Marine Vida e Previdência S.A. and 100% interest in the capital of ABN AMRO Brasil Dois Participações S.A. to Santander Seguros S.A., for the total amount of R$1,495 million, generating net gains of R$45 million recorded in Nonoperating income/expenses. In the Extraordinary Shareholders' Meeting of RTMVP, held in March 2009, the change of the company's name to Real Seguros Vida e Previdência S.A. was approved.

(2) Investment merged into Banco Santander in April 2009 (Note 2).

(3) Merged into Banco Santander in April 2009 (Note 2).

(4) Company consolidated up to May 2009.

(5) On January 16, 2009, the change in the name of ABN AMRO Advisory Services S.A. to Santander Advisory Services S.A. was approved.

(6) On July 7, 2009, the change in the name of Companhia de Crédito, Financiamento e Investimento Renault do Brasil to Companhia de Crédito, Financiamento e Investimento RCI Brasil was approved.

(7) On July 7, 2009, the change in the name of Companhia de Arrendamento Mercantil Renault do Brasil to Companhia de Arrendamento Mercantil RCI Brasil was approved.

17. Property and Equipment

			Bank	
			2009	**2008**
	Cost	**Depreciation**	**Net**	**Net**
Real estate	**795.425**	**(393.223)**	**402.202**	**168.479**
Buildings	581.720	(393.223)	188.497	64.768
Land	213.705	-	213.705	103.711
Other	**5.630.680**	**(2.641.191)**	**2.989.489**	**893.536**
Installations, furniture and equipment	931.924	(392.191)	539.733	224.359
Security and communication equipment	306.194	(167.329)	138.865	67.651
Data processing equipment	1.612.288	(1.138.737)	473.551	221.736
Leasehold improvements	1.136.108	(726.567)	409.541	283.007
Other(1)	1.644.166	(216.367)	1.427.799	96.783
Total	**6.426.105**	**(3.034.414)**	**3.391.691**	**1.062.015**

			Consolidated	
			2009	**2008**
	Cost	**Depreciation**	**Net**	**Net**
Real estate	**799.619**	**(396.460)**	**403.159**	**166.584**
Buildings	584.308	(396.460)	187.848	62.873
Land	215.311	-	215.311	103.711
Other	**5.788.416**	**(2.726.024)**	**3.062.392**	**893.566**
Installations, furniture and equipment	980.718	(410.126)	570.592	224.359
Security and communication equipment	310.713	(170.745)	139.968	67.681
Data processing equipment	1.693.645	(1.187.224)	506.421	221.736
Leasehold improvements	1.155.047	(739.243)	415.804	283.007
Other	1.648.293	(218.686)	1.429.607	96.783
Total	**6.588.035**	**(3.122.484)**	**3.465.551**	**1.060.150**

(1) Includes R$1,060,503 of buildings in progress related to the new head office.

18. Intangible

			Bank	
			2009	**2008**
	Cost	**Amortization**	**Net**	**Net**
Goodwill on Acquired Companies (1)	**26.012.090**	**(1.703.840)**	**24.308.250**	**-**
Intangible Assets	**9.244.531**	**(6.770.559)**	**2.473.972**	**1.834.929**
Exclusivity contracts for provision of banking services	2.697.094	(1.075.591)	1.621.503	1.403.679
Goodwill from merger	4.817.445	(4.874.094)	(56.649)	-
Acquisition and development of software	1.672.435	(820.754)	851.681	431.250
Other	57.557	(120)	57.437	-
Total	**35.256.621**	**(8.474.399)**	**26.782.222**	**1.834.929**

			Consolidated	
			2009	**2008**
	Cost	**Amortization**	**Net**	**Net**
Goodwill on Acquired Companies (1)	**26.012.090**	**(1.703.840)**	**24.308.250**	**-**
Other Intangible Assets	**9.302.719**	**(6.786.496)**	**2.516.223**	**1.835.015**
Exclusivity contracts for provision of banking services	2.697.094	(1.075.591)	1.621.503	1.403.679
Goodwill from merger	4.820.613	(4.877.262)	(56.649)	-
Acquisition and development of software	1.723.314	(833.523)	889.791	431.336
Other	61.698	(120)	61.578	-
Total	**35.314.809**	**(8.490.336)**	**26.824.473**	**1.835.015**

(1) In 2009, includes R$1,148,885 of goodwill amortization recorded in Other Administrative Expenses - Depreciation and Amortization (Note 30).

19. Money Market Funding and Borrowings and Onlendings

a) Deposits

	Bank					
					2009	2008
	Without maturity	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Demand deposits	13.899.273	-	-	-	13.899.273	4.174.391
Savings deposits	21.410.657	-	-	-	21.410.657	7.222.598
Interbank deposits	-	4.269.241	4.315.097	29.583.574	38.167.912	4.425.182
Time deposits	630.336	8.066.202	27.511.487	49.298.451	85.506.476	35.208.438
Other deposits	389.250	-	-	-	389.250	250.639
Total	**36.329.516**	**12.335.443**	**31.826.584**	**78.882.025**	**159.373.568**	**51.281.248**
Current					**80.491.543**	**32.021.532**
Long-term					**78.882.025**	**19.259.716**

	Consolidated					
					2009	2008
	Without maturity	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Demand deposits	13.789.451	-	-	-	13.789.451	4.167.036
Savings deposits	21.410.657	-	-	-	21.410.657	7.222.598
Interbank deposits	-	-	946.954	224.993	1.171.947	679.657
Time deposits	630.336	8.066.202	27.429.308	49.141.904	85.267.750	34.682.714
Other deposits	389.250	-	-	-	389.250	250.639
Total	**36.219.694**	**8.066.202**	**28.376.262**	**49.366.897**	**122.029.055**	**47.002.644**
Current					**72.662.158**	**28.268.046**
Long-term					**49.366.897**	**18.734.598**

b) Money market funding

	Bank				
				2009	2008
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Own portfolio	65.216	89.554	21.022.156	21.176.926	4.029.222
Third parties	-	2.714.237	6.139.820	8.854.057	12.871.567
Linked to trading portfolio operations	1.335.938	2.134.503	-	3.470.441	896.096
Total	**1.401.154**	**4.938.294**	**27.161.976**	**33.501.424**	**17.796.885**
Current				**6.339.448**	**14.899.320**
Long-term				**27.161.976**	**2.897.565**

	Consolidated				
				2009	2008
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Own portfolio	46.044	29.554	20.615.616	20.691.214	3.989.058
Third parties	-	2.660.809	6.139.820	8.800.629	12.804.567
Linked to trading portfolio operations	1.335.938	2.134.503	-	3.470.441	896.096
Total	**1.381.982**	**4.824.866**	**26.755.436**	**32.962.284**	**17.689.721**
Current				**6.206.848**	**14.792.156**
Long-term				**26.755.436**	**2.897.565**

c) Funds from acceptance and issuance of securities

	Bank				
				2009	2008
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Real estate credit notes, mortgage notes, credit and similar notes	**2.646.532**	**3.827.553**	**84.206**	**6.558.291**	**1.987.467**
Agribusiness credit notes - LCA	1.028.597	378.330	44.555	1.451.482	1.437.684
Real estate credit notes - LCI	1.617.935	3.449.223	39.651	5.106.809	549.783
Securities issued abroad	**232.844**	**1.097.349**	**1.736.514**	**3.066.707**	**2.032.344**
Total	**2.879.376**	**4.924.902**	**1.820.720**	**9.624.998**	**4.019.811**
Current				**7.804.278**	**3.091.388**
Long-term				**1.820.720**	**928.423**

	Consolidated				
				2009	2008
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Exchange acceptances	**14.312**	**6.085**	**244.003**	**264.400**	**-**
Real estate credit notes, mortgage notes, credit and similar notes	**2.646.532**	**4.298.314**	**84.206**	**7.029.052**	**1.987.467**
Agribusiness credit notes - LCA	1.028.597	378.330	44.555	1.451.482	1.437.684
Real estate credit notes - LCI	1.617.935	3.919.984	39.651	5.577.570	549.783
Securities issued abroad	**232.844**	**1.097.349**	**1.736.514**	**3.066.707**	**2.032.344**
Total	**2.893.688**	**5.401.748**	**2.064.723**	**10.360.159**	**4.019.811**
Current				**8.295.436**	**3.091.388**
Long-term				**2.064.723**	**928.423**

					Bank/Consolidated	
					2009	2008
Securities issued abroad	**Issuance**	**Maturity**	**Currency**	**Interest rate**	**Total**	**Total**
Eurobonds	February-05	February-10	R$	16,2%	781.712	-
Eurobonds	November-05	November-13	R$	17,1%	471.580	368.633
Fixed Rate Notes	October-07	January-15	R$	100,0% CDI	188.343	-
Fixed Rate Notes	November-07	January-15	R$	100,0% CDI	182.379	-
Structured Notes	April-09	April-10	R$	102,5% CDI	171.882	-
Eurobonds	March-05	March-13	R$	17,0%	169.223	169.223
Eurobonds (1)	April-06	August-10	R$	IPCA+6%	157.696	143.552
Structured Notes	May-09	August-09	US$	0,4%	146.448	-
Fixed Rate Notes	September-06	June-13	R$	100,0% CDI -0,4%	121.248	-
Fixed Rate Notes	October-06	June-13	R$	100,0% CDI -0,3%	71.568	-
Fixed Rate Notes (4)	August-07	June-12	US$	2,5%	66.982	-
Eurobonds (1)	May-06	August-10	R$	IPCA+6%	62.896	49.968
Fixed Rate Notes (4)	August-99	August-14	US$	7,5%	61.416	-
Fixed Rate Notes (4)	April-08	March-13	US$	4,6%	35.031	-
Fixed Rate Notes (4)	August-07	August-12	US$	3,3%	33.175	-
Eurobonds (2)	June-07	May-17	R$	FIDC (3)	27.381	30.935
Eurobonds (1)	March-07	January-14	R$	10,0%	15.195	113.463
Eurobonds (1)	November-05	May-09	R$	IPCA+6%	-	200.200
Eurobonds (1)	December-05	May-09	R$	IPCA+6%	-	85.252
Eurobonds (1)	January-06	May-09	R$	IPCA+6%	-	59.871
Eurobonds	July-05	July-08	US$	5,00%	-	93.833
Structured Notes	May-08	July-08	US$	5,00%	-	232.039
Other					302.552	485.375
Total					**3.066.707**	**2.032.344**

(1) Indexed Linked Sovereign Notes.
(2) Indexed Linked Credit Event Notes.
(3) Indexed to Receivables Investment Fund Income (FIDC).
(4) Indexed to Libor.

d) Money market funding expenses

	Bank		Consolidated	
	2009	2008	2009	2008
Time deposits	3.006.578	1.586.929	4.485.120	1.567.093
Savings deposits	458.447	202.890	663.942	202.890
Interbank deposits	1.013.177	213.833	131.618	17.731
Money market funding	1.524.437	752.660	1.834.491	749.129
Others	(1.209.567)	(80.873)	(1.059.524)	(80.841)
Total	**4.793.072**	**2.675.439**	**6.055.647**	**2.456.002**

e) Borrowings and onlendings

				Bank	
				2009	2008
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Local borrowings	**-**	**1.032.774**	**245.481**	**1.278.255**	**-**
Foreign borrowings	**6.235.199**	**3.309.502**	**1.590.358**	**11.135.059**	**6.815.175**
Import and export financing lines	2.409.763	2.739.475	1.189.496	6.338.734	5.722.100
Other credit lines	3.825.436	570.027	400.862	4.796.325	1.093.075
Domestic onlendings	**690.133**	**1.830.489**	**5.132.841**	**7.653.463**	**4.316.120**
Foreign onlendings	**258.791**	**580.002**	**1.630.854**	**2.469.647**	**-**
Total	**7.184.123**	**6.752.767**	**8.599.534**	**22.536.424**	**11.131.295**
Current				**13.936.890**	**7.289.920**
Long-term				**8.599.534**	**3.841.375**

				Consolidated	
				2009	2008
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Local borrowings	**-**	**1.032.774**	**245.481**	**1.278.255**	**-**
Foreign borrowings	**6.235.199**	**3.309.502**	**1.590.358**	**11.135.059**	**6.815.175**
Import and export financing lines	2.409.763	2.739.475	1.189.496	6.338.734	5.722.100
Other credit lines	3.825.436	570.027	400.862	4.796.325	1.093.075
Domestic onlendings	**690.261**	**1.830.873**	**5.133.772**	**7.654.906**	**4.316.120**
Foreign onlendings	**258.791**	**580.002**	**1.630.854**	**2.469.647**	**-**
Total	**7.184.251**	**6.753.151**	**8.600.465**	**22.537.867**	**11.131.295**
Current				**13.937.402**	**7.289.920**
Long-term				**8.600.465**	**3.841.375**

Export and import financing lines are funds raised from foreign banks, for use in commercial foreign exchange transactions, related to the discounting of export bills and export and import pre-financing, falling due through 2014 and subject to financial charges corresponding to exchange variation plus interest ranging from 0.6% p.a. to 15.2% p.a. (2008 - from 0.5% p.a. to 7.1% p.a.) in the Bank and from in the Consolidated.

