

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

Banco Safra S.A.

*Financial Statements for the Years Ended
December 31, 2009 and 2008 and Six-month
Period Ended December 31, 2009 and
Independent Auditors' Report*

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Banco Safra S.A.
São Paulo, SP

1. We have audited the accompanying individual and consolidated balance sheets of Banco Safra S.A. and Banco Safra S.A. and subsidiaries as of December 31, 2009 and 2008, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended and the six-month period ended December 31, 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 the management of the Bank and its subsidiaries, 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 Safra S.A. and Banco Safra S.A. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations, the changes in shareholders' equity and their cash flows for the years then ended and the six-month period ended December 31, 2009, in conformity with accounting practices adopted in Brazil.
4. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, February 19, 2010



DELOITTE TOUCHE TOHMATSU
Auditores Independentes



Celso de Almeida Moraes
Engagement Partner

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

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

**BALANCE SHEETS
AS OF DECEMBER 31, 2009 and 2008
(In thousands of Brazilian reais – R\$)**

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED	
	2009	2008	2009	2008
ASSETS				
CURRENT ASSETS	40,077,203	42,821,615	51,055,500	49,655,754
Cash and cash equivalents	514,817	381,665	589,231	433,022
Interbank investments	19,126,715	5,361,696	18,827,631	3,323,930
Money market investments	15,621,906	24,461	15,621,906	24,461
Interbank deposits	1,880,919	3,483,041	1,581,835	1,445,275
Foreign currency investments	1,624,247	1,854,522	1,624,247	1,854,522
(Valuation allowance)	(357)	(328)	(357)	(328)
Securities and derivatives	1,848,636	20,152,574	11,427,643	26,564,430
Own portfolio	913,854	9,158,745	10,483,715	15,492,734
Linked to repurchase agreements	871,178	9,985,001	871,178	9,985,001
Derivatives financial instruments	46,034	202,513	44,509	197,648
Linked to Central Bank of Brazil and other	-	557,958	-	557,958
Linked to guarantees	17,570	227,390	28,241	310,122
Linked to trading portfolio operations	-	20,967	-	20,967
Interbank accounts	737,795	949,227	738,414	949,217
Payments and receipts pending settlement	150	1,256	151	1,262
Restricted deposits:				
Central Bank of Brazil	710,753	946,753	711,371	946,805
Financial Housing System (SFH)	-	410	-	410
Interbank onlendings	26,885	68	26,885	-
Correspondents	7	740	7	740
Interbranch accounts	5,845	5,500	5,845	5,500
Third-party funds in transit	11	-	11	-
Internal transfers of funds	5,834	5,500	5,834	5,500
Lending operations	13,306,099	10,228,833	13,604,453	10,379,430
Lending operations:				
Public sector	2,111	5,390	2,111	5,390
Private sector	13,734,789	10,700,159	14,047,333	10,865,038
(Allowance for loan losses)	(430,801)	(476,716)	(444,991)	(490,998)
Leasing operations	722,554	128,821	2,232,646	2,254,245
Lease operations:				
Lease receivables - private sector	813,802	152,769	2,416,856	2,432,484
(Allowance for doubtful lease receivables)	(91,248)	(23,948)	(184,210)	(178,239)
Other receivables	3,780,729	5,602,100	3,595,278	5,734,221
Receivables for guarantees honored	12,818	2,758	12,818	2,758
Foreign exchange portfolio	2,039,347	4,162,995	2,039,347	4,162,995
Income receivable	381,905	212,262	2,482	4,368
Trading account	1,105	583	114,124	83,969
Other	1,447,008	1,276,455	1,528,229	1,533,220
(Allowance for losses on other receivables)	(101,454)	(52,953)	(101,722)	(53,089)
Other assets	34,013	11,199	34,359	11,759
Prepaid expenses	34,013	11,199	34,359	11,759

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BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

BALANCE SHEETS

AS OF DECEMBER 31, 2009 and 2008

(In thousands of Brazilian reais – R\$)

(Continued)

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED	
	2009	2008	2009	2008
ASSETS				
NONCURRENT ASSETS	25,358,759	17,504,340	14,807,512	12,298,533
LONG-TERM ASSETS	21,381,860	14,198,936	14,021,917	11,408,493
Interbank investments	597,110	483,486	326,571	483,486
Money market investments	117,340	-	117,340	-
Interbank deposits	479,835	272,784	209,296	272,784
Foreign currency investments	-	210,702	-	210,702
(Valuation allowance)	(65)	-	(65)	-
Securities and derivatives	13,482,834	7,567,303	3,465,782	446,487
Own portfolio	1,795,903	687,542	2,334,212	117,052
Linked to repurchase agreements	10,589,153	6,600,728	-	54,438
Derivatives	125,289	279,033	125,075	274,997
Linked to Central Bank of Brazil and other	275,601	-	275,601	-
Linked to guarantees	696,888	-	730,894	-
Interbank accounts	-	23,370	-	-
Interbank onlendings	-	23,370	-	-
Lending operations	5,223,294	5,042,430	5,549,167	5,192,521
Lending operations:				
Public sector	4,375	-	4,375	-
Private sector	5,319,738	5,140,429	5,650,754	5,292,136
(Allowance for loan losses)	(100,819)	(97,999)	(105,962)	(99,615)
Leasing operations	1,530,247	614,246	3,809,620	4,594,736
Lease operations:				
Lease receivables - private sector	1,603,566	639,300	3,921,740	4,714,586
(Allowance for doubtful lease receivables)	(73,319)	(25,054)	(112,120)	(119,850)
Other receivables	540,327	464,879	852,024	677,421
Foreign exchange portfolio	10,442	101,157	10,442	101,157
Income receivable	-	51	-	51
Other	532,579	365,142	844,143	577,684
(Allowance for losses on other receivables)	(2,694)	(1,471)	(2,561)	(1,471)
Other assets	8,048	3,222	18,753	13,842
Other assets	23,599	8,935	38,709	22,116
(Allowance for losses on other receivables)	(15,551)	(5,713)	(19,956)	(8,274)
PERMANENT ASSETS	3,976,899	3,305,404	785,595	890,040
Investments	3,905,076	3,231,320	474,111	545,068
Investments in associates and subsidiaries:				
Domestic	3,229,175	2,480,872	12,749	83,791
Foreign	219,484	293,992	-	-
Other investments	461,031	458,077	479,007	474,461
(Allowance for losses)	(4,614)	(1,621)	(17,645)	(13,184)
Fixed assets	45,076	48,510	283,991	315,669
Real estate	7,276	7,276	315,987	299,245
Other fixed assets	152,808	145,951	272,766	295,161
(Accumulated depreciation)	(115,008)	(104,717)	(304,762)	(278,737)
Deferred charges	6,611	8,631	6,799	11,389
Organization and expansion costs	17,527	17,823	18,240	26,407
(Accumulated amortization)	(10,916)	(9,192)	(11,441)	(15,018)
Intangibles	20,136	16,943	20,694	17,914
Intangible assets	33,156	31,225	33,714	34,647
(Accumulated amortization)	(13,020)	(14,282)	(13,020)	(16,733)
TOTAL ASSETS	65,435,962	60,325,955	65,863,012	61,954,287

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BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

BALANCE SHEETS

AS OF DECEMBER 31, 2009 and 2008

(In thousands of Brazilian reais – R\$)

(Continued)

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED	
	2009	2008	2009	2008
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CURRENT LIABILITIES	47,822,221	37,797,796	45,493,068	36,787,305
Deposits	15,579,285	12,495,302	12,150,807	10,548,515
Demand deposits	1,655,916	1,547,330	1,205,127	1,543,747
Savings deposits	928,429	768,672	928,429	768,672
Interbank deposits	5,585,041	4,997,460	2,767,587	3,206,158
Time deposits	7,362,825	5,105,801	7,202,590	4,953,897
Other deposits	47,074	76,039	47,074	76,041
Deposits received under Securities repurchase agreements -				
Own portfolio	23,448,695	13,731,034	23,439,698	13,673,535
Third parties portfolio	9,587,109	13,693,558	9,587,109	13,636,059
Trading portfolio	13,861,586	16,542	13,852,589	16,542
	-	20,934	-	20,934
Funds from acceptance and issuance of securities	612,494	1,485,111	612,330	1,485,111
Real estate notes	181,420	95,605	181,256	95,605
Securities issued abroad	431,074	1,389,506	431,074	1,389,506
Interbank accounts	2,136	2,418	2,139	2,423
Pending settlement	90	15	93	20
Correspondents	2,046	2,403	2,046	2,403
Interbranch accounts	104,559	141,491	104,559	141,491
Third-party funds in transit	104,547	141,419	104,547	141,419
Internal transfers of funds	12	72	12	72
Borrowings:	2,436,598	3,196,682	2,436,598	3,196,682
Foreign borrowings	2,436,598	3,196,682	2,436,598	3,196,682
Domestic onlendings - official institutions	276,308	204,231	724,375	685,957
National Treasury	90,502	57,287	90,502	57,287
National Social and Economic Development Bank (BNDES)	64,904	12,783	64,904	12,783
National Equipment Financing Authority (FINAME)	120,902	134,161	568,969	615,887
Derivatives	3,183,151	2,643,894	2,895,714	2,505,503
Derivatives	3,183,151	2,643,894	2,895,714	2,505,503
Other payables	2,178,995	3,897,633	3,126,848	4,548,088
Collected taxes and other	10,151	4,567	11,298	4,604
Foreign exchange portfolio	1,465,906	2,714,503	1,465,906	2,714,503
Social and statutory	34,628	268,313	34,630	268,318
Taxes and social security	152,689	117,877	341,279	266,635
Technical reserves - insurance	-	-	139,101	130,966
Trading account	4,066	26,840	116,627	113,627
Other	511,555	765,533	1,018,007	1,049,435

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BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

BALANCE SHEETS

AS OF DECEMBER 31, 2009 and 2008

(In thousands of Brazilian reais – R\$)

(Continued)