Domestic onlendings - official institutions are subject to financial charges corresponding to the Long-Term Interest Rate (TJLP), exchange variation of the BNDES basket of currencies, or US dollar exchange variation, plus interest rate in accordance with the operating policies of the BNDES System.

In the Bank and in the Consolidated, A1748foreign onlending+A1748s are subject to interest ranging from 0.9% p.a. to 6.8% p.a. and exchange rate change falling due through 2014.

20. Tax and Social Security

Tax and social security payables comprise taxes payable and amounts being challenged in the courts.

	Bank		Consolidated	
	2009	**2008**	**2009**	**2008**
Reserve for tax contingencies (Note 23)	4.626.109	1.179.430	6.376.315	1.531.645
Reserve for tax contingencies - responsibility of former controlling stockholders (Note 23.h)	456.986	467.417	456.986	467.417
Provision for deferred taxes	1.486.557	841.076	3.152.819	880.236
Accrued taxes on income	374.209	21.129	685.099	86.292
Taxes payable	269.577	88.841	318.357	92.006
Total	**7.213.438**	**2.597.893**	**10.989.576**	**3.057.596**
Current	**2.238.679**	**109.970**	**2.973.132**	**178.298**
Long-term	**4.974.759**	**2.487.923**	**8.016.444**	**2.879.298**

Nature and origin of deferred tax liabilities

					Bank
	December 31, 2008	**Merger [1]**	**Recognition**	**Realization**	**June 30, 2009**
Adjustment to fair value of trading securities and derivatives	1.325.342	1.273	-	(364.402)	962.213
Adjustment to fair value of available-for-sale securities	179.498	174.639	84.014	(457)	437.694
Excess depreciation of leased assets	38.046	-	45.733	-	83.779
Others	-	1.606	1.273	(8)	2.871
Total	**1.542.886**	**177.518**	**131.020**	**(364.867)**	**1.486.557**

					Consolidated
	December 31, 2008	**Merger / disposal [1]**	**Recognition**	**Realization**	**June 30, 2009**
Adjustment to fair value of trading securities and derivatives	1.327.588	(644)	160	(364.656)	962.448
Adjustment to fair value of available-for-sale securities	226.094	(6.167)	219.890	(429)	439.388
Deferred income from derivatives	1.176.290	-	582.185	(11.120)	1.747.355
Other	2.883	(342)	1.278	(191)	3.628
Total	**2.732.855**	**(7.153)**	**803.513**	**(376.396)**	**3.152.819**

(1) Merger/Disposal of companies (Note 16).

21. Subordinated Debts

Consist of securities issued according to the rules of the Bacen, which are used as Level II Reference Equity for calculating the operating limits.

					Bank/Consolidated	
					2009	**2008**
	Issuance	**Maturity**	**Amount**	**Interest rate**	**Total**	**Total**
Subordinated Certificates of Deposit [2]	June-06	July-16	R$1.500 million	105,0% CDI	2.165.563	1.916.712
Subordinated Certificates of Deposit	March-09	March-19	R$1.507 million	13,8%	1.560.488	-
Subordinated Certificates of Deposit [2]	October-06	September-16	R$850 million	104,5% CDI	1.173.487	1.039.242
Subordinated Certificates of Deposit [2]	July-07	July-14	R$885 million	104,5% CDI	1.105.341	-
Perpetual Bonds [1]	September-05	Indeterminate	R$500 million	8,7%	978.158	797.874
Subordinated Certificates of Deposit [2]	April-08	April-13	R$600 million	100,0% CDI + 1,3%	698.660	-
Subordinated Certificates of Deposit [2]	April-08	April-13	R$555 million	100,0% CDI + 1,0%	648.033	-
Subordinated Certificates of Deposit [2]	July-06 to October-06	July-16	R$447 million	104,5% CDI	637.016	564.143
Subordinated Certificates of Deposit [2]	January-07	January-13	R$300 million	104,0% CDI	400.072	-
Subordinated Certificates of Deposit [2]	August-07	August-13	R$300 million	100,0% CDI + 0,4%	373.225	-
Subordinated Certificates of Deposit [2]	January-07	January-14	R$250 million	104,5% CDI	333.769	-
Subordinated Certificates of Deposit [2]	May-08 to June-08	May-13 to May-18	R$283 million	CDI [3]	323.011	284.392
Subordinated Certificates of Deposit [2]	May-08 to June-08	May-13 to May-18	R$268 million	IPCA [4]	307.373	269.278
Subordinated Certificates of Deposit [2]	November-08	November-14	R$100 million	120,5% CDI	108.804	-
Subordinated Certificates of Deposit [2]	February-08	February-13	R$85 million	IPCA +7,9%	101.266	-
Floating Rate Notes	November-99	November-09	R$170 million	Libor + 4,5%	66.987	-
Floating Rate Notes	November-99	November-09	R$30 million	Libor + 4,5%	11.814	-
Total					**10.993.067**	**4.871.641**
Current					**81.159**	**1.924**
Long-term					**10.911.908**	**4.869.717**

(1) Perpetual bonds issued by the Grand Cayman branch with quarterly interest payments. These bonds do not have a maturity date or mandatory redemption, although they may, at the discretion of Banco Santander S.A. and with prior authorization by the Bacen, be redeemed in full in December 2010 or on any subsequent interest payment date.
(2) Subordinated certificates of deposit issued by Banco Santander S.A. with yield paid at the end of the term together with the principal.
(3) Indexed to 109% and 112% of the CDI or CDI plus interest of 1.2% p.a. to 1.5% p.a.
(4) Indexed to the IPCA (extended consumer price index) plus interest of 8.3% p.a. to 8.7% p.a.

22. Other Payables - Other

	Bank		Consolidated	
	2009	2008	2009	2008
Credit cards	4.569.198	1.580.547	4.569.198	1.580.547
Reserve for labor and civil contingencies (Note 23)	4.238.808	1.360.537	4.421.003	1.409.529
Reserve for contingencies - Responsibility of former controlling stockholders (Note 23.h)	110.733	234.485	110.733	234.485
Sale of right to receipt of future flow of payment orders from abroad [1]	1.428.614	818.508	1.428.614	818.508
Payables for acquisition of assets and rights [2]	882.317	373.098	886.408	373.098
Pension plan (Note 36)	525.089	517.930	525.089	517.930
Accrued liabilities				
Personnel expenses	871.520	386.626	924.084	398.206
Administrative expenses	397.956	242.498	437.523	244.638
Other payments	284.605	169.155	314.240	172.396
Payables to suppliers	150.918	134.470	314.822	135.619
Creditors for unreleased funds	228.135	93.162	228.167	93.162
Agreements with official institutions	178.324	50.178	178.324	50.178
Provision of payment services	136.937	4.599	136.937	4.599
Other	1.569.719	588.394	1.744.124	593.637
Total	**15.572.873**	**6.554.187**	**16.219.266**	**6.626.532**
Current	**9.211.443**	**3.870.471**	**9.644.904**	**3.782.321**
Long-term	**6.361.430**	**2.683.716**	**6.574.362**	**2.844.211**

(1) Payable for sale of right to receipt of future flow of payment orders receivable from foreign correspondent banks. It includes the series 2004-1 in the amount of US$234 million (2008- US$319 million), with charges equivalent to 5.5% p.a., payable semiannually until September 2011, the series 2008-1 in the amount of US$190 million, with charges equivalent to 6.2% p.a., payable semiannually, with the principal payable in 10 installments between September 2010 to September 2015 and the series 2008-2 in the amount of US$300 million, with charges equivalent to Libor (6 months) + 0.80 p.a., payable semiannually, with the principal payable in 10 installments between March 2010 to September 2014.
(2) Refers basically to export note loan operations in the amount of R$839.372 (2008 - R$330.773).

23. Contingent Assets and Liabilities and Legal Obligations - Tax and Social Security

Banco Santander and its subsidiaries are parties to judicial and administrative proceedings involving tax, civil and labor matters arising in the normal course of their business.

Reserves were recognized based on the nature, complexity and history of the lawsuits, and the opinion of the in-house and outside legal counsel. Santander's policy is to accrue the full amount of lawsuits whose likelihood of unfavorable outcome is probable.

Legal obligations - tax and social security were fully recognized in the financial statements, except for the cases which, in Management's opinion, based on experts' evaluation and the status of the lawsuit, will not produce effects on the balance sheet for Santander entities.

Management understands that the recognized reserves are sufficient to cover possible losses on the lawsuits.

a) Contingent assets

In 2009 no contingent assets were accounted for.

b) Contingent liabilities and legal obligations by nature

	Bank		Consolidated	
	2009	2008	2009	2008
Reserve for tax contingencies [1] (Note 20)	**4.626.109**	**1.179.430**	**6.376.315**	**1.531.645**
Reserve for labor and civil contingencies (Note 22)	**4.238.808**	**1.360.537**	**4.421.003**	**1.409.529**
Reserve for labor contingencies	2.544.202	1.134.838	2.658.792	1.172.658
Reserve for civil contingencies	1.694.606	225.699	1.762.211	236.871
Total	**8.864.917**	**2.539.967**	**10.797.318**	**2.941.174**

(1) Includes, mainly, legal obligations.

c) Changes in contingent liabilities and legal obligations

	Bank					
	2008			2007		
	Tax	Labor	Civil	Tax	Labor	Civil
Initial Balance	**1.460.410**	**1.217.540**	**398.029**	**2.076.861**	**1.036.653**	**217.937**
Recognition [1]	598.450	750.488	611.891	267.587	383.656	77.263
Merger of companies (Note 16)	2.568.779	922.551	753.287	-	-	-
Write-offs due to payment[2]	(1.530)	(424.283)	(68.601)	(1.298.615)	(285.471)	(69.501)
Other[2]	-	77.906	-	133.597	-	-
Final Balance	**4.626.109**	**2.544.202**	**1.694.606**	**1.179.430**	**1.134.838**	**225.699**
Escrow deposits - other receivables [3]	1.425.101	808.061	118.244	552.001	240.030	35.378
Escrow deposits - securities[3]	51.403	41.829	20.088	14.355	27.119	4.724

	Consolidated					
	2008			2007		
	Tax	Labor	Civil	Tax	Labor	Civil
Initial Balance	**5.521.211**	**2.220.082**	**1.188.825**	**2.395.446**	**1.074.131**	**228.046**
Recognition [1]	986.646	836.568	684.156	307.576	393.593	80.131
Provision reversal	(455)	(4.570)	(6.558)	(48)	(32)	(6)
Purchased companies/Disposal of equity interest (Note 16)	(126.161)	(1.817)	(4.558)	(5.749)	-	(17)
Sale [2]	(4.926)	(469.377)	(99.654)	(1.299.177)	(295.034)	(71.283)
Write-offs due to payment[2]	-	77.906	-	133.597	-	-
Final Balance	**6.376.315**	**2.658.792**	**1.762.211**	**1.531.645**	**1.172.658**	**236.871**
Escrow deposits - other receivables [3]	1.873.912	863.845	132.909	651.193	247.471	38.558
Escrow deposits - securities[3]	71.953	42.326	60.152	28.328	27.135	6.070

(1) Includes the accrual for tax contingencies and legal obligations for the period, recorded under "Tax Expenses".

(2) In September 2008, after having received unfavorable decisions from the Federal Regional Court on appeals filed, the Bank paid the amount of R$1,298,505 related to the lawsuit that challenged the increase in social contribution tax rate (18%) for financial institutions. As the obligation was paid, the related tax credit, recorded as a reduction to liabilities, was reclassified to Other receivables (note 12.a). The Bank still challenges in court the application of the increased tax rate and, on June 9, 2008, filed a special appeal and an extraordinary appeal with the proper court.
(3) Do not include escrow deposits for possible and/or remote contingencies and appeal deposits.

d) Legal obligations - tax and social security

Refer to judicial and administrative proceedings involving tax and social security obligations, as described below:

PIS and Cofins - R$2,572,084 in the Bank and R$2,878,220 in the Consolidated (2008 - R$422,558 in the Bank and R$428,387 in the Consolidated): lawsuit filed by several companies of the conglomerate against the provisions of article 3, paragraph 1 of Law No. 9.718/98, pursuant to which PIS and COFINS must be levied on all revenues of legal entities. Prior to said provisions, already overruled by several recent decisions by the Federal Supreme Court, PIS and Cofins were levied only on revenues from services and sale of goods.

Deductibility of CSLL from IRPJ (corporate income tax) - R$418,952 in the Bank and R$544,231 in the Consolidated (2008 - R$343,676 in the Bank and R$405,874 in the Consolidated): seeks deduction of CSLL expense from income tax calculation.

CSLL - equal tax treatment - R$356,788 in the Bank and R$500,342 in the Consolidated: lawsuit filed by several companies of the group challenging the application of an increased CSLL rate (18%) for financial institutions as compared to the rate for non-financial companies (8%).

Increase in CSLL tax rate - R$138,224 in the Bank and R$296,236 in the Consolidated (2008 - R$2,365 in the Consolidated): in September 2008, the Bank and the other entities of the group filed for an injunction to avoid the increase in the CSLL tax rate established by Executive Act 413/2008, converted into Law 11727/2008. Financial institutions were subject to a CSLL tax rate of 9%, however the new legislation established a 15% tax rate.

IRPJ – Recognition in the same period - R$392,629 Consolidated: lawsuit claiming that, for IRPJ calculation purposes, depreciation expenses be recognized in the same period as revenues from lease payments are recognized.

e) Tax and social security contingencies

Refer to judicial and administrative proceedings related to taxes and social security classified, based on the legal counsel's opinion, as probable loss, for which reserves were recorded. The matters in dispute refer to the following:

ISS (service tax) - Financial Institutions - refers to administrative and judicial proceedings with several municipalities that require the payment of ISS on several revenues from operations that usually do not qualify as service provision. The updated amount involved is R$191,030 in the Bank and R$431,044 in the Consolidated (2008 - R$69,587 in the Bank and R$97,770 in the Consolidated).

INSS (social security contribution) - refers to administrative and judicial proceedings seeking collection of social security contribution and salary premium for education on amounts that normally are not of a salary nature. The updated amount involved is R$169,656 in the Bank and R$198,860 in the Consolidated (2008 - R$94,783 in the Bank and R$122,508 in the Consolidated).

Allowance for doubtful accounts - R$181,816 in the Bank and R$209,198 in the Consolidated: collection of IRPJ and CSLL levied on the allowance for doubtful accounts, arising from the deduction, considered undue by tax authorities, in calendar 1995, alleging that the tax criteria in effect at the time were not complied with.

Allowance for loan losses - R$34,844 in the Bank and R$92,196 in the Consolidated: intended to annul the assessment notices issued by the Federal Revenue Service alleging that the companies incorrectly deducted from the IRPJ and CSLL bases losses on lending operations, as these deductions did not meet the terms and conditions set forth by prevailing legislation.

f) Labor contingencies

These are lawsuits brought by labor unions and former employees claiming labor rights they understand are due, especially payment for overtime and other labor rights, including retirement benefit lawsuits.

For labor claims considered to be similar and usual, the reserve is recorded based on the history of payments made. Other labor claims are controlled individually and the reserves are recognized based on previous court decisions and the stage of each lawsuit.

g) Civil contingencies

Refer to lawsuits for indemnity and review of lending agreements.

Lawsuits for indemnity seek indemnity for property damage and/or pain and suffering, relating to the consumer relationship, principally with undue protest, return of checks, inclusion of debtors' information into the credit restriction master file, elimination of inflation effects in escrow deposit accounts and other matters.

Lawsuits for review refer to challenges of lending agreement clauses by customers.

There are also lawsuits filed by minority stockholders of the former Banco Noroeste against corporate acts in 1998 and 1999. Although there are unfavorable decisions from the lower court, experts believe that the Bank has good chances to overturn such decisions through the appeals filed with the São Paulo State Court of Justice.

For civil lawsuits considered to be similar and usual, the reserve is recorded based on the history of payments made, based on the legal counsel's evaluation of success and classification. Other lawsuits are controlled individually and the reserves are recognized based on the status of each lawsuits, law and previous court decisions.

h) Other lawsuits under the responsibility of former controlling stockholders

Refer to tax, labor and civil lawsuits in the amounts of R$456,986, R$64,774 and R$45,959 (2008 - R$467,417, R$159,905 and R$74,580), respectively, recorded under "Other payables - tax and social security" (Note 20) and "Other payables - other" (Note 22) which are the responsibility of the former controlling stockholders of the acquired entities. The lawsuits have guarantees under the agreements signed at the time of the acquisitions in the amount of R$567,719 (2008 - R$701,902), recorded under "Other receivables - other" (Note 13). These lawsuits have no effects on the balance sheet for the Bank and Consolidated.

i) Contingent liabilities classified as possible loss risk

Refer to judicial and administrative proceedings involving tax, civil and labor matters assessed by the legal counsel as possible loss, which were not accounted for. The main lawsuits are:

CPMF (tax on banking transactions) on Customer Operations - in May 2003, the Federal Revenue Service issued an Infraction Notice against Santander Distribuidora de Títulos e Valores Mobiliários Ltda. (Santander DTVM) and another Infraction Notice against the former Banco Santander Brasil S.A., both in the amount of R$290 million. The notices refer to the collection of a CPMF tax credit on transactions conducted by Santander DTVM in the management of its customers' funds and clearance services provided by the Bank to Santander DTVM, according to the agreement between these two companies, in 2000, 2001 and the first two months of 2002. Both companies consider that the tax treatment adopted was adequate since said transactions were subject to CPMF at zero rate. The Board of Tax Appeals judged the administrative proceedings, annulling the infraction notice of Santander DTVM and confirming the infraction notice of the Bank. In both cases, an administrative appeal can be filed with the Higher Board of Tax Appeals (CSRF). The updated amount of each proceeding is approximately R$ 548 million.

IRPJ and CSLL on Reimbursement arising from Contractual Guarantees – in December 2007, the Federal Revenue Service issued an Infraction Notice in the amount of R$320 million against Banco Santander S.A. The notice refers to the collection of IRPJ and CSLL for tax year 2002 on amounts reimbursed by the former controlling stockholder of Banco Santander S.A. for payments made by the Bank that were the responsibility of the controlling stockholder. The Federal Revenue Service understood that the amount deposited in favor of Santander S.A. is not a reimbursement but a taxable income. The Bank has filed an administrative defense and the decision was unfavorable. The updated amount of each proceeding is approximately R$367 million.

Addition to the Price on the Purchase of Shares of Banco do Estado de São Paulo S.A. - Banespa - the former Banco Santander S.A. (former controlling stockholder of Banespa) filed an ordinary action claiming the inexistence of legal relationship before the National Treasury in relation to item 3.1 of the Banespa's Share Purchase and Sale Agreement. Such item provided for the payment of an addition to the minimum price should Banespa be released from the tax contingency recognized at the time of the privatization upon the setting of the minimum price. The updated amount involved is approximately R$299 million. After an unfavorable lower court decision, on April 23, 2008, the 1st Region Federal Court accepted the appeal filed by the Bank and declared undue the collection.

Deductibility of Expenses on Allowance for Doubtful Receivables - Administrative collection by the Federal Revenue Service in view of the deduction from the IRPJ and CSLL basis of losses on lending operations performed in 1998 and 2000. The Bank is awaiting judgment and understands that the collection is undue since the expenses met the deductibility conditions of Law 9430/1996 as they referred to definitive losses. The updated amount involved is approximately R$219 million in the Bank and R$236 million in the Consolidated.

CSLL - Unconstitutionality - Noncompliance with the amnesty established by Law 9779/1999 - claims that entities that joined the amnesty failed to comply with the requirements of such Law, alleging that such entities were not supported by an injunction for all periods paid (1989 to 1999). The judicial and administrative proceedings are awaiting judgment. The updated amount involved is approximately R$162 million, Consolidated.

CSLL - equal tax treatment - Lawsuit regarding the difference in social contribution tax rate applied to financial institutions and equivalent entities in the first half of 1996, as such tax rate was higher than the rates applied to other legal entities, which is contrary to the precedence and non-retroactivity constitutional principle. There is a lawsuit awaiting judgment and other appeals pending decisions. The adjusted amount involved is approximately R$160 million, Consolidated.

CSLL – final and unappealable decision - seeks ensuring the right not to recognize the tax credit formalized by the Federal Revenue Service, regarding alleged irregularities in the payment of CSLL, as the Entity obtained a final and unappealable decision canceling the payment of CSLL under Laws 7689/1988 and 7787/1989. The appeals filed with the Regional Federal Court are awaiting decision. The updated amount involved is approximately R$147 million, Consolidated.

Semiannual Bonus or Profit Sharing - labor lawsuit relating to the payment of a semiannual bonus or, successively, profit sharing to retired employees from the former Banco do Estado de São Paulo S.A. - Banespa, hired by May 22, 1975. This lawsuit was filed by Banespa's Retirees Association and was judged by the Superior Labor Court and the Bank has filed an appeal. The involved amount is not disclosed due to the current stage of the lawsuit and the possibility of affecting its progress.

24. Stockholders' Equity

a) Capital

Authorized capital is represented by 325,758,283 thousand registered shares without par value, being 174,292,416 thousands of ordinary shares and 151,465,867 thousands of preferred shares. The fully paid-up capital is composed as presented below:

						Shares in thousands
			2008			2008
	Common	Preferred	Total	Common	Preferred	Total
Brazilian residents	2.681.090	3.947.431	6.628.521	499.011	2.049.398	2.548.409
Foreign residents	171.611.326	147.518.436	319.129.762	72.497.231	61.342.364	133.839.595
Total [(1)]	**174.292.416**	**151.465.867**	**325.758.283**	**72.996.242**	**63.391.762**	**136.388.004**

(1) In 2008, includes 3,619,525 thousand paid-up shares referring to a capital increase approved in the Board of Directors' meeting held on June 4, 2008.

The Extraordinary Stockholders' Meeting held on August 29, 2008 approved the increase in Banco Santander's total capital from R$38,920,753, of which R$38,020,753 were allocated to Capital and R$900,000 to Capital Reserves, through the issuance of 189,300,327,000 shares, of which 101,282,490,000 are common shares and 88,017,837,000 are preferred shared, without par value, related to the merger of shares of Banco Real and AAB Dois Par, as mentioned in note 2.

At the meeting held on June 4, 2008, the Board of Directors approved a capital increase of 3,689,477 thousand shares (1,974,003 thousand common shares and 1,715,474 thousand preferred shares), in the amount of R$800,000, ratified by the Extraordinary Stockholders' Meeting on July 25, 2008.

b) Dividends and Interest on Capital

In accordance with the Bank's bylaws, stockholders are entitled to a minimum dividend equivalent to 25% of net income for the year, adjusted according to legislation. Preferred shares are nonvoting and nonconvertible, but have the same rights and advantages granted to common shares, in addition to priority in the payment of dividends 10% higher than those paid on common shares, and in the capital reimbursement, without premium, in the event of liquidation of the Bank.