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED	
	2009	2008	2009	2008
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
NONCURRENT LIABILITIES	17,613,741	22,528,159	20,369,944	25,166,982
LONG-TERM LIABILITIES	12,684,566	18,381,834	15,440,769	21,020,649
Deposits	1,520,978	4,146,643	1,528,684	4,146,643
Interbank deposits	117,800	28,057	125,506	28,057
Time deposits	1,403,178	4,118,586	1,403,178	4,118,586
Deposits received under securities repurchase agreements	1,897,147	2,893,084	1,897,147	2,893,084
Own portfolio	1,897,147	2,893,084	1,897,147	2,893,084
Funds from acceptance and issuance of securities	1,271,717	1,967,989	1,190,334	1,489,419
Real estate notes	9,359	21,765	276,028	21,765
Debentures	-	-	999	-
Securities issued abroad	1,262,358	1,946,224	913,307	1,467,654
Borrowings:	217,878	239,538	217,878	239,538
Foreign borrowings	217,878	239,538	217,878	239,538
Domestic onlendings - official institutions	3,156,116	2,939,472	3,627,095	3,532,279
National Treasury	18,061	24,722	18,061	24,722
National Social and Economic Development Bank (BNDES)	757,085	164,810	757,085	164,810
National Equipment Financing Authority (FINAME)	2,380,970	2,749,940	2,851,949	3,342,747
Derivatives	2,739,223	4,243,481	2,825,821	4,467,317
Derivatives	2,739,223	4,243,481	2,825,821	4,467,317
Other payables	1,881,507	1,951,627	4,153,810	4,252,369
Taxes and social security	833,396	621,817	1,918,827	1,971,032
Technical reserves - insurance	-	-	1,167,560	929,492
Subordinated debt	699,298	699,321	699,298	699,321
Other	348,813	630,489	368,125	652,524
DEFERRED INCOME	22,629	20,038	22,629	20,038
Deferred income	22,629	20,038	22,629	20,038
Minority shareholders	-	-	-	8
SHAREHOLDERS' EQUITY	4,906,546	4,126,287	4,906,546	4,126,287
Capital:				
Residents in Brazil				
Capital	2,007,958	2,007,958	2,007,958	2,007,958
Capital reserves	72,723	72,723	72,723	72,723
Profit reserves	1,509,418	628,257	1,509,418	628,257
Valuation adjustments to equity	(1,324)	(422)	(1,324)	(422)
Retained earnings	1,317,771	1,417,771	1,317,771	1,417,771
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	65,435,962	60,325,955	65,863,012	61,954,287

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

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

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

**STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 AND THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2009
(In thousands of Brazilian reais – R\$)**

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED		
	2 nd half 2009	2009	2008	2009	2008
INCOME FROM FINANCIAL INTERMEDIATION	2,882,548	5,941,607	9,266,056	6,427,520	9,397,066
Lending operations	1,250,622	2,230,029	3,771,203	2,307,425	3,885,140
Leasing operations	176,394	232,056	134,775	949,817	1,000,938
Securities transactions	1,542,362	3,423,585	3,987,681	3,306,196	3,467,012
Foreign exchange transactions	(96,370)	40,184	1,295,611	(151,810)	961,793
Compulsory investments	9,540	15,753	76,786	15,892	82,183
EXPENSES ON FINANCIAL INTERMEDIATION	(2,321,673)	(4,640,358)	(8,123,886)	(4,343,494)	(7,606,568)
Derivative transactions	(125,046)	(620,633)	(535,418)	(503,041)	(573,893)
Funding transactions	(1,628,191)	(3,083,155)	(5,607,129)	(2,764,703)	(4,726,693)
Borrowings, assignments and onlendings	(188,411)	(430,269)	(1,673,024)	(669,602)	(1,976,904)
Financial assets sale and transfer operations	(42,519)	(113,825)	(36,341)	(113,825)	(36,341)
Allowance for losses on loans, leases and other receivables	(337,506)	(392,476)	(271,974)	(292,323)	(292,737)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	560,875	1,301,249	1,142,170	2,084,026	1,790,498
OTHER OPERATING INCOME (EXPENSES)	61,973	(211,952)	(210,349)	(867,315)	(641,148)
Income from services provided	144,225	257,649	167,739	366,364	429,539
Income from bank fees	30,515	60,323	82,385	77,637	105,269
Personnel expenses	(303,881)	(595,068)	(659,803)	(722,308)	(827,474)
Other administrative expenses	(243,733)	(488,602)	(579,958)	(538,635)	(634,436)
Tax expenses	(67,418)	(87,128)	(41,533)	(192,160)	(99,484)
Equity in associates and subsidiaries	507,896	676,039	600,009	10,579	(1,478)
Other operating income	219,591	421,766	554,494	882,326	968,583
Other operating expenses	(225,222)	(456,931)	(333,682)	(751,118)	(581,667)
INCOME FROM OPERATIONS	622,848	1,089,297	931,821	1,216,711	1,149,350
NONOPERATING INCOME (EXPENSES)	(12,343)	(14,228)	8,049	(7,488)	4,673
INCOME BEFORE TAXES ON INCOME	610,505	1,075,069	939,870	1,209,223	1,154,023
INCOME TAX AND SOCIAL CONTRIBUTION	(151,965)	(163,797)	(96,478)	(297,951)	(310,631)
Provision for income tax and social contribution	(151,965)	(163,797)	(96,478)	(297,951)	(310,631)
NET INCOME	458,540	911,272	843,392	911,272	843,392
Number of subscribed shares: 1,085,948 (1,085,948 in 2008)					
- Earnings per share (in reais)	422.25	839.15	776.64	839.15	776.64

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

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

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 AND THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2009

(In thousands of Brazilian reais – R\$)

	Capital	Capital reserves	Profit reserves			Valuation adjustments	Retained earnings	Total
			Legal	For capital increase	Retained			
BALANCES AS OF JANUARY 1, 2008	1,801,900	72,089	296,092	50,977	-	75	1,707,546	3,928,679
Adjustment to fair value - available-for-sale securities	-	-	-	-	-	(497)	-	(497)
Capital increase with interest in Banco J. Safra	246,998	-	-	-	-	-	-	246,998
Capital reduction	(40,940)	-	-	-	-	-	-	(40,940)
Adjustment of membership certificates	-	634	-	-	-	-	-	634
Net income for the year	-	-	-	-	-	-	843,392	843,392
Allocation:								
Reserves	-	-	42,170	-	239,018	-	(281,188)	-
Interest on capital	-	-	-	-	-	-	(117,000)	(117,000)
Proposed dividends	-	-	-	-	-	-	(734,979)	(734,979)
BALANCES AS OF DECEMBER 31, 2008	<u>2,007,958</u>	<u>72,723</u>	<u>338,262</u>	<u>50,977</u>	<u>239,018</u>	<u>(422)</u>	<u>1,417,771</u>	<u>4,126,287</u>
BALANCES AS OF JANUARY 1, 2009	2,007,958	72,723	338,262	50,977	239,018	(422)	1,417,771	4,126,287
Adjustment to fair value - available-for-sale securities	-	-	-	-	-	(902)	-	(902)
Net income for the year	-	-	-	-	-	-	911,272	911,272
Allocation:								
Reserves	-	-	45,564	-	835,597	-	(881,161)	-
Proposed dividends	-	-	-	-	-	-	(130,111)	(130,111)
BALANCES AS OF DECEMBER 31, 2009	<u>2,007,958</u>	<u>72,723</u>	<u>383,826</u>	<u>50,977</u>	<u>1,074,615</u>	<u>(1,324)</u>	<u>1,317,771</u>	<u>4,906,546</u>
BALANCES AS OF JULY 1, 2009	2,007,958	72,723	360,899	50,977	669,113	(178)	1,417,771	4,579,263
Adjustment to fair value - available-for-sale securities	-	-	-	-	-	(1,146)	-	(1,146)
Net income for the six-month period	-	-	-	-	-	-	458,540	458,540
Allocation:								
Reserves	-	-	22,927	-	405,502	-	(428,429)	-
Proposed dividends	-	-	-	-	-	-	(130,111)	(130,111)
BALANCES AS OF DECEMBER 31, 2009	<u>2,007,958</u>	<u>72,723</u>	<u>383,826</u>	<u>50,977</u>	<u>1,074,615</u>	<u>(1,324)</u>	<u>1,317,771</u>	<u>4,906,546</u>

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

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

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 AND THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2009

(In thousands of Brazilian reais – R\$)

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED		
	2 nd half 2009	2009	2008	Years 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES					
ADJUSTED NET INCOME FOR THE SIX-MONTH PERIOD/YEARS	400,254	737,414	589,272	1,266,479	1,325,458
Net income for the six-month period/years	458,540	911,272	843,392	911,272	843,392
Adjustments to net income:					
Depreciation and amortization	9,200	19,658	20,346	40,923	41,523
Valuation allowance for interbank investments	(257)	93	(2,451)	93	1,515
Allowance for loan losses	200,253	224,549	212,344	239,805	221,007
Allowance for doubtful lease receivables	114,640	116,484	51,224	1,075	63,323
Allowance for losses on other receivables	22,613	51,443	8,406	51,443	8,407
Allowance for losses for repossessed assets	7,507	9,838	2,343	11,682	2,334
Equity in associates and subsidiaries	(507,896)	(676,039)	(600,009)	(10,579)	1,478
Adjustment to fair value - securities and derivatives	(1,146)	(902)	(497)	(902)	(497)
Allowance for investment losses	-	-	(774)	-	(2,668)
Deferred income	(6,011)	2,591	(1,137)	2,591	(1,137)
Deferred taxes	102,811	78,427	56,085	19,076	146,781
CHANGES IN ASSETS AND LIABILITIES	(4,481,089)	(7,127,188)	17,403,942	(6,738,382)	7,920,808
(Increase) decrease in interbank investments	1,566,318	(13,878,736)	344,815	(15,346,879)	1,849,689
(Increase) decrease in securities and derivatives	1,766,616	12,388,407	8,022,111	12,117,492	(1,619,959)
(Increase) decrease in derivatives	(357,459)	(965,001)	3,229,026	(1,251,285)	3,747,199
(Increase) decrease in interbank and interbranch accounts (assets/liabilities)	(215,150)	197,243	1,322,238	173,242	1,325,199
(Increase) decrease in lending operations	(3,947,660)	(3,482,679)	5,463,122	(3,821,474)	5,272,989
(Increase) decrease in leasing operations	(1,742,481)	(1,626,218)	(174,469)	805,640	(1,838,724)
(Increase) decrease in other receivables	(138,985)	1,895,711	(3,510,114)	1,897,945	(3,651,190)
(Increase) decrease in other assets	(27,278)	(22,814)	5,148	(22,600)	5,033
Increase (decrease) in other payables	(1,385,010)	(1,633,101)	2,702,065	(1,290,463)	2,830,572
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4,080,835)	(6,389,774)	17,993,214	(5,471,903)	9,246,266
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received	-	456	1,366,850	624	-
Endowments and incentive grants, and equity securities	-	-	634	-	634
Minority interest	-	-	-	(8)	(10,685)
Sale of property and equipment	19,551	36,280	48,817	71,673	177,372
Purchase of repossessed assets	(13,294)	(14,664)	(3,948)	(16,593)	(3,490)
Acquisition of investments	-	(236,524)	(625,030)	-	(482,208)
Sale of investments	-	37,120	8,179	81,536	74,086
Purchase of property and equipment	(20,726)	(44,341)	(60,691)	(69,247)	(263,501)
Increase in deferred charges	-	-	(1,068)	-	1,601
Increase in intangible assets	(4,472)	(9,336)	(7,652)	(9,861)	(11,067)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(18,941)	(231,009)	726,091	58,124	(517,258)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (decrease) in deposits	(1,937,930)	458,318	(5,917,449)	(1,015,667)	3,731,832
Increase (decrease) in money market funding	5,517,455	8,721,724	(14,567,442)	8,770,226	(14,624,942)
Increase (decrease) in borrowings and onlendings	1,067,734	(493,023)	1,888,662	(648,510)	2,323,022
Increase (decrease) in funds from acceptance and issuance of securities	(197,524)	(1,568,889)	305,645	(1,171,866)	332,053
Capital increase (reduction)	-	-	206,058	-	206,058
Dividends and interest on capital paid	(100,000)	(364,195)	(576,954)	(364,195)	(594,504)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	4,349,735	6,753,935	(18,661,480)	5,569,988	(8,626,481)
INCREASE IN CASH AND CASH EQUIVALENTS	249,959	133,152	57,825	156,209	102,527
Cash and cash equivalents at beginning of six-month period/years	264,858	381,665	323,840	433,022	330,495
Cash and cash equivalents at end of six-month period/years	514,817	514,817	381,665	589,231	433,022
INCREASE IN CASH AND CASH EQUIVALENTS	249,959	133,152	57,825	156,209	102,527

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

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")**NOTES TO THE FINANCIAL STATEMENTS
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(AMOUNTS IN THOUSANDS OF BRAZILIAN REAIS – R\$)****1. OPERATIONS**

Banco Safra S.A. (the "Bank") is engaged in asset, liability and accessory operations inherent in the related authorized portfolios (commercial, including foreign exchange, 1st and 8th regions mortgage loan, credit, financing, investment, and lease portfolios), according to current legislation and regulations. Transactions are conducted within the context of a group of financial institutions part of the Safra Group, which operate on an integrated basis in the financial markets, using a single operating structure. The benefits resulting from services rendered as well as related operating and administrative costs are absorbed by the entities, either jointly or individually, on a practicable and reasonable basis.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of Banco Safra S.A. and Banco Safra S.A. and Subsidiaries (Consolidated) have been prepared in conformity with Brazilian accounting practices, which consider the accounting guidelines issued by Law 6404/76, and the changes introduced by Law 11638/07 and Provisional Act 449/08, converted into Law 11941, of May 27, 2009, and the standards and instructions of the National Monetary Council (CMN), the Central Bank of Brazil (BACEN), the Brazilian Securities and Exchange Commission (CVM), and the Private Insurance Authority (SUSEP), as applicable.

In consolidation, intercompany balances and transactions and unrealized profits have been eliminated. Non-controlling interests have been excluded from shareholders' equity and net income and recorded in a specific account in the consolidated financial statements. Equity increases in subsidiaries not recorded in income, basically the adjustment of membership certificates, are presented in the consolidated statement of income, under the caption "Other operating income".

The Bank and consolidated financial statements have been prepared considering the leasing operations under the financial method, as shown below:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Leasing portfolio	804,565	1,496	873,965	164,339
Leased property and equipment	4,572,146	1,621,084	11,996,487	12,522,860
Guaranteed residual value	(2,959,343)	(830,511)	(6,531,856)	(5,540,129)
Leasing portfolio at present value	2,417,368	792,069	6,338,596	7,147,070
Lease income	1,458,637	584,168	5,939,286	4,509,013
Lease expenses	(1,226,581)	(449,393)	(4,989,469)	(3,508,075)
Lease income, net	232,056	134,775	949,817	1,000,938

The Cayman Islands branch has been consolidated into the Bank's financial statements and its balances, excluding the amounts of transactions with the head office, have been translated at the exchange rate prevailing as of December 31, as follows: Assets R\$3,310,804 (R\$2,099,674 in 2008), Liabilities R\$3,457,444 (R\$2,355,181 in 2008) and Shareholders' Equity R\$216,786 (R\$255,055 in 2008). Net income for the year was R\$28,886 (R\$37,154 in 2008).

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For purposes of comparability of the financial statements for the year ended December 31, 2009 and in compliance with the changes to the chart of accounts of the subsidiaries pursuant to current legislation, the Group's Management decided to reclassify part of the insurance reserves from liabilities to accounts receivable in assets as of December 31, 2008 and reclassify rental revenue from nonoperating income to other operating income. These reclassifications did not result in significant changes when compared to prior year.

The consolidated financial statements include the accounts of the companies listed in note 10 and their subsidiaries.

3. SIGNIFICANT ACCOUNTING PRACTICES

a) Revenue and expense recognition

Revenues and expenses are recognized on the accrual basis.

b) Cash and cash equivalents

Under Resolution 3604/08 of the National Monetary Council, cash and cash equivalents are represented by cash and deposits in financial institutions, recorded under the captions "cash and cash equivalents", "interbank investments", and "trading securities", immediately convertible into cash and subject to immaterial risk of change in their fair value. Among the available funds with these features, only funds held for the purpose of meeting short-term cash commitments and not for investment or other purposes are classified as cash equivalents.

c) Short-term investments and securities

Short-term investments in mutual funds and securities are classified into the available-for-sale category.

Trading securities are stated in current assets, regardless of their maturities, at fair value, and realized and unrealized gains and losses are recognized in the statement of income. Available-for-sale securities are recorded at fair value; the income earned is recognized in the statement of income, and unrealized gains and losses arising from fair value fluctuations are recognized in a specific account of shareholders' equity, net of taxes. Realized gains and losses are recognized in the statement of income, as a contra entry to a specific account of shareholders' equity, net of taxes. Held-to-maturity securities are stated at cost, plus income earned.

d) Current and long-term assets, except securities and derivatives

Stated at cost, plus, when applicable, income, inflation and exchange rate changes earned through the balance sheet date. When applicable, valuation allowances were recognized for adjustment to realizable value. The allowances for loan losses, doubtful lease receivables, and losses on other receivables are based on the analysis of outstanding transactions conducted by management and takes into consideration the economic scenario and the overall and specific risks of each portfolio, as well BACEN's regulations.

e) Permanent assets

Stated at cost, inflation adjusted through December 31, 1995, considering the following: (i) depreciation of Property, plant and equipment under the straight-line method at annual rates based on the economic useful lives of assets, as follows: real estate - 4%; communication and security systems, facilities, aircraft, furniture and fixtures - 10%; vehicles and data processing equipment - 20%; (ii) accounting for direct and indirect subsidiaries under the equity method; (iii) allowance for losses considered permanent losses on "other investments"; and (iv) amortization of deferred charges under the straight-line method at the annual rates of 20% for expenses on system purchase and development, 10% for facilities and adaptation of facilities and, based on the lease agreement period, for leasehold improvements.

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Any impairment of non-financial assets is recognized as loss whenever the carrying value of an asset or cash-generating unit exceeds its recoverable or realizable amount. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses, if any, are recorded in income for the period in which they were identified.

Beginning the year ended December 31, 2008, the value of non-financial assets, except those recorded in "Other assets" and "Other receivables – tax credits", is reviewed at least on an annual basis to determine if there is any indication that the recoverable or realizable value of such assets is impaired.

f) Intangible assets

Correspond to rights acquired in intangible assets that are maintained or used in the operations of the entity. Intangible assets with finite lives are generally amortized on a straight-line basis over the estimated period they will generate economic benefits.

g) Current and long-term liabilities

The stated amounts include, when applicable, charges, inflation adjustments (on a daily pro rata basis) and exchange rate variation incurred through the balance sheet date. The provision for income tax is calculated at the statutory rate of 15% of taxable income, plus a 10 surtax on certain limits, and includes tax incentives, whose option is reported in the income tax return. Provisional Act 413, of January 3, 2008, converted into Law 11727 of June 23, 2008, increased the social contribution tax rate levied on the financial industry from 9% to 15% of taxable income beginning on May 1, 2008.

h) Contingent assets and contingent liabilities, and legal, tax and social security obligations

The recognition, measurement and disclosure of contingent assets and contingent liabilities and legal obligations is made in conformity with the criteria set forth in National Monetary Council (CMN) Resolution 3535, of January 31, 2008, and Accounting Standard and Procedure (NPC) 22 of the Brazilian Institute of Independent Auditors (IBRACON), as described below:

- (i) Contingent assets - are not recognized in the financial statements, except when there is evidence that they will materialize and when they are no longer subject to appeals.
- (ii) Contingent liabilities - are recognized in the financial statements when, based on the opinion of legal counsel and Management, the risk of loss on an administrative or judicial proceeding is considered probable, with a probable cash outflow to settle these obligations, and whenever the amounts involved can be reliably measured. Contingent liabilities classified as possible loss by the legal counsel are only disclosed in notes to the financial statements, and those classified as remote loss do not require provision or disclosure.
- (iii) Legal, tax and social security obligations - Refer to lawsuits challenging the legality or constitutionality of certain taxes. The amount under litigation is quantified, accrued and adjusted for inflation on a monthly basis.

i) Derivatives

Derivatives are classified on the acquisition date according to Management's intent to use them for hedging or not.

Derivatives used to hedge exposures to risks or change the characteristics of financial assets and liabilities, and which are: (i) highly correlated in terms of changes in their fair value in relation to the fair value of the hedged item, both at the beginning and throughout the life of the contract; and (ii) considered effective in the mitigation of the risk associated to the exposure to be hedged, are classified as hedges according to their nature:

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(a) Market risk hedge - hedged financial assets or liabilities and the related derivatives are recorded at fair value, with related gains or losses recognized in the statement of income; and

(b) Cash flow hedge - hedged financial assets or financial liabilities and the related derivatives are recorded at fair value, with related gains or losses, net of taxes, recognized in a specific account of shareholders' equity entitled "valuation adjustments to equity". The non-effective hedge portion is recognized directly in the statement of income.