In April 2009, the payment of interest on capital referring to the period from January to April 2009 was approved in the amount of R$340,000 (ON R$0.9974 and PN R$1.0972, in reais per thousand shares and ON R$0.8478 and PN R$0.9326, net of income tax, in reais per thousand shares) and will be included in the calculation of minimum mandatory dividends for 2009 which generated a tax benefit of R$136,000.

In June 2009, the payment of interest on capital referring to the period from May to June 2009 was approved in the amount of R$285,000 (ON R$0.8361 and PN R$0.9197, in reais per thousand shares and ON R$0.7107 and PN R$0.7817, net of income tax, in reais per thousand shares) and will be included in the calculation of minimum mandatory dividends for 2009 which generated a tax benefit of R$114,000.

c) Dividend equalization reserve

Limited to 50% of the capital, intended to assure funds for the payment of dividends, including in the form of interest on capital, or its prepayments, in order to maintain the flow of payments to stockholders.

d) Treasury shares

The Bank holds 25,395 thousand own shares acquired for R$1,948. As of June 30, 2009, the fair value of treasury shares is R$3,555.

e) Consolidated stockholders' equity – Unrealized Results

The Consolidated Stockholders' Equity is decreased by R$33,839 (2008 - R$37,7859) of unrealized results and the realization of these results affected net income by R$3,487 (2008 - R$41,060).

25. Operational Ratios

Financial institutions are required to maintain regulatory capital consistent with their activities, higher to the minimum of 11% of required capital. In July 2008 new regulatory capital measurement rules, under the Basel II Standardized Approach, went into effect, including a new methodology for credit risks and operational risks measurement, analysis and management. This ratio must be calculated on a consolidated basis, as shown below:

	Financial Consolidated [1]
	2009
Adjusted Tier I Regulatory Capital [2]	24.370.296
Tier II Regulatory Capital	10.256.276
Adjusted Regulatory Capital (Tier I and II) [2]	**34.626.572**
Required Regulatory Capital	**22.413.381**
Adjusted Portion of Credit Risk [2]	21.109.129
Market Risk Portions [3]	720.135
Operational Risk Portion	584.117
Basel II Ratio	**17,0%**

(1) Amounts calculated based on the consolidated information of the financial institutions (financial group).
(2) Disregards the effect of goodwill on the merger of the shares of Banco Real and AA Dois Par, as determined by the international rule.
(3) Includes the portions for the Market Risk exposures subject to foreign currency coupon rates, price and interest rate indices, price of commodities, price of shares classified in the trading portfolio, interest rates not classified in the trading portfolio.

The financial institutions must maintain investments in permanent assets consistent with their capital. Funds invested in permanent assets, determined on a consolidated basis, are limited to 50% of capital adjusted pursuant to prevailing regulation. Due to the recording of goodwill on the merger of the shares of Banco Real and AA Dois Par, Santander exceeded the limit for investment in permanent assets. The effect, arising exclusively from the mentioned corporate restructuring, does not represent any adverse impact on the financial position of Santander. As required by prevailing regulation, a regularization plan was prepared so that said limit is met, which was approved by the regulatory agency (Bacen).

26. Related-Party Transactions

a) Management compensation

Maximum compensation for Board of Directors and Executive Board's members is defined in the Annual Shareholders' Meeting held every April.

I) Short-term benefits

	Consolidated
Board of Directors' and Executive Board's compensation	**2009**
Fixed compensation	16.648
Variable compensation	65.611
Other	3.051
Total	**85.310**

II) Contract termination

Employment contracts have an undefined period. The termination of the employment relationship for non-fulfillment of obligations or voluntarily does not entitle executives to any financial compensation. In the case of termination of contracts by the Bank, the executives whose contracts provide for payment of additional aggregate amount as compensation, will have up to R$7,013, which considers the sum of termination executives.

III) Other information

Lending operations

In conformity with prevailing regulations, financial institutions cannot grant loans or advances to:

a) any individuals or legal entities that control the institution or any entity under joint control with the institution, or any officer, member of the board of directors, member of the supervisory board, or member of the immediate family of such individuals;

b) any entity controlled by the institution; or

c) any entity in which the Bank holds, directly or indirectly, 10% or more of the capital.

Accordingly, loans or advances are not granted to any subsidiaries, executive officers, members of the board of directors or their families.

Ownership interest

The table below shows the direct interest (common shares and preferred shares) outstanding.

						2009
	Common		Preferred		Total	
Stockholders'	**Shares**	**(%)**	**Shares**	**(%)**	**Shares**	**(%)**
	(in thousand of shares, except percentages)					
Grupo Empresarial Santander, S.L.[1]	72.504.460	41,6	61.391.761	40,6	133.896.221	41,1
Sterrebeeck B.V.[1]	99.048.158	56,8	86.076.128	56,8	185.124.286	56,8
Members of the Board of Directors	(*)	(*)	(*)	(*)	(*)	(*)
Members of the Executive Board	(*)	(*)	(*)	(*)	(*)	(*)
Other	2.726.211	1,6	3.986.170	2,6	6.712.381	2,1
Total	**174.278.829**	**100,00**	**151.454.059**	**100,00**	**325.732.888**	**100,00**

(*) None of the members of the Board of Directors and the Executive Board holds 1.0% or more of any class of shares.

(1) Companies of the Santander Spain Group.

b) Related-Party Transactions

Transactions among the entities of Santander are carried out under usual market rates and terms, comparable to those applied in transactions with unrelated parties.

The principal transactions and balances are as follows:

	Bank			
	2009		2008	
	Assets (Liabilities)	Income (Expenses)	Assets (Liabilities)	Income (Expenses)
Cash	**651.114**	**-**	**43.096**	**-**
Banco Santander, S.A. - Espanha	650.968	-	42.834	-
Sundry	146	-	262	-
Interbank Investments	**19.787.818**	**1.179.931**	**1.645.778**	**25.076**
Banco Santander, S.A. - Espanha	512.042	1.722	440.451	17.796
Abbey National Treasury Services Plc	780.640	-	955.140	2.022
Companhia de Crédito, Financiamento e Investimento RCI Brasil	341.985	20.420	-	-
Companhia de Arrendamento Mercantil RCI Brasil	55.928	3.662	-	-
Santander Brasil Arrendamento Mercantil S.A.	2.958	5.690	250.187	5.258
Aymoré Crédito, Financiamento e Investimento S.A.	18.084.248	940.645	-	-
Santander Benelux, S.A., N.V.	10.017	207.792	-	-
Securities and Derivatives	**26.662.276**	**1.463.318**	**4.125.157**	**1.377.989**
ABN AMRO Arrendamento Mercantil S.A.	10.482.774	530.314	-	-
Real Leasing S.A. Arrendamento Mercantil	11.283.968	572.770	-	-
Santander Brasil Arrendamento Mercantil S.A.	4.070.160	213.261	3.614.252	186.148
Banco Santander, S.A. - Espanha	1.079	4.994	-	16.290
Santander Benelux, S.A., N.V.	797.230	130.856	506.324	1.168.088
Santander Overseas Bank, Inc - Puerto Rico	27.065	1.796	4.581	6.041
Abbey National Treasury Services Plc	-	9.000	-	-
Santander International Bank	-	327	-	1.422
Dividends and Bonuses Receivable	**318.749**	**-**	**263**	**-**
Santander Brasil Arrendamento Mercantil S.A.	-	-	263	-
Banco Comercial e de Investimento Sudameris S.A.	51.406	-	-	-
Santander Investimentos em Participações S.A.	260.162	-	-	-
REB Empreendimentos e Administradora de Bens S.A.	7.181	-	-	-
Trading Account	**5.800**	**-**	**55.411**	**-**
Banco Santander, S.A. - Espanha	5.800	-	55.411	-
Foreign Exchange Portfolio - Assets	**6.419.749**	**80.332**	**2.061.126**	**-**
Banco Santander, S.A. - Espanha	6.419.749	80.332	1.477.307	-
Santander Benelux, S.A., N.V.	-	-	583.819	-
Receivables from Affiliates	**300.110**	**89.077**	**60.339**	**298.747**
Banco Santander, S.A. - Espanha	255	1.875	4.268	-
Santander Brasil Arrendamento Mercantil S.A.	144	926	-	-
Santander Brasil S.A. Corretora de Títulos e Valores Mobiliários	-	-	3.728	13.832
Santander Seguros S.A.	194.177	213	43.657	242.731
Santander Brasil Seguros S.A.	4.904	-	3.821	22.052
Santander Capitalização S.A.	2.391	12.597	2.904	15.489
Santander Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	-	-	-	3.505
Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	871	5.227	-	-
Aymoré Crédito, Financiamento e Investimento S.A.	29.880	36.664	-	-
Real Leasing S.A. Arrendamento Mercantil	345	2.476	-	-
Real Seguros Vida e Previdência S.A.	37.648	1.823	-	-
REB Empreendimentos e Administradora de Bens S.A.	24.820	-	-	-
Santander S.A. - Corretora de Câmbio e Títulos	2.591	19.819	-	-
Real Capitalização S.A.	1.366	2.550	-	-
Sundry	718	4.907	1.961	1.138
Other receivables - Other	**125.812**	**5.597**	**973**	**8.015**
Banco Santander, S.A. - Espanha	6.214	5.027	-	7.900
Santander Capitalização S.A.	963	540	918	-
Brazil Foreign Diversified Payment Rights Finance Company	118.627	-	-	-
Sundry	8	30	55	115
Deposits	**(39.606.353)**	**(1.969.888)**	**(4.371.557)**	**(219.720)**
Santander Brasil Arrendamento Mercantil S.A.	(3.796.912)	(196.353)	(3.670.448)	(188.205)
Santander Brasil S.A. Corretora de Títulos e Valores Mobiliários	(23)	-	(35.339)	(3.426)
Santander S.A. Corretora de Câmbio e Títulos	(40.111)	(4.644)	(42.931)	(4.471)
Produban Serviços de Informática S.A.	-	-	(20.447)	(926)
Santander Seguros S.A.	(35.273)	-	(12.637)	-
Altec Brasil S.A.	(24.128)	(3.668)	(53.549)	(2.756)
Santander Investimentos em Participações S.A.	(213.376)	(23.757)	(419.937)	(15.594)
Santander Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	(76.186)	(3.816)	(45.372)	(2.181)
REB Empreendimentos e Administradora de Bens S.A.	(55.743)	(1.072)	(53.623)	(1.709)
Santander Advisory Services S.A.	(402)	(86)	-	-
ABN AMRO Arrendamento Mercantil S.A.	(11.195.926)	(562.989)	-	-
ABN AMRO Brasil Dois Participações S.A.	(4.561)	(35)	-	-
ABN AMRO Real Corretora de Cambio e Valores Mobiliarios S.A.	(42.220)	(2.546)	-	-
ABN AMRO Securities (Brasil) Corretora de Valores Mobiliarios S.A.	(77.125)	(3.953)	-	-