Derivatives contracted at the request of third parties or on own behalf that fail to meet the accounting hedge criteria set forth by the Central Bank of Brazil, especially derivatives used to manage global risk exposure, are recorded at fair value, with gains and losses recognized directly in the statement of income.

j) Income from insurance operations

Insurance and coinsurance premiums, net of ceded coinsurance and reinsurance premiums, and the related cost to sell, are recorded when the related policies or invoices are issued, and are recognized in the statement of income over the lives of the policies, by recognizing an unearned premium reserve and deferring selling expenses.

The unearned premium reserve (PPNG) is recognized to cover future claims related to the risks in force at the calculation base date. A risks in force not yet written reserve (RVNE) is recognized and added to the unearned premium reserve to cover risks that have not been written at the calculation base date, according to the criteria established by the National Council of Private Insurance (CNSP) Resolution 162/2006.

Income from pension fund contributions is recognized when received.

Originating expenses, such as commissions on premiums written, discounts on premiums and other costs incurred to obtain insurance contracts, are deferred over the lives of the policies and recorded monthly, in the same proportion of the recognized earned premium reserve, i.e., over the risk period.

Accepted coinsurance and retrocession transactions are recorded based on information received from other insurance companies and IRB Brasil Resseguros S.A., respectively.

k) Insurance reserves

The unearned premium reserve (PPNG) is recognized by the portion of insurance premiums retained corresponding to the unelapsed risk period of the insurance contracts, on a pro rata basis, as prescribed by CNSP Resolution 162/06.

The unearned premium reserve related to retrocession transactions is recognized based on information received from IRB Brasil Resseguros S.A.

The reserve for claims payable is based on estimates of indemnities, net of ceded reinsurance and coinsurance recoveries, when claims are reported, based on claims notices received and inflation adjusted according to SUSEP regulations.

The reserves for unvested benefits and vested benefits represent the amount of the obligations assumed with the participants of the defined contribution plans PGBL and VGBL and are recognized according to the methodology established in technical actuarial notes approved by SUSEP.

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The reserve for incurred but not reported losses (IBNR) for the mandatory insurance against personal injury caused by automotive land vehicles (DPVAT) line is recognized based on amounts calculated and informed by the administrator of the DPVAT agreement, with the monthly capitalization of the income earned by the investment portfolio of the assets held in guarantee of IBNR. The IBNR reserve for retrocession transactions is recognized based on information received from IRB Brasil Resseguros S.A. The IBNR reserve for other insurance lines is recognized based on technical actuarial studies prepared by an actuary, according to technical actuarial notes approved by SUSEP.

The contribution deficiency reserve (PIC), calculated annually based on the actuarial valuation, is recognized to meet departures from the technical bases of the reserves for unvested benefits and vested benefits.

The premium deficiency reserve (PIP) consists of a prospective actuarial calculation, intended to determine the sufficiency and insufficiency of the unearned premium reserve (PPNG) balance to cover claims and administrative expenses to be incurred related to risks in force at the calculation base date.

The administrative expenses reserve (PDA) is recognized to cover the administrative expenses of the VGBL and PGBL pension plans and individual life insurance, and is calculated based on a methodology approved in a technical actuarial note, in conformity with CNSP Resolution 162/06.

The supplementary premium reserve (PCP) is recognized on a monthly basis to supplement the PPNG, and its amount is equal to the difference, if positive, between the mean of the sum of amounts calculated daily during the recognition month and the recognized PPNG, considering risks in force, whether written or not, pursuant to CNSP Resolutions 162/06 and 181/07.

l) Fair value measurement

The fair value measurement methodology (probable realizable value) of securities and derivatives is based on the economic scenario and pricing models developed by management and include capturing average market prices, data disclosed by different professional associations, stock exchanges and commodities and futures exchanges, applicable at the balance sheet date. Therefore, when these items are financially settled, actual results may differ from estimates.

m) Use of estimates

The preparation of financial statements requires Management to make estimates and assumptions that, in its best judgment, affect the amounts of certain financial and nonfinancial assets and liabilities, revenues and expenses and other transactions, such as: (i) fair value of certain financial assets and financial liabilities and financial derivative instruments; (ii) the depreciation rates of property and equipment; (iii) amortization of intangibles; (iv) allowances necessary to absorb possible risks arising from contingent liabilities; (v) tax credits; (vi) loan losses, and (vii) technical reserves for insurance and pension plans. Actual results may differ from those estimates.

4. CASH AND CASH EQUIVALENTS

The funds invested in securities and interbank investments, which are immediately convertible into cash or for which the maturity is less than 90 days and which are exposed to immaterial risks, amount to R\$17,854,815 (R\$2,376,517 in 2008) on an individual basis, and R\$19,043,508 (R\$2,376,589 in 2008) on a consolidated basis; however, they are not classified as cash equivalents because they are not intended to meet short-term commitments. The amounts classified as cash and cash equivalents are represented by cash in the amounts of R\$514,817 (R\$381,665 in 2008) on an individual basis, and R\$589,231 (R\$433,022 in 2008) on a consolidated basis.

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As of December 31, 2009, interbank investments were as follows:

	BANK			Total
	Value by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	
Money market investments				
Own portfolio				
National Treasury	1,802,434	-	117,340	1,919,774
Third-party portfolio				
National Treasury	13,819,472	-	-	13,819,472
	<u>15,621,906</u>	<u>-</u>	<u>117,340</u>	<u>15,739,246</u>
Interbank deposits	1,181,004	699,558	479,770	2,360,332
Foreign currency investments	61,088	1,563,159	-	1,624,247
	<u>1,242,092</u>	<u>2,262,717</u>	<u>479,770</u>	<u>3,984,579</u>
	<u>16,863,998</u>	<u>2,262,717</u>	<u>597,110</u>	<u>19,723,825</u>

	CONSOLIDATED			Total
	Value by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	
Money market investments				
Own portfolio				
National Treasury	1,802,434	-	117,340	1,919,774
Third-party portfolio				
National Treasury	13,819,472	-	-	13,819,472
	<u>15,621,906</u>	<u>-</u>	<u>117,340</u>	<u>15,739,246</u>
Interbank deposits	1,080,234	501,244	209,231	1,790,709
Foreign currency investments	61,088	1,563,159	-	1,624,247
	<u>1,141,322</u>	<u>2,064,403</u>	<u>209,231</u>	<u>3,414,956</u>
	<u>16,763,228</u>	<u>2,064,403</u>	<u>326,571</u>	<u>19,154,202</u>

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As of December 31, 2008, interbank investments were as follows:

	BANK			Total
	Value by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	
Money market investments				
Own portfolio				
National Treasury	7,928	-	-	7,928
Third-party portfolio				
National Treasury	16,533	-	-	16,533
	<u>24,461</u>	<u>-</u>	<u>-</u>	<u>24,461</u>
Interbank deposits	1,282,165	2,200,548	272,784	3,755,497
Foreign currency investments	1,153,148	701,374	210,702	2,065,224
	<u>2,435,313</u>	<u>2,901,922</u>	<u>483,486</u>	<u>5,820,721</u>
	<u>2,459,774</u>	<u>2,901,922</u>	<u>483,486</u>	<u>5,845,182</u>

	CONSOLIDATED			Total
	Value by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	
Money market investments				
Own portfolio				
National Treasury	7,928	-	-	7,928
Third-party portfolio				
National Treasury	16,533	-	-	16,533
	<u>24,461</u>	<u>-</u>	<u>-</u>	<u>24,461</u>
Interbank deposits	1,102,671	342,276	272,784	1,717,731
Foreign currency investments	1,153,148	701,374	210,702	2,065,224
	<u>2,255,819</u>	<u>1,043,650</u>	<u>483,486</u>	<u>3,782,955</u>
	<u>2,280,280</u>	<u>1,043,650</u>	<u>483,486</u>	<u>3,807,416</u>

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6. SECURITIES AND DERIVATIVES PORTFOLIO

As of December 31, 2009, the securities and derivatives portfolio was as follows:

	BANK						Mark-to-market adjustment
	Adjusted cost value	Fair value by maturity				Total	
		Without maturity	Up to 90 days	From 91 to 365 days	Over 365 days		
Trading securities							
National Treasury	1,120,276	-	859,360	261,547	-	1,120,907	631
Private entities	25,331	-	-	25,639	-	25,639	308
	<u>1,145,607</u>	<u>-</u>	<u>859,360</u>	<u>287,186</u>	<u>-</u>	<u>1,146,546</u>	<u>939</u>
Available-for-sale securities							
Private entities (**)	11,384,361	110,041	-	-	11,274,225	11,384,266	(95)
National Treasury	2,065,486	-	-	1,039	2,065,481	2,066,520	1,034
	<u>13,449,847</u>	<u>110,041</u>	<u>-</u>	<u>1,039</u>	<u>13,339,706</u>	<u>13,450,786</u>	<u>939</u>
Held-to-maturity securities (*)							
Private entities	562,815	-	-	544,976	17,839	562,815	-
	<u>562,815</u>	<u>-</u>	<u>-</u>	<u>544,976</u>	<u>17,839</u>	<u>562,815</u>	<u>-</u>
Derivatives							
NDFs	2,122	-	1,994	128	-	2,122	-
Futures	-	-	482	-	-	482	482
Options premiums	21,651	-	11,080	2,112	10,482	23,674	2,023
Forwards	4,673	-	4,703	-	-	4,703	30
Swaps - amounts receivable	136,575	-	3,756	21,779	114,807	140,342	3,767
	<u>165,021</u>	<u>-</u>	<u>22,015</u>	<u>24,019</u>	<u>125,289</u>	<u>171,323</u>	<u>6,302</u>
	<u>15,323,290</u>	<u>110,041</u>	<u>881,375</u>	<u>857,220</u>	<u>13,482,834</u>	<u>15,331,470</u>	<u>8,180</u>