	Bank			
	2009		2008	
	Assets (Liabilities)	Income (Expenses)	Assets (Liabilities)	Income (Expenses)
Aymoré Crédito, Financiamento e Investimento S.A.	(8.744.293)	(390.914)	-	-
Banco Comercial e de Investimento Sudameris S.A.	(1.496.257)	(77.929)	-	-
Banco de Pernambuco S.A. - BANDEPE	(1.236.537)	(62.818)	-	-
Banco Santander, S.A. - Espanha	(1.560.488)	(53.488)	-	-
Companhia Brasileira de Soluções e Serviços. - CBSS	(29.742)	(125)	-	-
Companhia de Crédito, Financiamento e Investimento RCI Brasil	(14.829)	(851)	-	-
Companhia de Arrendamento Mercantil RCI Brasil	(2.802)	(10.556)	-	-
Companhia Real de Valores Distribuidora de Títulos e Valores Mobiliarios	(17.244)	(779)	-	-
Estrutura Brasileira de Projetos S.A. - EBP	(1.191)	(49)	-	-
Produban Serviços de Informática S.A.	(18.309)	(1.665)	-	-
Real Argentina S.A.	-	(27)	-	-
Real Corretora de Seguros S.A.	(2.882)	(132)	-	-
Real Leasing S.A. Arrendamento Mercantil	(10.769.282)	(561.773)	-	-
Real Microcrédito Assessoria Financeira S.A.	(1.482)	(242)	-	-
Real Seguros Vida e Previdência S.A.	(62.241)	-	-	-
Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliarios S.A.	(74.260)	(4.868)	-	-
Santander Brasil Seguros S.A.	(1.091)	-	-	-
Santander Capitalização S.A.	(4.808)	-	-	-
Santander S.A. - Serviços Técnicos, Administrativos e de Corretagem de Seguros	(1.223)	-	-	-
Tecnologia Bancária S.A. - TECBAN	(243)	-	-	-
Universia Brasil S.A.	(359)	(149)	-	-
Webmotors S.A.	(740)	(29)	-	-
Real Capitalização S.A.	(5.706)	-	-	-
Sundry	(367)	(575)	(19.282)	(452)
Money Market Operations	**(1.084.955)**	**(512.394)**	**(107.163)**	**(3.531)**
Santander Brasil S.A. Corretora de Títulos e Valores Mobiliários	-	-	(42.000)	(2.015)
Santander S.A. Corretora de Câmbio e Títulos	(97.999)	(2.969)	(65.163)	(1.516)
Santander Advisory Services S.A.	(790)	-	-	-
ABN AMRO Brasil Dois Participações S.A.	(85.258)	(7.136)	-	-
ABN AMRO Real Administradora de Consórcio Ltda.	(73.938)	(3.418)	-	-
ABN AMRO Real Corretora de Cambio e Valores Mobiliarios S.A.	-	(3)	-	-
ABN AMRO Administradora de Cartões de Crédito Ltda.	(198.527)	(35.040)	-	-
Banco Comercial e de Investimento Sudameris S.A.	(1.849)	(10)	-	-
Banco de Pernambuco S.A. - BANDEPE	(13.579)	(486)	-	-
Banco Santander, S.A. - Espanha	(456.923)	-	-	-
Companhia de Crédito, Financiamento e Investimento RCI Brasil	-	(400)	-	-
Real CHP S.A.	(56.199)	(3.096)	-	-
Real Corretora de Seguros S.A.	(58.622)	(5.656)	-	-
Real Microcrédito Assessoria Financeira S.A.	(3.764)	-	-	-
Santander Administradora de Consórcios Ltda.	(3.494)	-	-	-
Santander Benelux, S.A., N.V.	(6.929)	(452.448)	-	-
Webmotors S.A.	(27.084)	(1.732)	-	-
Borrowings and Onlendings	**(4.532.775)**	**(29.053)**	**(1.183.729)**	**(23.678)**
Santander Overseas Bank, Inc - Puerto Rico	(139.822)	(8.291)	(1.127.211)	(23.613)
Banco Santander, S.A. - Espanha	(4.282.968)	(20.170)	(4.565)	-
Banco Español de Crédito, S.A. - Banesto	(108.875)	(592)	(43.631)	(53)
Santander Trade Services, Ltd.	-	-	(7.281)	(12)
Banco Santander Rio S.A.	(465)	-	-	-
Banco Santander, S.A. - Uruguai	(645)	-	(1.041)	-
Derivatives	**(901.070)**	**(83.010)**	**(329.383)**	**(1.091.581)**
Banco Santander, S.A. - Espanha	(26.661)	-	(8.527)	(18.393)
Santander Benelux, S.A., N.V.	(849.194)	(62.171)	(305.470)	(1.054.316)
Santander Overseas Bank, Inc - Puerto Rico	-	(4.762)	(3.224)	(8.651)
Abbey National Plc	(23.493)	(13.661)	-	-
Companhia Real de Valores Distribuidora de Títulos e Valores Mobiliarios	-	(145)	-	-
Santander International Bank	(1.012)	(1.179)	-	-
Santander Brasil Arrendamento Mercantil S.A.	(710)	(1.092)	(12.162)	(10.221)
Foreign Exchange Portfolio - Liabilities	**(7.789.671)**	**(63.991)**	**(2.059.256)**	**-**
Banco Santander, S.A. - Espanha	(6.361.057)	(63.991)	(1.526.308)	-
Brazil Foreign Diversified Payment Rights Finance Company	(1.428.614)	-	-	-
Santander Benelux, S.A., N.V.	-	-	(532.948)	-
Dividends and Bonuses Payable	**(520.257)**	**-**	**-**	**-**
Grupo Empresarial Santander, S.L.	(218.303)	-	-	-
Sterrebeeck B.V.	(301.926)	-	-	-
Sundry	(28)	-	-	-
Trading Account	**-**	**-**	**(24)**	**-**
Santander Brasil S.A. Corretora de Títulos e Valores Mobiliários	-	-	(24)	-
Other Payables - Other	**(12.713)**	**(185.207)**	**(23.710)**	**(86.941)**
Banco Santander, S.A. - Espanha	(8.659)	(680)	(6.270)	(289)
Santander Advisory Services S.A.	-	(81)	-	-
Altec Brasil S.A.	(320)	(44.926)	(11.627)	(36.982)
Altec, S.A. - Chile	-	(550)	(1.027)	(1.420)
Aquanima Brasil Ltda.	-	(10.750)	-	(7.737)
Brazil Foreign Diversified Payment Rights Finance Company	-	(29.706)	-	-
Ingeniería de Software Bancario, S.L.	-	(16.236)	-	-
Produban Serviços de Informática S.A.	(4)	(60.137)	(1.627)	(36.995)
Produban Servicios Informáticos Generales, S.L.	-	(6.176)	(1.944)	(1.944)
Real Microcrédito Assessoria Financeira S.A.	(3.630)	(10.784)	-	-
Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliarios S.A.	-	(3.220)	-	-
Santander Capitalização S.A.	(62)	(311)	-	-
Santander Seguros S.A.	(27)	(164)	-	-
Universia Brasil S.A.	-	(767)	(1.064)	(1.098)
Webmotors S.A.	(10)	(719)	-	-
Sundry	(1)	-	(151)	(476)

	Consolidated			
	2009		2008	
	Assets (Liabilities)	Income (Expenses)	Assets (Liabilities)	Income (Expenses)
Cash	**651.114**	**-**	**43.096**	**-**
Banco Santander, S.A. - Espanha	650.968	-	42.834	-
Sundry	146	-	262	-
Interbank Investments	**1.302.699**	**209.514**	**1.395.591**	**19.818**
Banco Santander, S.A. - Espanha	512.042	1.722	440.451	17.796
Abbey National Treasury Services Plc	780.640	-	955.140	2.022
Santander Benelux, S.A., N.V.	10.017	207.792	-	-
Securities and Derivatives	**825.374**	**146.973**	**510.905**	**1.191.841**
Banco Santander, S.A. - Espanha	1.079	4.994	-	16.290
Santander Benelux, S.A., N.V.	797.230	130.856	506.324	1.168.088
Santander Overseas Bank, Inc - Puerto Rico	27.065	1.796	4.581	6.041
Santander International Bank	-	327	-	1.422
Abbey National Treasury Services Plc	-	9.000	-	-
Trading Account	**5.800**	**-**	**55.411**	**-**
Banco Santander, S.A. - Espanha	5.800	-	55.411	-
Foreign Exchange Portfolio - Assets	**6.419.749**	**80.332**	**2.061.126**	**-**
Banco Santander, S.A. - Espanha	6.419.749	80.332	1.477.307	-
Santander Benelux, S.A., N.V.	-	-	583.819	-
Payables to Affiliates	**277.438**	**52.187**	**54.650**	**280.272**
Banco Santander, S.A. - Espanha	262	1.875	4.268	-
Real Seguros Vida e Previdência S.A.	44.880	18.024	-	-
Altec Brasil S.A.	-	14.251	-	-
Santander Seguros S.A.	194.177	213	43.657	242.731
Santander Brasil Seguros S.A.	4.904	-	3.821	22.052
Santander Capitalização S.A.	32.344	12.597	2.904	15.489
Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	871	5.227	-	-
Other receivables - Other	**125.804**	**5.567**	**-**	**-**
Banco Santander, S.A. - Espanha	6.214	5.027	-	-
Santander Capitalização S.A.	963	540	-	-
Brazil Foreign Diversified Payment Rights Finance Company	118.627	-	-	-
Deposits	**(1.762.665)**	**(62.173)**	**(86.633)**	**(3.682)**
Produban Serviços de Informática S.A.	-	-	(20.447)	(926)
Santander Seguros S.A.	(35.273)	-	(12.637)	-
Santander Brasil Seguros S.A.	(1.091)	-	-	-
Santander Capitalização S.A.	(4.808)	-	-	-
Altec Brasil S.A.	(24.128)	(3.668)	(53.549)	(2.756)
Real Seguros Vida e Previdência S.A.	(62.241)	-	-	-
Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda.	(74.260)	(4.868)	-	-
Banco Santander, S.A. - Espanha	(1.560.488)	(53.488)	-	-
Universia Brasil S.A.	(359)	(149)	-	-
Argenline, S.A.	(17)	-	-	-
Money Market Operations	**(463.852)**	**(452.448)**	**-**	**-**
Banco Santander, S.A. - Espanha	(456.923)	-	-	-
Santander Benelux, S.A., N.V.	(6.929)	(452.448)	-	-
Borrowings and Onlendings	**(4.532.775)**	**(29.053)**	**(1.183.729)**	**(23.678)**
Santander Overseas Bank, Inc - Puerto Rico	(139.822)	(8.291)	(1.127.211)	(23.613)
Banco Santander, S.A. - Espanha	(4.282.968)	(20.170)	(4.565)	-
Banco Español de Crédito, S.A. - Banesto	(108.875)	(592)	(43.631)	(53)
Santander Trade Services, Ltd.	-	-	(7.281)	(12)
Banco Santander Rio S.A.	(465)	-	-	-
Banco Santander, S.A. - Uruguai	(645)	-	(1.041)	-
Derivatives	**(900.360)**	**(81.773)**	**(317.221)**	**(1.081.360)**
Banco Santander, S.A. - Espanha	(26.661)	-	(8.527)	(18.393)
Santander Benelux, S.A., N.V.	(849.194)	(62.171)	(305.470)	(1.054.316)
Santander Overseas Bank, Inc - Puerto Rico	-	(4.762)	(3.224)	(8.651)
Abbey National Plc	(23.493)	(13.661)	-	-
Santander International Bank	(1.012)	(1.179)	-	-
Foreign Exchange Portfolio - Liabilities	**(7.789.671)**	**(63.991)**	**(2.059.256)**	**-**
Banco Santander, S.A. - Espanha	(6.361.057)	(63.991)	(1.526.308)	-
Brazil Foreign Diversified Payment Rights Finance Company	(1.428.614)	-	-	-
Santander Benelux, S.A., N.V.	-	-	(532.948)	-
Dividends and Bonuses Payable	**(784.543)**	**-**	**-**	**-**
Grupo Empresarial Santander, S.L.	(412.410)	-	-	-
Santander Insurance Holding, S.L.	(61.252)	-	-	-
Sterrebeeck B.V.	(310.881)	-	-	-
Other Payables - Other	**(39.542)**	**(188.676)**	**(23.559)**	**(86.465)**
Banco Santander, S.A. - Espanha	(9.181)	(680)	(6.270)	(289)
Altec Brasil S.A.	(320)	(59.745)	(11.627)	(36.982)
Altec, S.A. - Chile	-	(550)	(1.027)	(1.420)
Aquanima Brasil Ltda.	-	(10.750)	-	(7.737)
Brazil Foreign Diversified Payment Rights Finance Company	-	(29.706)	-	-
Ingeniería de Software Bancario, S.L.	-	(16.470)	-	-
Produban Serviços de Informática S.A.	(4)	(60.137)	(1.627)	(36.995)
Produban Servicios Informáticos Generales, S.L.	-	(6.176)	(1.944)	(1.944)
Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliarios S.A.	-	(3.220)	-	-
Santander Seguros S.A.	(29.974)	(164)	-	-
Santander Capitalização S.A.	(63)	(311)	-	-
Universia Brasil S.A.	-	(767)	(1.064)	(1.098)