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	CONSOLIDATED							
	Adjusted cost value	Fair value by maturity					Total	Mark-to-market adjustment
		Without maturity	Up to 90 days	From 91 to 365 days	Over 365 days			
Trading securities								
National Treasury	1,122,299	-	859,360	263,567	-	1,122,927	628	
Private entities	256,956	16	28,758	228,487	-	257,261	305	
	<u>1,379,255</u>	<u>16</u>	<u>888,118</u>	<u>492,054</u>	<u>-</u>	<u>1,380,188</u>	<u>933</u>	
Available-for-sale securities								
Private entities (**)	10,115,314	9,291,212	68,438	86,609	668,107	10,114,366	(948)	
National Treasury	2,645,906	-	4,523	7,187	2,635,013	2,646,723	817	
National Treasury - other countries	5,329	-	-	-	5,344	5,344	15	
	<u>12,766,549</u>	<u>9,291,212</u>	<u>72,961</u>	<u>93,796</u>	<u>3,308,464</u>	<u>12,766,433</u>	<u>(116)</u>	
Held-to-maturity securities (*)								
Private entities	577,220	-	-	544,976	32,244	577,220	-	
	<u>577,220</u>	<u>-</u>	<u>-</u>	<u>544,976</u>	<u>32,244</u>	<u>577,220</u>	<u>-</u>	
Derivatives								
NDFs	2,122	-	1,994	128	-	2,122	-	
Futures	-	-	482	-	-	482	482	
Options premiums	21,651	-	11,080	2,112	10,482	23,674	2,023	
Forwards	4,673	-	4,703	-	-	4,703	30	
Swaps - amounts receivable	136,648	-	3,530	20,481	114,592	138,603	1,955	
	<u>165,094</u>	<u>-</u>	<u>21,789</u>	<u>22,721</u>	<u>125,074</u>	<u>169,584</u>	<u>4,490</u>	
	<u>14,888,118</u>	<u>9,291,228</u>	<u>982,868</u>	<u>1,153,547</u>	<u>3,465,782</u>	<u>14,893,425</u>	<u>5,307</u>	

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As of December 31, 2008, the securities and derivatives portfolio was as follows:

	BANK						Mark-to-market adjustment
	Adjusted cost value	Fair value by maturity				Total	
		Without maturity	Up to 90 days	From 91 to 365 days	Over 365 days		
Trading securities							
National Treasury	19,642,003	-	14,514,778	5,057,460	73,665	19,645,903	3,900
Private entities	21,122	21,122	-	-	-	21,122	-
	<u>19,663,125</u>	<u>21,122</u>	<u>14,514,778</u>	<u>5,057,460</u>	<u>73,665</u>	<u>19,667,025</u>	<u>3,900</u>
Available-for-sale securities							
Private entities (**)	7,162,138	40	-	-	7,162,098	7,162,138	-
National Treasury	59,376	-	1,714	5,235	52,507	59,456	80
National Treasury - other countries	32,718	-	-	32,621	-	32,621	(97)
	<u>7,254,232</u>	<u>40</u>	<u>1,714</u>	<u>37,856</u>	<u>7,214,605</u>	<u>7,254,215</u>	<u>(17)</u>
Held-to-maturity securities (*)							
Private entities	317,091	-	-	317,091	-	317,091	-
	<u>317,091</u>	<u>-</u>	<u>-</u>	<u>317,091</u>	<u>-</u>	<u>317,091</u>	<u>-</u>
Derivatives							
NDFs	90,857	-	40,387	36,339	14,131	90,857	-
Futures	4,221	-	4,221	-	-	4,221	-
Options premiums	36,528	-	32,690	4,241	249	37,180	652
Forwards	672	-	722	-	-	722	50
Swaps - amounts receivable	348,457	-	63,134	20,779	264,653	348,566	109
	<u>480,735</u>	<u>-</u>	<u>141,154</u>	<u>61,359</u>	<u>279,033</u>	<u>481,546</u>	<u>811</u>
	<u>27,715,183</u>	<u>21,162</u>	<u>14,657,646</u>	<u>5,473,766</u>	<u>7,567,303</u>	<u>27,719,877</u>	<u>4,694</u>

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	CONSOLIDATED						
	Adjusted cost value	Fair value by maturity				Total	Mark-to-market adjustment
		Without maturity	Up to 90 days	From 91 to 365 days	Over 365 days		
Trading securities							
National Treasury	19,644,002	-	14,516,777	5,057,460	73,665	19,647,902	3,900
Private entities	21,129	21,129	-	-	-	21,129	-
	<u>19,665,131</u>	<u>21,129</u>	<u>14,516,777</u>	<u>5,057,460</u>	<u>73,665</u>	<u>19,669,031</u>	<u>3,900</u>
Available-for-sale securities							
Private entities (***)	6,113,527	6,094,425	-	-	19,102	6,113,527	-
National Treasury	195,676	-	5,168	126,380	64,245	195,793	117
National Treasury - other countries	128,251	-	-	128,154	-	128,154	(97)
	<u>6,437,454</u>	<u>6,094,425</u>	<u>5,168</u>	<u>254,534</u>	<u>83,347</u>	<u>6,437,474</u>	<u>20</u>
Held-to-maturity securities (*)							
Private entities	431,767	-	100,198	317,091	14,478	431,767	-
	<u>431,767</u>	<u>-</u>	<u>100,198</u>	<u>317,091</u>	<u>14,478</u>	<u>431,767</u>	<u>-</u>
Derivatives							
NDFs	90,857	-	40,387	36,339	14,131	90,857	-
Futures	4,221	-	4,221	-	-	4,221	-
Options premiums	34,419	-	30,582	4,241	249	35,072	653
Forwards	672	-	722	-	-	722	50
Swaps - amounts receivable	357,167	-	60,377	20,779	260,617	341,773	(15,394)
	<u>487,336</u>	<u>-</u>	<u>136,289</u>	<u>61,359</u>	<u>274,997</u>	<u>472,645</u>	<u>(14,691)</u>
	<u>27,021,688</u>	<u>6,115,554</u>	<u>14,758,432</u>	<u>5,690,444</u>	<u>446,487</u>	<u>27,010,917</u>	<u>(10,771)</u>

(*) As provided for by article 8 of BACEN Circular 3068, the Bank has the positive intent and ability to hold these securities to maturity.

(**) Out of this amount, R\$11,123,815 (R\$7,142,996 in 2008) refers to debentures acquired from subsidiary Safra Leasing S.A. – Arrendamento Mercantil.

(***) Out of this amount, R\$7,965,769 (R\$5,084,930 in 2008) refers to shares in the investment fund exclusive to the Safra Group companies managed by J.S. Administração de Recursos S.A., whose portfolio is distributed as follows:

		2009		
		CONSOLIDATED		
		Maturity		Total
Type		Up to 12 months	Over 12 months	
Trading securities				
Bank certificates of deposit (CDB)	Private	152,075	998,332	1,150,407
Debentures	Private	-	27,247	27,247
National Treasury bills (LTNs)	Public	5,377,013	-	5,377,013
Options - Interbank rate (****)	Private	-	1,434,003	1,434,003
Interest rate swap	Private	-	(22,901)	(22,901)
		<u>5,529,088</u>	<u>2,436,681</u>	<u>7,965,769</u>

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2008				
CONSOLIDATED				
Maturity				
Type		Up to 12 months	Over 12 months	Total
Trading securities				
Bank certificates of deposit (CDB)	Private	-	528,540	528,540
Debentures	Private	23,953	2,454	26,407
Promissory notes	Private	126,110	-	126,110
National Treasury Bills (LTNs)	Private	3,576,225	-	3,576,225
Options - Interbank rate (****)	Private	-	856,655	856,655
Interest rate swap	Private	-	(29,007)	(29,007)
		<u>3,726,288</u>	<u>1,358,642</u>	<u>5,084,930</u>

(****) Refers to structured transactions with the objective of obtaining yield very close to the interbank deposit rate (CDI).

The market and credit risks associated to derivatives transactions included in the investment fund, as well as the operational risks, are similar to those related to other types of financial instruments.

Management of these risks is performed by establishing an operating strategy and control systems, and setting transaction limits. These investment strategies may eventually result in equity losses. The fair value measurement methodology (probable realizable value) for derivatives is based on the pricing models developed by the manager, which include capturing average market prices, data disclosed by different professional associations, stock exchanges and commodities and futures exchanges, known daily at the opening of the financial market.

7. LENDING AND LEASING PORTFOLIO

a) Breakdown of the lending and leasing portfolio

Transactions are broken down according to the main types of transactions:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Loans and discounted notes	11,572,291	9,070,130	11,600,505	9,112,755
Financing	6,679,528	5,871,516	7,294,873	6,145,477
Rural and agro-industrial financing	797,085	887,028	797,085	887,028
Mortgage loans	12,111	17,304	12,111	17,304
Advances on Forex contract (i)	664,348	1,033,110	664,348	1,033,110
Leases (ii)	2,417,368	792,069	6,338,596	7,147,070
Other receivables	1,195,994	950,912	1,195,994	957,980
	<u>23,338,725</u>	<u>18,622,069</u>	<u>27,903,512</u>	<u>25,300,724</u>

(i) Classified as a reduction of Foreign exchange portfolio, under Other payables, plus income receivable, classified in Foreign exchange portfolio, under Other receivables.

(ii) On July 17, 2009, the Bank acquired the leasing portfolio of subsidiary Banco J. Safra, for the amount of the fair value appraisal report prepared by an specialized firm, totaling R\$1,717,259, with carrying amount of R\$1,723,629.

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b) Breakdown of the portfolios by industry

As of December 31, lending operations, advances on foreign exchange contracts plus related income, and leasing operations were as follows, by industry:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Public sector				
Other services	6,486	5,390	6,486	5,390
Private sector				
Rural	796,985	887,028	796,985	887,028
Industry	8,341,720	5,660,093	9,182,216	6,616,630
Trade	4,352,634	3,268,294	5,012,671	4,108,593
Financial institutions	495,950	330,207	514,802	362,761
Other services	5,925,232	5,878,388	8,531,792	9,003,306
Individuals	3,304,699	2,497,631	3,743,541	4,221,978
Housing	115,019	95,038	115,019	95,038
	23,338,725	18,622,069	27,903,512	25,300,724

c) Breakdown of portfolios by maturity:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Past-due:				
Up to 14 days	382,793	504,724	415,798	547,003
From 15 to 90 days	341,294	542,343	394,538	616,565
From 91 to 180 days	65,759	60,240	81,681	76,739
Over 180 days	157,717	104,555	202,081	143,403
	947,563	1,211,862	1,094,098	1,383,710
Current:				
Up to 90 days	8,799,829	6,744,280	9,487,058	7,643,134
From 91 to 365 days	7,021,589	5,079,832	8,678,279	7,330,004
Over 365 days	6,569,744	5,586,095	8,644,077	8,943,876
	22,391,162	17,410,207	26,809,414	23,917,014
	23,338,725	18,622,069	27,903,512	25,300,724

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d) Allowances for loan losses and doubtful lease receivables

Lending and leasing operations per risk level, and the related accrual percentages and amounts as of December 31, pursuant to the minimum criteria set by Resolution 2682/99, were as follows:

Risk Rating	BANK				CONSOLIDATED			
	Portfolio		Allowance		Portfolio		Allowance	
	2009	2008	2009	2008	2009	2008	2009	2008
AA	15,295,702	11,256,654	69,751	46,152	18,522,122	15,088,778	82,955	72,824
A	5,325,620	4,761,559	49,487	39,044	6,099,378	6,615,704	55,909	53,266
B	1,271,598	1,346,489	35,847	32,786	1,502,784	1,797,116	41,620	48,246
C	584,808	516,059	54,853	41,983	745,090	759,035	68,226	67,395
D	195,563	230,382	55,354	56,265	236,023	346,490	65,487	85,321
E	100,509	93,823	47,386	38,195	135,069	143,893	61,815	68,629
F	220,828	144,252	145,190	100,958	241,689	174,648	157,384	124,609
G	28,982	19,116	27,352	19,023	38,425	37,425	35,238	35,337
H	315,115	253,735	315,115	253,735	382,932	337,635	382,932	337,635
	23,338,725	18,622,069	800,335	628,141	27,903,512	25,300,724	951,566	893,262
Additional allowance	-	-	-	50,000	-	-	-	50,000
Total allowance	23,338,725	18,622,069	800,335	678,141	27,903,512	25,300,724	951,566	943,262

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
1. Minimum allowance required - CMN Res. 2682/99	552,413	443,182	662,674	602,795
2. Allowance exceeding minimum allowance required by rating	247,922	184,959	288,892	290,467
3. Additional allowance higher than the allowance presented in the items 1 and 2	-	50,000	-	50,000
	800,335	678,141	951,566	943,262

Banco Safra's Management adopts a more conservative position to recognize the allowances for loan losses and doubtful lease receivables, using accrual percentages for each rating level higher than the minimum accrual percentages set by CMN Resolution 2682/99, which are periodically reviewed and approved by management (note 3(d)).

As of December 31, the balance of renegotiated loans and leases was R\$88,357 (R\$111,326 in 2008) on an individual basis, and R\$103,978 (R\$119,935 in 2008) on a consolidated basis.

The breakdown of the portfolio classified according to the criteria set forth by Resolution 2682 does not include operating leases and leases being processed on in the amount of R\$886 in 2008, on a consolidated basis.

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Changes in the allowances for loan losses and doubtful lease receivables for the year ended December 31, were as follows:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Balance at beginning of year	678,141	616,278	943,262	849,065
Allowance recognized	392,476	271,974	292,323	292,737
Write-off to losses	(270,282)	(210,111)	(284,019)	(198,540)
Balances at end of year	800,335	678,141	951,566	943,262

The recovery of receivables totaled R\$58,182 in the six-month period and R\$87,214 in the year (R\$55,425 in 2008), on an individual basis, and R\$62,496 in the six-month period and R\$94,481 in the year (R\$61,259 in 2008), on a consolidated basis.

On October 22, 2008, receivables arising on direct consumer credit in the amount of R\$1,069,895 were assigned, with substantial retention of risks under co-obligation, totaling R\$1,021,640.

8. OTHER RECEIVABLES

The balance of other receivables is as follows:

a) Foreign exchange portfolio:

	BANK AND CONSOLIDATED			
	2009		2008	
	Current	Long-term	Current	Long-term
Foreign exchange purchased pending settlement	1,336,185	10,442	2,417,885	101,157
Receivables for foreign exchange sold	740,299	-	1,729,915	-
(-) Advances in local currency received	(52,745)	-	(19,386)	-
Income receivable from advances	15,608	-	34,581	-
	2,039,347	10,442	4,162,995	101,157

b) Trading account:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
	Current	Current	Current	Current
Escrow deposit	29	42	29	42
Settlement and clearinghouse (*)	-	-	72,136	20,136
Debtors pending settlement (*)	343	541	41,226	63,791
Transactions pending settlement	733	-	733	-
	1,105	583	114,124	83,969

(*) Refer basically to transactions on stock exchanges recorded by Safra Corretora de Valores e Câmbio Ltda.

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c) Other:

	BANK			
	2009		2008	
	Current	Long-term	Current	Long-term
Salary advances and prepayments	3,801	-	3,339	-
Tax credits (*)	25,388	154,458	91,604	-
Escrow deposits (**)	-	225,835	-	176,429
Recoverable taxes and contributions	107,711	-	140,202	-
Accounts receivable (***)	1,030,620	152,286	759,294	188,713
Receivables from associates	7,716	-	1,320	-
Sundry debtors - domestic (****)	270,388	-	279,580	-
Other	1,384	-	1,116	-
	<u>1,447,008</u>	<u>532,579</u>	<u>1,276,455</u>	<u>365,142</u>

	CONSOLIDATED			
	2009		2008	
	Current	Long-term	Current	Long-term
Salary advances and prepayments	4,231	-	4,222	-
Tax credits (*)	66,348	437,448	439,640	-
Escrow deposits	-	242,792	-	194,074
Recoverable taxes and contributions	132,127	-	206,786	-
Accounts receivable (***)	1,059,201	152,286	574,138	382,726
Receivables from associates	-	-	400	-
Sundry debtors - domestic (****)	272,912	-	282,300	-
Sundry debtors - foreign	17	-	-	-
Other	5,009	-	12,290	-
	<u>1,539,845</u>	<u>832,526</u>	<u>1,519,776</u>	<u>576,800</u>

(*) Represented by income tax and social contribution credits on mark-to-market, in the amount of R\$2,456 (R\$55,626 in 2008), on an individual basis, and R\$2,470 (R\$55,626 in 2008), on a consolidated basis, and income tax on tax loss carryforwards arising from excess depreciation in the amount of R\$88,551 (R\$29,511 in 2008), on an individual basis, and R\$393,129 (R\$376,406 in 2008), on a consolidated basis, income tax and social contribution on temporary differences in the amount of R\$88,839 on an individual basis and R\$102,942 on a consolidated basis.

(**) Refers to escrow deposits related to a tax lawsuits in the amount of R\$153,259, on an individual basis, and R\$167,060, on a consolidated basis, civil lawsuits in the amount of R\$22,739, on an individual basis, and R\$49,911, on a consolidated basis, and labor lawsuits in the amount of R\$49,837, on an individual basis, and R\$25,821, on a consolidated basis, for which reserves for contingencies have been recognized in liabilities.

(***) Refers basically to the acquisition of receivables from nonfinancial companies, without co-obligation.

(****) Refers basically to amounts of the assignment made, to be paid by the assignor on the maturity date of the contracts assigned, in the amount R\$96,048, on an individual and consolidated basis, mark-to-market adjustment of lending portfolio indexed to a fixed rate in the amount of R\$73,153, on an individual and consolidated basis, and credit card receivables in the amount of R\$68,776, on an individual and consolidated basis.

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d) Income receivable:

	BANK		
	2009	2008	
	Current	Current	Long-term
Commissions on obligations receivable	201	1,834	51
Dividends and interest on capital receivable	379,462	208,557	-
Other income receivable (*)	2,242	1,871	-
	381,905	212,262	51
	CONSOLIDATED		
	2009	2008	
	Current	Current	Long-term
Commissions on obligations receivable	201	1,834	51
Dividends and interest on capital receivable	39	663	-
Other income receivable (*)	2,242	1,871	-
	2,482	4,368	51

(*) Refers to amounts receivable related to Funcafé onlending transactions.

9. PROPERTY AND EQUIPMENT

As of December 31, the property and equipment balance is as follows:

	Annual depreciation rate	BANK			2008
		2009		Property and equipment, net	
		Cost	Accumulated depreciation		
Construction in progress:					
Furniture and equipment	-	9,171	-	9,171	6,613
		9,171	-	9,171	6,613
Properties in use:					
Land	-	4,727	-	4,727	4,727
Buildings	4%	2,549	(769)	1,780	1,860
		7,276	(769)	6,507	6,587
Facilities, furniture and equipment:					
Furniture and equipment	10%	22,234	(15,485)	6,749	6,995
		22,234	(15,485)	6,749	6,995
IT and EDP equipment					
Communication system	10%	10,072	(6,972)	3,100	4,183
Data processing system	20%	95,923	(82,829)	13,094	17,235
		105,995	(89,801)	16,194	21,418
Other:					
Security system	10%	2,914	(1,659)	1,255	1,422
Transportation system	20%	12,494	(7,294)	5,200	5,475
		15,408	(8,953)	6,455	6,897
		160,084	(115,008)	45,076	48,510

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	CONSOLIDATED				
		2009		2008	
	Annual depreciation rate	Cost	Accumulated depreciation	Property and equipment, net	Property and equipment, net
Construction in progress:					
Furniture and equipment	-	9,390	-	9,390	6,613
		<u>9,390</u>	<u>-</u>	<u>9,390</u>	<u>6,613</u>
Properties in use:					
Land	-	4,727	-	4,727	4,755
Buildings	4%	16,954	(3,410)	13,544	14,236
		<u>21,681</u>	<u>(3,410)</u>	<u>18,271</u>	<u>18,991</u>
Rental property					
Land	-	81,643	-	81,643	77,098
Buildings	4%	212,663	(124,756)	87,907	92,315
		<u>294,306</u>	<u>(124,756)</u>	<u>169,550</u>	<u>169,413</u>
Facilities, furniture and equipment:					
Facilities	10%	14,002	(5,936)	8,066	9,596
Furniture and equipment	10%	116,393	(65,379)	51,014	76,252
		<u>130,395</u>	<u>(71,315)</u>	<u>59,080</u>	<u>85,848</u>
IT and EDP equipment					
Communication system	10%	12,049	(9,252)	2,797	4,537
Data processing system	20%	99,528	(86,043)	13,485	18,018
		<u>111,577</u>	<u>(95,295)</u>	<u>16,282</u>	<u>22,555</u>
Other:					
Security system	10%	3,598	(1,952)	1,646	1,881
Transportation system	20%	17,806	(8,034)	9,772	10,368
		<u>21,404</u>	<u>(9,986)</u>	<u>11,418</u>	<u>12,249</u>
		<u>588,753</u>	<u>(304,762)</u>	<u>283,991</u>	<u>315,669</u>