27. Income from Services Rendered

	Bank		Consolidated	
	2009	2008	2009	2008
Lending operations	185.990	390.026	234.376	390.026
Insurance	319.763	270.899	421.155	320.763
Income from fund management	296.953	260.341	398.293	305.792
Credit cards	367.304	202.402	646.740	202.402
Check account services	116.128	116.126	145.856	116.126
Securities brokerage and placement services	75.867	20.567	170.601	105.902
Receiving services				
Collection	137.566	73.881	192.078	73.881
Bills, taxes and fees	48.862	33.206	65.512	33.206
Guarantees provided	86.656	50.367	102.757	50.367
Other	92.971	43.215	319.930	54.976
Total	**1.728.060**	**1.461.030**	**2.697.298**	**1.653.441**

28. Income from Banking Fees

	Bank		Consolidated	
	2009	2008	2009	2008
Individual	**487.458**	**341.197**	**803.242**	**341.197**
Register	2.764	6.710	5.653	6.710
Check account	49.238	21.819	60.698	21.819
Check account fee package	294.852	124.004	310.417	124.004
Credit	131.836	179.000	292.605	179.000
Other	8.768	9.664	133.869	9.664
Corporate	**128.971**	**22.795**	**236.944**	**22.795**
Register	679	273	727	273
Check account	32.837	6.720	57.742	6.720
Credit	50.759	14.170	91.166	14.170
Other	44.696	1.632	87.309	1.632
Total	**616.429**	**363.992**	**1.040.186**	**363.992**

29. Personnel Expenses

	Bank		Consolidated	
	2009	2008	2009	2008
Compensation	886.488	554.474	1.386.651	565.737
Charges	368.663	201.995	579.013	206.672
Benefits	263.700	161.308	392.742	166.929
Training	20.663	10.866	24.460	10.879
Other	3.375	1.176	3.863	1.549
Total	**1.542.889**	**929.819**	**2.386.729**	**951.766**

30. Other Administrative Expenses

	Bank		Consolidated	
	2009	2008	2009	2008
Outside and specialized services	555.615	425.310	819.694	435.783
Depreciation and amortization [1]	1.667.390	307.302	1.800.183	307.255
Advertising, promotions and publicity	177.137	130.768	244.082	130.831
Data processing	378.837	127.590	544.413	127.926
Communications	232.486	121.269	322.492	123.984
Rentals	161.496	83.972	230.352	85.299
Transportation and travel	104.903	66.224	169.227	66.602
Security services	91.514	53.226	126.785	53.226
Asset maintenance and upkeep	61.495	42.406	88.732	42.420
Financial system services	144.540	34.041	218.058	39.823
Utilities	52.949	32.338	72.216	32.392
Materials	39.204	15.201	50.838	15.202
Other	72.143	49.987	152.048	52.791
Total	**3.739.709**	**1.489.634**	**4.839.120**	**1.513.534**

(1) In 2009, includes R$1,148,885 of goodwill amortization (Note 18).

31. Tax Expenses

	Bank		Consolidated	
	2009	2008	2009	2008
COFINS (tax on revenue)	433.559	245.001	679.041	256.440
ISS (service tax)	111.178	82.278	176.265	89.729
PIS/PASEP (tax on revenue)	70.453	39.813	107.657	41.700
Other	99.763	33.979	201.912	36.972
Total	**714.953**	**401.071**	**1.164.875**	**424.841**

32. Other Operating Income

	Bank		Consolidated	
	2009	2008	2009	2008
Monetary adjustment of escrow deposits	182.817	102.805	261.574	111.302
Recovery of charges and expenses	220.566	97.912	292.741	87.563
Reversal of operating accruals				
Tax (Note 23.c)	-	-	455	48
Labor (Note 23.c)	-	-	4.570	32
Civil (Note 23.c)	-	-	6.558	6
Other	93.429	44.503	152.274	51.840
Monetary Variation	5.983	3.568	6.509	4.402
Dividends and bonuses	156.099	2.031	163.956	11.935
Other	168.044	7.025	309.776	13.595
Total	**826.938**	**257.844**	**1.198.413**	**280.723**

33. Other Operating Expenses

	Bank		Consolidated	
	2009	2008	2009	2008
Operating accruals				
Labor (Note 23.c)	750.488	383.656	836.568	393.593
Civil (Note 23.c)	611.891	77.263	684.156	80.131
Tax (Note 23.c)	62.618	46.204	131.707	55.550
Other	360.060	15.793	349.063	15.889
Credit cards	145.839	68.235	221.806	68.235
Actuarial Losses (note 36)	54.695	54.730	54.695	54.730
Monetary Losses	59.361	25.312	59.794	25.414
Legal fees and costs	28.581	21.876	39.995	21.894
Serasa/SPC (credit reporting agency)	23.476	21.197	34.732	21.204
Interest on sale of right to receipt of future flow of payment orders				
from abroad	40.079	16.680	40.079	16.680
Impairment of Assets	35.798	5.424	35.798	5.424
Brokerage fees	15.953	14.462	23.073	14.492
Commissions	3.110	2.144	12.412	13.741
IOF (taxes on banking transactions)	7.824	8.428	7.825	8.525
Other	245.775	40.510	499.749	55.250
Total	**2.445.548**	**801.914**	**3.031.452**	**850.752**

34. Nonoperating (Expenses) Income

		Bank		
	2009		2008	
Gain on sale of Investments [1]	1.034.386	948	1.377.427	81.732
Gain on sale of other assets	1.408	2.251	774	4.249
Reversal (Recognition) of allowance for losses on other assets	(51.787)	2.759	(60.166)	2.785
Expense on assets not in use	(10.134)	(14.915)	(10.138)	(14.919)
Capital losses	135	(4.395)	(26.079)	(4.395)
Other (expenses) income	6.709	(14.113)	13.381	(13.751)
Total	**980.717**	**(27.465)**	**1.295.199**	**55.701**

(1) In 2009, includes R$984 million in the Bank and R$1,139 million in the Consolidated as net gain on partial disposal of Visanet investment (Note 16) and, in 2008 Consolidated, includes the partial disposal of Bovespa and BM&F shares, with nonrecurring gains of R$81 million

35. Income and Social Contribution Taxes

	Bank		Consolidated	
	2009	2008	2009	2008
Income before taxes, net of profit sharing	**883.471**	**757.735**	**1.465.470**	**903.926**
Interest on capital	(625.000)	-	(625.000)	(62.699)
Unrealized profits	-	-	3.487	-
Income before taxes	**258.471**	**757.735**	**843.957**	**841.227**
Total income and social contribution tax at the rates of 25% and 15%, respectively [1]	**(103.388)**	**(303.094)**	**(337.583)**	**(336.491)**
Equity in subsidiaries	435.850	70.415	59.033	327
Reserve for maintenance of integrity of stockholders' equity	-	82.565	-	82.565
Nondeductible expenses and provisions	281.765	(22.794)	276.041	(42.075)
Exchange variation - foreign branches	(378.530)	(21.389)	(397.289)	(21.389)
Effect of income and social contribution taxes on prior year's temporary differences	(9.997)	195.767	(9.029)	198.814
Effects of change in tax rate and result in subsidiaries at the				
rate of 9%	(29.975)	33.382	20.281	44.815
Cayman branch income tax withholdings	-	-	28.169	-
Other adjustments	(76.660)	(159)	(72.718)	2.998
Income and social contribution taxes	**119.065**	**34.693**	**(433.095)**	**(70.436)**

(1) Executive Act No. 413 was issued on January 3, 2008, determining, among other provisions, an increase in CSLL (social contribution tax) from 9% to 15% for financial institutions and insurance and capitalization entities. The Executive Act is effective May 1, 2008. For the other companies the social contribution tax rate is 9%.

36. Pension Plan

a) Supplemental Pension Plan

The Bank and its subsidiaries sponsor private pension entities and plans for the purpose of providing retirement and pension benefits that supplement those provided by government, as defined in the basic regulations of each plan.

I) Banesprev - Fundo Banespa de Seguridade Social (Banesprev)

Plan I: fully defrayed by the Bank, covers employees hired on or after May 22, 1975, and those hired by May 22, 1975 who are also entitled to death benefits.

Plan II: effective July 27, 1994, when the new text of the Statutes and Basic Regulations of Plan II came into effect, Plan I participants who opted for the new plan began contributing 44.94% of the funding rate established by the actuary for each period.

Plan V: fully defrayed by the Bank, covers employees hired on or after May 22, 1975.

Supplemental Pension Plan: was created in view of the privatization of Banespa and is managed by Banesprev. This Plan, effective January 1, 2000, is provided only to employees hired until May 22, 1975.

Plan III: covers employees hired on or after May 22, 1975, previously enrolled in Plans I and II. In this plan, contributions are made by both the sponsor and participants.

Plan IV: covers employees hired on or after November 27, 2000, in which the sponsor contributes only to risk benefits and administrative costs.

II) Sanprev - Santander Associação de Previdência (Sanprev)

Plan I: was established on September 27, 1979 as a defined benefit plan for employees of plan sponsors, and has been in the process of discontinuance since July 1, 1996.

Plan II: provides a risk coverage, temporary supplemental pension, disability retirement, lump-sum death benefit, supplemental sick pay and birth grant, for employees of plan sponsors and is funded exclusively by the sponsors through monthly contributions corresponding to 1.16% of the total payroll, structured as a defined benefit plan. Monthly contributions are apportioned as follows: 0.28% for risk benefits and 0.88% for the administrative program.

Plan III: provides period-certain annuity and monthly life annuity for employees of contributing sponsors and is structured as a defined contribution plan, whereby contributions are freely made by participants starting at 2% of the contribution salary.

III) Holandaprevi: defined contribution plan. In June 2009, the Holandaprevi Pension Plan offered to the employees of the Santander Group - the contribution to which is shared by the employee and the company - was redesigned. Holandaprevi is a private pension entity engaged in providing social security benefit plans which are supplementary to the government social security plan, in accordance with prevailing legislation.

IV) Previban: defined benefit plan, managed by Previban - Previdência Privada Paraiban, sponsored by Banco Real, whose participants are the former employees of Banco da Paraíba S.A. - Paraiban. This plan is closed to new entrants and is in process of withdrawal of sponsoring.

V) Bandeprev: defined benefit plan, sponsored by Banco de Pernambuco S.A. – BANDEPE and Banco Real, managed by Bandeprev - Bandepe Previdência Social. The plans are divided into basic plan and special plan, with different eligibility requirements, contributions and benefits by subgroups of participants. Both plans are closed to new entrants. As a result of the spin-off of Banco de Pernambuco S.A. – Bandepe's operations and subsequent merger into Banco Real., the employees of Bandepe were transferred to Banco Real on May 1, 2006.

VI) Other

Banco Santander S.A. is the sponsor of pension plans for associated employees, structured as defined benefit plans.

				Bank/Consolidated
		Banesprev	Sanprev	Other
	Plan V	Other Plans	Plans I e II	Plans
Reconciliation of assets and liabilities				
Present value of actuarial obligations	4.426.941	4.399.796	65.099	210.080
Fair value of plan assets	(4.279.276)	(4.400.960)	(133.608)	-
Adjustments for allowed deferrals:				
Unrecognized actuarial losses	-	(471.424)	-	(44.538)
Unrecognized actuarial gains	182.493	57.406	26.430	-
Net actuarial asset at December 31, 2008 [1]	**-**	**(446.315)**	**(42.079)**	**-**
Net actuarial liability at December 31, 2008	**330.158**	**31.133**	**-**	**165.542**
Payments made	(25.498)	(14.100)	-	(16.841)
Expenses recorded	10.341	16.533	-	27.821
Net actuarial liability at June,30, 2009	**315.001**	**33.566**	**-**	**176.522**

			Bank/Consolidated
	Holandaprevi	Bandeprev	Previban
Reconciliation of assets and liabilities			
Present value of actuarial obligations	4.514	856.310	27.140
Fair value of plan assets	(3.989)	(1.065.155)	(27.140)
Adjustments for allowed deferrals			
Unrecognized actuarial losses	(689)	-	(118)
Unrecognized actuarial gains	730	86.787	-
Net actuarial asset at December 31, 2008 [1]	**-**	**(122.058)**	**(118)**
Net actuarial liability at December 31, 2008	**566**	**-**	**-**
Payments made	(113)	-	-
Expenses recorded	96	-	-
Net actuarial liability at June,30, 2009	**549**	**-**	**-**

(1) As provided for in article 49, item "g" of CVM Resolution 371/2000, the above surplus was not recorded in the financial statements of Banco Santander S.A.