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10. INVESTMENTS WITH ASSOCIATES AND SUBSIDIARIES

As of 12/31/2009	Shareholders' equity	Net income (loss) - second half of 2009	Net income (loss) - 2009	Ownership interest (%)	Net assets (liabilities)	Income (expenses) - second half of 2009	Carrying amount of investment	Equity in associates and subsidiaries - second half of 2009	Equity in associates and subsidiaries - 2009
Domestic:									
Safra Leasing S.A.	1,236,021	198,689	434,516	99.99	(8,543,924)	(337,889)	1,236,020	198,689	434,516
Safra CVC Ltda.	133,039	23,376	30,427	99.99	(55,845)	(18,237)	133,039	23,376	30,427 (v)
Safra DTVM Ltda.	162,710	61,022	63,521	99.99	(20,930)	2,080	162,710	61,022	63,521 (v)
Banco Safra BSI S.A. (i)	514,242	32,979	36,037	99.99	520,243	(8,522)	514,242	32,979	36,037 (v)
Banco J.Safra S.A.	260,520	143,461	75,808	99.99	(299,930)	(29,583)	260,520	143,461	75,808
Sercom Comércio e Serviços Ltda. (ii)	458,039	30,259	58,891	99.99	(93,753)	-	458,038	30,259	58,891
Pastoril Agrop. Couto Magalhães S.A.(iii)	23,643	1,056	1,777	27.79	56	(32)	6,570	311	512
Elong Adm. Rep. Ltda.	118,174	7,592	12,475	99.99	(178)	4	118,173	7,592	12,475
Safra Vida e Previdência S.A. (iv)	255,857	43,431	65,767	99.99	(34,767)	(45,800)	255,859	31,141	31,148 (v)
Safra Seguros Gerais S.A. (iv)	60,577	6,486	10,005	99.99	(4,510)	(6,900)	60,575	4,745	4,745
Safra Cia. Securitizadora (vii)	308,186	17,904	32,804	7.60	264,788	30,307	23,429	1,361	2,466
							3,229,175	534,936	750,546
Foreign:									
Banco Safra (Cayman Islands) Limited.	219,484	(361)	541	100.00	(176,023)	(5,754)	219,484	(26,926)	(74,507) (vi)
							219,484	(26,926)	(74,507)
							3,448,659	508,010	676,039

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	Shareholders' equity	Net income (loss) - second half of 2009	Net income (loss) - 2009	Ownership interest (%)	Net assets (liabilities)	Income (expenses) - second half of 2009	Carrying amount of investment	Equity in associates and subsidiaries - second half of 2009	Equity in associates and subsidiaries - 2009
As of 12/31/2008									
Domestic:									
Safra Leasing S.A.	880,005	97,509	257,132	99,99	(6,344,234)	(255,191)	880,004	96,823	256,447
Safra CVC Ltda.	121,839	18,314	35,622	99,99	48,453	(16,053)	121,839	18,342	35,738 (v)
Safra DTVM Ltda.	99,189	5,384	15,600	99,99	168,538	2,929	99,189	5,411	15,715 (v)
Banco Safra de Investimento S.A.	510,811	74,424	137,259	99,99	638,374	(32,845)	510,811	74,424	137,259 (v)
Banco J.Safra S.A.	203,312	(16,857)	(41,449)	99,99	1,838,996	(73,811)	203,312	(16,802)	(43,685)
Sercom Comércio e Serviços Ltda. (ii)	596,386	74,309	111,242	99,99	293	(26,303)	596,382	66,911	104,070
Pastoril Agrop. Couto Magalhães S.A. (iii)	155,390	5,782	10,925	27,79	27,950	2,001	43,178	2,128	3,530
Elong Adm. Rep. Ltda.	12,698	207	4,017	99,99	(230)	1	12,698	207	4,017
Safra Vida e Previdência S.A. (iv)	235,913	20,238	41,003	0,02	1,914	-	56	4	9 (v)
Safra Seguros Gerais S.A. (iv)	37,504	2,310	5,636	0,02	785	-	4	-	1
Safra Cia. Securitizadora (vii)	190,344	6,145	6,145	7,04	159	-	13,399	432	432
							2,480,872	247,880	513,533
Foreign:									
Banco Safra (Cayman Islands) Limited.	293,992	(208)	1,928	100	(170,056)	(27,785)	293,992	110,266	86,476 (vi)
							293,992	110,266	86,476
							2,774,864	358,146	600,009

- (i) Formerly denominated Banco Safra de Investimento S.A.
- (ii) Sercom Comércio e Serviços Ltda. is mainly engaged in providing nonfinancial services and holding interest in Safra Group's subsidiaries.
- (iii) Investments in associates arising from the utilization of funds from tax incentives granted to an agricultural project held by Safra Group companies in the area under the jurisdiction of the Amazon Development Authority (SUDAM).
- (iv) The transfer of shares of the companies Safra Vida e Previdência S.A. and Safra Seguros Gerais S.A. to Banco Safra S.A. was approved on October 20, 2009, and prior to this date Banco Safra S.A. held an indirect interest in these companies through Sercom Comércio e Serviços Ltda.
- (v) Includes also the adjustment of memberships certificates and/or increases through tax incentives in investees.
- (vi) Includes also exchange rate changes on the investment. Under Pronouncement CPC 02, issued by the Accounting Pronouncements Committee, adjustments arising from exchange rate changes on foreign investments will continue to be recorded directly in the statement of income as these subsidiaries operate on an integrated basis with the Bank's operations in Brazil and, therefore, their functional currency for Bank and consolidated reporting purposes is the Brazilian real.
- (vii) On May 20, 2009, Safra Cia. Securitizadora was partially spun off, which resulted in the change in the ownership percentage of Banco Safra to 7.60% from 7.04%. The aggregate net income for the period through the spin-off date was R\$10,882.

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As of December 31, the portfolio of deposits was as follows:

	BANK				Total
	2009				
	Without maturity	Up to 90 days	From 91 to 365 days	Over 365 years	
Demand deposits	1,655,916	-	-	-	1,655,916
Time deposits	-	1,481,704	5,881,121	1,403,178	8,766,003
Savings deposits	928,429	-	-	-	928,429
Interbank deposits	-	1,215,071	4,369,970	117,800	5,702,841
Other	47,074	-	-	-	47,074
	2,631,419	2,696,775	10,251,091	1,520,978	17,100,263

	CONSOLIDATED				Total
	2009				
	Without maturity	Up to 90 days	From 91 to 365 days	Over 365 years	
Demand deposits	1,205,127	-	-	-	1,205,127
Time deposits	-	1,321,468	5,881,122	1,403,178	8,605,768
Savings deposits	928,429	-	-	-	928,429
Interbank deposits	-	1,050,149	1,717,438	125,506	2,893,093
Other	47,074	-	-	-	47,074
	2,180,630	2,371,617	7,598,560	1,528,684	13,679,491

	BANK				Total
	2008				
	Without maturity	Up to 90 days	From 91 to 365 days	Over 365 years	
Demand deposits	1,547,330	-	-	-	1,547,330
Time deposits	-	1,806,555	3,299,246	4,118,586	9,224,387
Savings deposits	768,672	-	-	-	768,672
Interbank deposits	-	1,339,738	3,657,722	28,057	5,025,517
Other	76,039	-	-	-	76,039
	2,392,041	3,146,293	6,956,968	4,146,643	16,641,945

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	CONSOLIDATED				Total
	2008				
	Without maturity	Up to 90 days	From 91 to 365 days	Over 365 years	
Demand deposits	1,543,747	-	-	-	1,543,747
Time deposits	-	1,654,651	3,299,246	4,118,586	9,072,483
Savings deposits	768,672	-	-	-	768,672
Interbank deposits	-	1,126,219	2,079,939	28,057	3,234,215
Other	76,041	-	-	-	76,041
	2,388,460	2,780,870	5,379,185	4,146,643	14,695,158

12. MONEY MARKET FUNDING

As of December 31, the portfolio of repurchase commitments was as follows:

	BANK				Total
	2009				
	Up to 30 days	From 31 to 180 days	From 181 to 365 days	Over 365 days	
Own portfolio					
National Treasury	859,360	-	-	11,645	871,005
Private securities	551,989	4,690,584	3,485,176	1,885,502	10,613,251
Third parties					
National Treasury	13,861,586	-	-	-	13,861,586
	15,272,935	4,690,584	3,485,176	1,897,147	25,345,842

	CONSOLIDATED				Total
	2009				
	Up to 30 days	From 31 to 180 days	From 181 to 365 days	Over 365 days	
Own portfolio					
National Treasury	859,360	-	-	11,645	871,005
Private securities	551,989	4,690,584	3,485,176	1,885,502	10,613,251
Third parties					
National Treasury	13,852,589	-	-	-	13,852,589
	15,263,938	4,690,584	3,485,176	1,897,147	25,336,845

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	BANK				
	2008				
	Up to 30 days	From 31 to 180 days	From 181 to 365 days	Over 365 days	Total
Own portfolio					
National Treasury	10,003,791	-	5,751	10,686	10,020,228
Private securities	175,149	1,455,891	2,052,976	2,882,398	6,566,414
Third parties					
National Treasury	16,542	-	-	-	16,542
Trading portfolio					
National Treasury	-	-	20,934	-	20,934
	<u>10,195,482</u>	<u>1,455,891</u>	<u>2,079,661</u>	<u>2,893,084</u>	<u>16,624,118</u>

	CONSOLIDATED				
	2008				
	Up to 30 days	From 31 to 180 days	From 181 to 365 days	Over 365 days	Total
Own portfolio					
National Treasury	9,946,292	-	5,751	10,686	9,962,729
Private securities	175,149	1,455,891	2,052,976	2,882,398	6,566,414
Third parties					
National Treasury	16,542	-	-	-	16,542
Trading portfolio					
National Treasury	-	-	20,934	-	20,934
	<u>10,137,983</u>	<u>1,455,891</u>	<u>2,079,661</u>	<u>2,893,084</u>	<u>16,566,619</u>

13. FOREIGN BORROWINGS, ONLENDINGS AND SECURITIES

Foreign borrowings are represented by credit lines, with maturities of up to three years and bearing interest equivalent to LIBOR plus average spread of 5% per year, used in the financing of imports and exports. Onlendings and funds raised through the placement of securities abroad (euronotes) onlent to local customers, as prescribed by CMN Resolution 2770/2000 (former Resolution 63), mature up to 2017 and bear average charges of 7.5% per year.