The amounts allocated during the year, related to the Defined Contribution Plans were R$1,568 to Bank and R$1,593 to Consolidated to Sanprev - Plan III.

b) Main Actuarial Assumptions

Actuarial Assumptions Adopted

- Nominal discount rate for actuarial obligation:
  .Banesprev - Plan V and Other Plans - 16.5%.
  .Banesprev - Supplementary pension plan - 14.9%.
  .Banesprev – Other plans - 12.1%.
  .Sanprev plans - 12.5%.
  .Bandeprev. Holandaprevi and Previban - 10.3%.
- Expected rate of return on plan assets:
  .Banesprev - Plan V and Other Plans - 16.5%.
  .Banesprev - Supplementary pension plan - 15.0%.
  .Banesprev - Other Plans - 12.9%. except for Plan IV - 12.5%.
  .Sanprev Plans - 10.6%.
  .Bandeprev - 12.1%. Holandaprevi and Previban - 11.8%.
- Estimated long-term inflation rate and estimated salary and benefit increase rate:
  .Banesprev and Sanprev - All plans - 4.0%.
  .Bandeprev. Holandaprevi and Previban - 4.0%.
  .Bandeprev and Holandaprevi - salary growth of 1.0% and Previban - null growth as they do not have active participants.
- General mortality biometric table
  .Banesprev, Sanprev, other plans - AT-2000.
  .Holandaprevi and Bandeprev - AT-2000 Segregated by gender.
  .Previban - UP-94 Segregated by gender.
- Disability biometric table and disability mortality table:
  .Banesprev and Sanprev - Mercer Disability table. Not applicable to the other plans.
  .Bandeprev, Holandaprevi and Previban - Mercer Disability and Disability mortality table: IAPB57.
- Expected Turnover table
  .Banesprev - Plan V (0.1/Length of service +1) up to 50 years of age.
  .Banesprev - Supplementary pension plan and other plans - 0%.
  .Banesprev - Other plans – 2.0% and Plans Sanprev - null.
  .Holandaprevi segregated by age according to the rates below, by minimum wage (MW) cohorts: up to 10 MWs – 10% to 7%; from 10 MWs up to 20 MWs – 9% to 6%; and above 20 MWs - 8% to 5%.
  .Bandeprev follows the cohorts: up to 10 MWs =0.45/(length of service+1); from 10 MWs to 20 MWs=0.30/(length of service +1); and above 20 MWs=0.15/(length of service +1).
  .Previban is null, as they do not have active participants.
- Probability of retirement: 100% upon first eligibility.

c) FASASS

In 2009, after the approval of the Supplementary Pension Plan Secretariat (SPC), the individual reserves of defined benefit and variable contribution private pension plans, under the responsibility of Fundação América do Sul de Assistência e Seguridade Social (FASASS), were transferred to the private pension plan company which is not a member of the Santander Group. The purpose of this operation is to offer to the assisted members and beneficiaries the option of receiving a benefit equivalent to that of the PGBL (pension plan similar to a life insurance), in view of the cancellation of the sponsorship by the Bank, approved by SPC on February 27, 2009. For the members who joined the new plans (PGBLs), Banco Santander transferred R$26,963, with financial settlement in July 2009, to form the Mathematical Reserve for Benefits Granted.

d) Health and Dental Care Plan

d.1) Cabesp - Caixa Beneficente dos Funcionários do Banco do Estado de São Paulo S.A

The Bank contributes to Cabesp, an entity that covers health and dental care expenses of employees hired until Banespa privatization in 2000.

Reconciliation of assets and liabilities	**Bank/Consolidated**
Present value of actuarial obligations	2.413.184
Fair value of plan assets	(2.803.139)
Adjustments for allowed deferrals:	
Unrecognized actuarial gains	223.864
Net actuarial asset (liability), December 31	**(166.091)**

The amounts allocated during the six-month period ended June, 30, 2009, related to the Defined Contribution Plans were R$17,397 in the Bank and R$17,803 in the Consolidated.

d.2) Holandaprevi's retirees

Holandaprevi's retirees' health care plan is a lifetime benefit and receives a subsidy of 30% of the basic plan cost from the sponsor, payable only to beneficiaries entitled to the benefits through December 31, 2002. Costing is made directly by the sponsor.

d.3) Former employees of Banco Real S.A. (retiree by circulares)

The health care plan of the former employees of Banco Real is a lifetime benefit and receives a subsidy of 90% of the basic plan cost from the sponsor.

d.4) Bandeprev's retirees

The health care plan of Bandeprev's pension plan beneficiaries is a lifetime benefit, for which the Bank is responsible for defraying 50% of the benefits of employees retired before the date the sponsor Banco de Pernambuco S.A. - Bandepe was privatized and 30% of the benefits of employees retired after privatization.

d.5) Officer with lifetime benefits (lifetime officers)

Lifetime health care benefit granted to former officers of Banco Sudameris Brasil S.A. who held an officer position at Banco Sudameris Brasil S.A. for a period of ten years or more (closed group). With the merger of Banco Sudameris Brasil S.A., Banco Real became responsible for ensuring the benefit.

d.6) Life insurance for Banco Real's retirees (Life Insurance)

Life insurance policy for former employees of Banco Real. Upon the death of the beneficiary, his/her dependent receives a lump-sum death benefit and, upon the death of the beneficiary's spouse, the beneficiary receives 50% of such amount. Banco Real subsidizes 45% of the total premium (closed group).

d.7) Free clinic

The health care plan "free clinic" is a lifetime plan offered to the retirees who have contributed to Fundação Sudameris for at least 25 years and is funded by the users. The plan is offered only for hospitalization in wards.

			Bank/Consolidated
	Holandaprevi	Retiree by Circulars	Life Insurance
Reconciliation of assets and liabilities			
Present value of actuarial obligations	3.613	75.016	3.402
Adjustments for allowed deferrals:			
Unrecognized actuarial losses	-	-	(668)
Unrecognized actuarial gains	1.963	5.272	-
Net actuarial liability as of December 31, 2008	**5.576**	**80.288**	**2.734**
Payments made	(715)	(2.935)	(34)
Expenses recorded	-	3.603	329
Net actuarial liability at June,30, 2009	**4.861**	**80.956**	**3.029**

	Bandeprev	Lifetime Officers	Free Clinic
Reconciliation of assets and liabilities			
Present value of actuarial obligations	101.676	2.343	109.242
Fair value of plan assets	-	-	(2.492)
Adjustments for allowed deferrals:			
Unrecognized actuarial losses	(4.965)	-	(15.658)
Unrecognized actuarial gains	-	899	-
Net actuarial asset as of December 31, 2008	**-**	**-**	**-**
Net actuarial liability as of December 31, 2008	**96.711**	**3.242**	**91.092**
Payments made	(5.242)	(81)	(4.000)
Expenses recorded	8.141	(209)	7.982
Net actuarial liability at June,30, 2009	**99.610**	**2.952**	**95.074**

e) Stock-based compensation

(i) Plan I-06

In 2004, Santander created a long-term incentive plan for its executives (I06), linked to the attainment of two goals related to the controlling stockholder's shares: appreciation of share price and growth of earnings per share. The conditions to receive the income were met and the variable compensation was paid from January 15, 2008 to January 15, 2009, at the price of €9.09 per stock option.

(ii) Long-term incentive policy

The meeting of the Board of Directors' of Santander Spain, held on March 26, 2008, approved the long-term incentive policy intended for the executives of Banco Santander Spain and the Santander Group companies (except Banesto). This policy provides for compensation tied to the performance of the stock of Santander Spain, as established in the Annual Stockholders' Meeting.

Santander executives in Brazil already participate in the Stock Plan Tied to Goals: multiyear plan paid in shares of Banco Santander Spain. This plan's beneficiaries are the Executive Officers and other members of Top Management, as well as any other group of executives appointed by the Executive Board or the Executive Committee.

This plan involves three-year cycles for the delivery of shares to the beneficiaries, so that each cycle is started within a year, and starting 2009, ends in the following year. The purpose is to establish an appropriate sequence between the end of the incentive program, tied to the previous plan, I-06, and the successive cycles of this plan. Accordingly, the first two cycles started in July 2007, with the first cycle lasting two years (PI09) and the other cycles lasting three years, on average (PI10 and P011).

A maximum number of shares in each cycle is established for each beneficiary that continued to work in the Group during the plan. The goals whose attainment determine the number of shares granted, are defined by comparing the Group's performance with the Benchmark Group's performance (financial institutions) and are related to two parameters: Total Return to the Stockholder (RTA) and Earnings/Benefit per Share (BPA) growth.

Each of these parameters has a weight of 50% in the determination of the percentage of shares to be granted. The number of shares to be granted is determined in each cycle by the goal attainment level on the third anniversary of the start of each cycle (except the first cycle, for which the second anniversary will be considered).

	Number of Shares	Euros Exercise Price	Date of Commencement of Exercise Period	Date of Expiry of Exercise Period
Plans outstanding at 31 December 2006	**6.032.700**	9,09	15/1/2008	15/1/2009
Options granted (Plan I09)	834.332	-	23/6/2007	31/7/2009
Options granted (Plan I10)	1.243.355	-	23/6/2007	31/7/2010
Options cancelled, net (Plan I06)	(113.700)	9,09	15/1/2008	15/1/2009
Plans outstanding at 31 December 2007	**7.996.687**	-		
Options exercised (Plan I06)	(4.657.550)	9,09	15/1/2008	15/1/2009
Options granted (Plan I11)	2.311.231	-	15/1/2009	31/7/2011
Plans outstanding at 31 December 2008	**5.650.368**	-		
Options cancelled (Plan I06)	(1.261.450)	9,09	15/1/2008	15/1/2009
Plans outstanding at 30 June 2009	**4.388.918**			

Plans outstanding at 30 June 2009	
Plan I06	-
Plan I09	834.332
Plan I10	1.243.355
Plan I11	2.311.231
Total	**4.388.918**

In the six-month period ended June 30, 2009, were recorded daily pro rata expenses of R$8,893 in the Bank and R$9,876 in the Consolidated related to the initial costs on the related grant dates for each of the above-mentioned cycles.

37. Other Information

a) The co-obligations and risks on guarantees provided on behalf of customers, recorded in memorandum accounts, amounted to R$22,671,359 (2008 - R$18,517,274) in the Bank and Consolidated.

b) The total net book value of investment funds managed by Santander Group is R$85,503,048 (2008 - R$53,815,216) and the total net book value of managed investment funds is R$102,635,030 (2008 - R$63,587,617).

c) The insurance contracted by the Bank effective as of June 30, 2009, with bankers' blanket insurance, fire, vehicles and other risks coverage, amounts to R$1,339,725 Bank and R$1,347,018 Consolidated (2008, R$717,379 Bank and R$726,099 Consolidated).

Bankers' blanket insurance contracted has coverage of R$159,961 Bank and R$167,255 Consolidated (2008, R$163,923 Bank and R$172,643 Consolidated), and can be used separately or jointly, providing it does not exceed the contracted amount.

d) Restricted operations were as follows:

	Bank/Consolidated			
	2009		2008	
	Assets (Liabilities)	Income (Expenses)	Assets (Liabilities)	Income (Expenses)
Restricted operations on assets				
Lending operations	30.761	1.384	20.532	611
Liabilities - restricted operations on assets				
Deposits	(30.739)	(1.356)	(20.531)	(610)
Net income		**28**		**1**

There are no default operations or court challenges regarding restricted operations on assets or funds raised to be used in these operations.

38. Subsequent events

At the meetings held on July 28, 2009, the executive committees of Banco Santander, Santander Seguros S.A. (Santander Seguros), Banco Comercial e de Investimento Sudameris S.A. (Banco BCIS), and Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliários S.A. (Santander Brasil Asset) approved and decided to submit to the approval of the Board of Directors and their stockholders the corporate restructuring proposal pursuant to the terms and conditions of the "Agreement and Plan of Merger of Shares of Santander Seguros S.A., Banco Comercial e de Investimento Sudameris S.A. and Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliários S.A. into the Equity of Banco Santander (Brasil) S.A." (the "Merger Agreement").

The Merger Agreement establishes the reasons and conditions for the corporate restructuring consisting of the merger of all the shares of Santander Seguros, Banco BCIS and Santander Brasil Asset into the equity of Banco Santander (Share Merger). As a result of the Share Merger: (a) Santander Seguros, Banco BCIS and Santander Brasil Asset (Merged Companies) will be transformed into wholly-owned subsidiaries of Banco Santander ("Merging Company"), under Article 252 of Law 6404/76; (b) the current stockholders of the merged companies will receive shares of the Merging Company, (c) the equity of Banco Santander will be increased by the carrying amount of the shares of Santander Seguros, Banco BCIS, and Asset, to be issued to the current stockholders.

The balance sheets of Banco Santander, Santander Seguros, Banco BCIS and Santander Brasil Asset as of June 30, 2009 consist of the basic balance sheets of the Share Mergers.

Because this transaction consists of a share merger, as set out in Article 252 of Law 6404/76, the legal personality of the merged companies will be maintained and the changes in equity subsequent to the date of their balance sheets will be properly recorded in their accounting books.

Share Mergers are justifiable as they result in an increased efficiency of the corporate structure, increased agility in the performance of strategic, administrative and business decision-making. Additionally, Share Mergers are justifiable as they result in the following benefits: (i) streamlining of the equity structure of the Santander Group's corporate vehicles; (ii) decrease in administrative costs, especially those related to legal and regulatory obligations, currently disbursed by the companies; (iii) the current stockholders of Santander Seguros, Banco BCIS and Santander Brasil Asset will become stockholders of a publicly-listed company (Banco Santander), whose shares are traded on the BM&FBovespa; (iv) these non-controlling stockholders will have access to the current dividend policy of Banco Santander; and (v) greater efficiency of the corporate structure and agility in the performance of the Santander Group's strategic, administrative and business decision-making.

The Share Mergers will be submitted to approval at the corresponding Extraordinary Stockholders' Meetings of the involved companies scheduled for August 14, 2009, called as set forth by Law 6404/76, other applicable laws and regulations, and the related bylaws.

In addition to the approval by the Entities' stockholders, the merger transactions will be subject to approval by the Central Bank of Brazil (BACEN) and the Private Insurance Authority (Susep), pursuant to Law 4595/64.

Merger of Banco Comercial e de Investimento Sudameris S.A. (BCIS) and ABN Amro Administradora de Cartões de Crédito Ltda.

At the meetings held on July 28, 2009, the executive committees of Banco BCIS and Banco Santander and the partners' meeting of AA Cartões, also held on July 28, 2009, approved and decided to submit to the approval of their stockholders the corporate restructuring proposal pursuant to the terms and conditions of the "Agreement and Plan of Merger of Shares of Banco Comercial e de Investimento Sudameris S.A. and ABN Amro Administradora de Cartões de Crédito Ltda by Banco Santander (Brasil) S.A."

The merger of Banco BCIS (the "Merged Company") by Banco Santander (the "Merging Company") (the "Merger") constitutes a fundamental stage for the consolidation of the Santander Group's investments in Brazil and the resulting strengthening of its operational and organizational structure, as well as the integration of their operations.

The mergers are justifiable as they will permit the integration of the banking operations currently carried out by Banco Santander and BCIS and the streamlining of the Santander Group's corporate structure, with the resulting decrease in administrative costs, especially those related to legal and regulatory obligations.

The merger will be carried out through the transfer of the book net assets of the Merged Companies to the equity of the Merging Company, based on the audited balance sheets as of June 30, 2009. Changes in equity occurring between the date of said balance sheets and the completion of the mergers (date of the corresponding Extraordinary Stockholders' Meetings that approve the mergers) will be recognized and recorded directly by the Merging Company.

In addition to the approval by the Entities' stockholders, the Share Mergers will be subject to approval by the Central Bank of Brazil.

Full spin-off of Santander Investimentos e Participações (Santander Participações) with the transfer of its equity to Banco Santander.

At the meetings held on July 28, 2009, the executive committees of Banco Santander, Santander Participações, and Santander Advisory Services S.A. (Advisory) approved and decided to submit to the approval of their stockholders and the Board of Directors of Banco Santander the corporate restructuring proposal pursuant to the terms and conditions of the "Spin-off Agreement and Plan of Santander Investimentos e Participações S.A., with transfer of all its Equity to Banco Santander (Brasil) S.A. and Santander Advisory Services S.A." (the "Spin-off Agreement").

The Spin-off Agreement establishes the reasons and conditions for the corporate restructuring consisting of the full spin-off of Santander Participações (the "Spun-off Company"), its termination and the transfer of its equity to Banco Santander and Advisory (Cisão). The Spin-off constitutes a fundamental stage for the consolidation of the Santander Group's investments in Brazil and the resulting strengthening of its operational and organizational structure, as well as the integration of their operations.

The Spin-off will also permit (i) decreasing administrative costs; and (ii) streamlining the Santander Group's corporate structure in Brazil.

Under the Spin-off Agreement, the stockholders' equity of the Spun-off Company was appraised based on the balance as of June 30, 2009. As a result of the Spin-off (a) the Spun-off Company will be terminated; (b) all assets, rights, liabilities, obligations and liabilities of the Spun-off Company related to the spun-off net assets will be automatically and respectively transferred to the net assets of Banco Santander and Advisory, which will be the successors of all its rights and obligations related to the spun-off net assets.

The changes in equity of each spun-off net assets, occurring from the balance sheet date to the date the transaction is completed will be appropriately and respectively recorded in the books and other accounting documentation of Banco Santander and Advisory.

Corporate Restructuring – Life Insurance and Pension Fund Lines

At the meetings held on July 28, 2009, the executive committees of Santander Seguros, Real Seguros Vida e Previdência S.A. (RSVP) and ABN AMRO Brasil Dois Participações S.A. (AABDP) approved and decided to submit to the approval of their stockholders the corporate restructuring proposal pursuant to the terms and conditions of the "Agreement and Plan of Merger of Real Seguros Vida e Previdência S.A. by Santander Seguros S.A." and the "Agreement and Plan of Merger of ABN AMRO Brasil Dois Participações S. A. by Santander Seguros S.A."
The mergers of RSVP and AABDP (the "Merged Companies") by Santander Seguros (the "Merging Company") (the "Mergers") constitute a fundamental stage for the consolidation of the Santander Group's investments in Brazil and the resulting strengthening of its operational and organizational structure, as well as the integration of their operations.

The mergers will also allow (i) the integration of businesses and activities in a single life insurance and pension plan entity for all commercial, financial and legal purposes; (ii) the decrease in administrative costs, and (iii) the streamlining of the corporate structure of the Santander Group in Brazil.

The merger will be carried out through the transfer of the book net assets of the Merged Companies to the equity of the Merging Company, based on the audited balance sheets as of June 30, 2009. Changes in equity occurring between the date of said balance sheets and the completion of the mergers (date of the corresponding Extraordinary Stockholders' Meetings that approve the mergers) will be recognized and recorded directly by the Merging Company.

In addition to the approval by the Entities' stockholders, the merger transactions will be subject to approval by the Susep.

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Summary of the Audit Committee Report

Santander Financial Group's Audit Committee was established by the Board of Directors of Banco Santander (Brasil) S.A. (the Group's lead entity) on March 23, 2007, to ensure compliance with National Monetary Council's Resolution 3198/2004 and article 32 of Banco Santander S.A.'s By-laws. Pursuant to article 11 of CMN Resolution 3198/2004, a single Audit Committee, approved for the group's lead entity, Banco Santander (Brasil) S.A., acts for all institutions and insurance companies pertaining to the Group. Santander Seguros S.A. at the Extraordinary Stockholders' Meeting (ESM) held on July 7, 2008, when the entity also adhered to the decision of Santander financial group adopting a single Audit Committee, as permitted by article 14 of Resolution 118/2004 of the National Council of Private Insurance (CNSP).

This Audit Committee is composed of three independent members that were appointed at the Board of Directors' Meeting of March 23, 2007. The members have a one-year term of office, renewable for up to four consecutive terms.

Under prevailing legislation, Management is responsible for preparing, disclosing and ensuring the integrity of the financial statements, and for adopting the best practices in internal control system and procedures, in order to ensure compliance with Brazilian accounting practices and standards from the National Monetary Council (CMN), Central Bank of Brazil (Bacen), Brazilian Securities and Exchange Commission (CVM), National Council of Private Insurance (CNSP), and Superintendency of Private Insurance (Susep).

The independent auditors are responsible for planning and performing the audit of the individual and consolidated financial statements of the group.

The Audit Committee advises the Board of Directors in the oversight of financial reports, assessment of the internal control system effectiveness, auditors' independence, and performance of internal and independent audits, and recommends corrections and improvements of policies, practices and procedures identified in the course of its duties, whenever deemed necessary.

The Audit Committee held twenty one meetings in the first half of the year and in July 2009, for conducting the duties incumbent on them.

Also, to fulfill the Audit Committee's duties and responsibilities, the Coordinator, appointed among the members, devotes full time to this function, and participates as a guest in Executive Committees, including Compliance, Money Laundering Prevention, Asset Management Compliance and Internal Controls, Basel II and Products.

In addition to the work inherent in its duties, the Audit Committee held specific discussions: (i) with the Tax Planning area, related to the proposed restructuring of the Group's entities; (ii) with the Credit Risk area for an update on the valuation, monitoring and loss provision criterion; and (iii) with the investment funds auditors, KPMG, PricewaterhouseCoopers and Deloitte, to analyze the quality of the controlling area and the absorption of Real's original funds.

Regarding the Audit Committee's roles and responsibilities:

1 – For the purpose of verifying the conformity of Santander Financial Group with CMN Resolutions 2554/1998 and 3380/2006 and Susep Circular 249/2004, related to the management and control of operational risks and the internal control system effectiveness, the Audit Committee analyzed the reports and held meetings with the areas involved in this process. The Audit Committee also followed up on the reported frauds and errors managed by the Operational Risks area.

2 – Concerning the internal audit work, the Audit Committee monitored the reports issued, findings, implementation of recommendations and comments related to the preliminary work for Sarbanes-Oxley (SOX).

3 – With respect to the independent audit services provided by Deloitte Touche Tohmatsu Auditores Independentes, the Audit Committee formally held six meetings. The main discussions at the meetings involved the standardization of accounting practices, resulting from the merger of Real into Santander, the auditing procedures adopted by the Risk Management professionals on the field of Technology and the internal control issues raised in the detailed reports.

4 - The Audit Committee reviewed the financial statements of the Santander Financial Group entities, confirming their quality. In this respect, the Committee followed up on the six-month period closing, prior to disclosures, and met with the independent auditors and the professionals responsible for the accounting and the preparation of the financial statements.

5 – In view of CVM Resolution 3477/2007, which established, effective September 30, 2007, the creation of an Ombudsman function for the institutions, the semiannual reports, to be submitted to Bacen, shall be approved by the Audit Committee in a meeting scheduled for August 13.

As a result of the assessments performed, based primarily on information received from Management, internal and independent auditors, and the area responsible for the corporate monitoring of internal controls, the Audit Committee concluded that the work developed is effective and provides transparency and quality to Santander Financial Group's financial statements.

Audit Committee
São Paulo, July 28, 2009

Maria Elena Cardoso Figueira
Sérgio Darcy da Silva Alves
Taiki Hirashima

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