	BANK			
	2009			
	Fair value by maturity			Total
Up to 90 days	From 91 to 365 days	Over 365 days		
Foreign borrowings, onlendings and securities				
Foreign currency payables	33,581	397,493	1,262,358	1,693,432
Foreign borrowings	755,977	1,680,621	217,878	2,654,476
	<u>789,558</u>	<u>2,078,114</u>	<u>1,480,236</u>	<u>4,347,908</u>

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	CONSOLIDATED			
	2009			
	Fair value by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	Total
Foreign borrowings, onlendings and securities				
Foreign currency payables	33,581	397,493	913,307	1,344,381
Foreign borrowings	755,977	1,680,621	217,878	2,654,476
	789,558	2,078,114	1,131,185	3,998,857
	BANK			
	2008			
	Fair value by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	Total
Foreign borrowings, onlendings and securities				
Foreign currency payables	29,117	1,360,389	1,946,224	3,335,730
Foreign borrowings	1,625,478	1,571,204	239,538	3,436,220
	1,654,595	2,931,593	2,185,762	6,771,950
	CONSOLIDATED			
	2008			
	Fair value by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	Total
Foreign borrowings, onlendings and securities				
Foreign currency payables	29,117	1,360,389	1,467,654	2,857,160
Foreign borrowings	1,625,478	1,571,204	239,538	3,436,220
	1,654,595	2,931,593	1,707,192	6,293,380

14. DOMESTIC BORROWINGS AND ONLENDINGS

Domestic borrowings and onlendings are subject to financial charges corresponding to the Long-Term Interest Rate (TJLP), fluctuations in BNDES currency basket or in US dollar rate, plus interest of 4.5% to 7% per year.

	BANK			
	2009			
	Fair value by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 years	Total
Domestic borrowings and onlendings				
National Treasury	73,242	17,260	18,061	108,563
BNDES	5,516	59,388	757,085	821,989
FINAME	6,328	114,574	2,380,970	2,501,872
	85,086	191,222	3,156,116	3,432,424

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	CONSOLIDATED			
	2009			
	Fair value by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 years	Total
Domestic borrowings and onlendings				
National Treasury	73,242	17,260	18,061	108,563
BNDES	5,516	59,388	757,085	821,989
FINAME	146,215	422,754	2,851,949	3,420,918
	224,973	499,402	3,627,095	4,351,470
	BANK			
	2008			
	Fair value by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 years	Total
Domestic borrowings and onlendings				
National Treasury	48,484	8,803	24,722	82,009
BNDES	20	12,763	164,810	177,594
FINAME	19,217	114,944	2,749,940	2,884,100
	67,721	136,510	2,939,472	3,143,703
	CONSOLIDATED			
	2008			
	Fair value by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 years	Total
Domestic borrowings and onlendings				
National Treasury	48,484	8,803	24,722	82,009
BNDES	20	12,763	164,810	177,594
FINAME	154,707	461,180	3,342,747	3,958,633
	203,211	482,746	3,532,279	4,218,236

15. OTHER PAYABLES

a) Collected taxes and other:

	BANK		CONSOLIDATED	
	2009 Current	2008 Current	2009 Current	2008 Current
IOF (tax on financial transactions) payable	8,936	3,699	10,083	3,729
Contributions	4	4	4	4
Federal, state and municipal taxes	1,062	413	1,062	420
FGTS (severance pay fund)	149	451	149	451
	10,151	4,567	11,298	4,604

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b) Foreign exchange portfolio:

	BANK AND CONSOLIDATED		
	2009		2008
	Current	Long-term	Current
Foreign exchange sold pending settlement	732,455	-	1,732,889
Foreign exchange purchased	1,373,541	10,294	2,011,951
(-) Import financing - exchange rate contracted	(1,827)	-	(32,367)
(-) Advances on foreign exchange contracts	(638,446)	(10,294)	(998,529)
Income receivable from advances	41	-	-
Other	142	-	559
	1,465,906	-	2,714,503

c) Social and statutory:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
	Current	Current	Current	Current
Dividends and bonuses payable	34,628	268,313	34,630	268,318
	34,628	268,313	34,630	268,318

d) Trading account:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
	Current	Current	Current	Current
Settlement and clearinghouse (*)	-	-	75,680	17,971
Creditors pending settlement (*)	-	-	32,777	32,705
Receivables arising from stock lending	-	10,623	-	13,290
Transactions with financial assets and commodities	-	11,959	4,104	45,404
Other trading liabilities	4,066	4,258	4,066	4,257
	4,066	26,840	116,627	113,627

(*) Refer basically to transactions on stock exchanges recorded by Safra Corretora de Valores e Câmbio Ltda.

e) Tax and social security:

	BANK			
	2009		2008	
	Current	Long-term	Current	Long-term
Provision for income tax and social contribution	59,219	-	39,476	-
Taxes payable (*)	93,470	-	78,401	-
Provision for deferred income tax and social contribution (**)	-	351,658	-	178,488
Reserve for contingent tax liabilities (***)	-	481,738	-	443,329
	152,689	833,396	117,877	621,817

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	CONSOLIDATED			
	2009		2008	
	Current	Long-term	Current	Long-term
Provision for income tax and social contribution	200,236	-	152,163	-
Fees payable (*)	141,043	-	114,472	-
Provision for deferred income tax and social contribution (**)	-	1,253,603	-	1,168,887
Reserve for contingent tax liabilities (***)	-	665,224	-	802,145
	341,279	1,918,827	266,635	1,971,032

(*) In 2009, includes taxes payable under the Refis (Tax Debt Settlement Program), in the amount of R\$44,944, on an individual basis, and R\$ 49,502, on a consolidated basis.

(**) Represented basically by deferred income tax on excess depreciation in the amount of R\$347,656 (R\$130,902 in 2008), on an individual basis, and R\$1,246,306 (R\$1,119,890 in 2008), on a consolidated basis.

(***) Refers to the reserve for contingencies and legal obligations (see note 18).

f) Other:

	BANK			
	2009		2008	
	Current	Long-term	Current	Long-term
Creditors for unreleased funds	69	-	181	-
Payables for acquisition of assets	799	-	2,584	-
Reserve for contingent liabilities (note 18)	-	206,126	-	145,248
Accrued liabilities	73,767	-	85,495	-
Sundry creditors – Brazil (*)	168,213	-	43,298	-
Sundry creditors abroad	58,168	-	60,880	-
Onlending of unreleased amounts	-	-	34,564	-
Transfer of financial assets (**)	209,801	142,687	536,399	485,241
Other	738	-	2,132	-
	511,555	348,813	765,533	630,489

	CONSOLIDATED			
	2009		2008	
	Current	Long-term	Current	Long-term
Creditors for unreleased funds	69	-	181	-
Payables for acquisition of assets	16,061	-	27,896	-
Reserve for contingent liabilities (note 18)	-	225,438	-	158,346
Accrued liabilities	98,692	-	104,546	-
Sundry creditors – Brazil (*)	634,398	-	273,467	8,937
Sundry creditors abroad	58,248	-	60,988	-
Onlending of unreleased amounts	-	-	40,510	-
Transfer of financial assets (**)	209,801	142,687	536,399	485,241
Other	738	-	5,448	-
	1,018,007	368,125	1,049,435	652,524

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(*) Refer basically to amounts to be transferred to credit card companies, Bank and consolidated, in the amount of R\$63,006 (R\$36,287 in 2008), and funds received to be transferred for management of third-party payments, in the amount of R\$64,306 (R\$221,962 in 2008) on a consolidated basis.

(**) Refer to obligations on assignment of receivables, as required by CMN Resolution 3533.

16. BALANCES OF INSURANCE OPERATIONS

CONSOLIDATED		
	Earned premiums	
	2009	2008
Lines		
Comprehensive business	7,486	4,571
Sundry risks	1,059	1,848
Group life and individual life	24,047	22,577
Bodily injury - DPVAT	65,590	48,546
Personal accidents	26,099	23,281
Lenders	3,153	903
Other	31	51
	<u>127,465</u>	<u>101,777</u>

Income from insurance operations is recorded under the caption "Other operating income", consolidated.

17. TECHNICAL RESERVES – INSURANCE AND PENSION FUND OPERATIONS

a) Property and casualty and group life lines:

	CONSOLIDATED				
	2009				
	Unearned premium reserve	Claims payable reserve	Incurred but not reported claims reserve	Supplementary premium reserve	Administrative expenses reserve
Current and long-term liabilities					
Aircraft	2	4,507	32	-	-
Fire	-	16	1	-	-
Comprehensive business	9,731	3,869	334	183	-
Sundry risks	2,889	1,317	40	35	-
General civil liability	-	2,845	9	-	-
Auto liability	-	452	-	-	-
Engineering risks	1	826	2	-	-
Lenders	589	-	87	209	-
Personal accidents	9,815	244	322	1	-
Bodily injury – DPVAT	-	33,859	1,212	-	655
Group life	5,256	2,268	1,535	-	-
Other	73	735	15	5	-
	<u>28,356</u>	<u>50,938</u>	<u>3,589</u>	<u>433</u>	<u>655</u>
Current	27,070	50,938	3,589	433	655
Long-term	1,286	-	-	-	-

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	CONSOLIDATED				
	2008				
	Unearned premium reserve	Claims payable reserve	Incurred but not reported claims reserve	Supplementary premium reserve	Administrative expenses reserve
Current and long-term liabilities					
Aircraft	1	4,433	2	-	-
Fire	-	66	2	-	-
Comprehensive business	3,426	1,685	132	54	-
Sundry risks	3,920	1,430	54	134	-
General civil liability	2	3,150	15	-	-
Auto liability	-	550	-	-	-
Engineering risks	1	870	5	-	-
Lenders	620	-	103	26	-
Personal accidents	5,663	132	183	-	-
Bodily injury – DPVAT	-	22,192	1,546	-	1,083
Group life	3,270	2,439	1,231	-	-
Other	104	790	17	7	-
	17,007	37,737	3,290	221	1,083
Current	15,365	37,737	3,290	221	1,083
Long-term	1,642	-	-	-	-

Insurance expenses are recorded under the caption "Other operating expenses", consolidated.

b) Technical reserves - cash value life insurance:

	2009	2008
Cash value life insurance - unvested benefits	827,829	649,144
Administrative expenses reserve - unvested benefits (PDA)	266	3,885
Administrative premium deficiency reserve - unvested benefits (PIP)	4,662	54
	832,757	653,083
Current	23,371	36,333
Long-term	809,386	616,750

c) Technical reserves – pension plan:

	2009	2008
PGBL		
Unvested benefits	386,397	344,698
Vested benefits	842	955
	387,239	345,653
Contribution deficiency reserve		
Unvested benefits	2,323	2,222
Vested benefits	50	46
	2,373	2,268
Administrative expenses reserve		
Unvested benefits	319	111
Vested benefits	2	5
	321	116
	389,933	348,037
Current	33,045	36,937
Long-term	356,888	311,100

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The management of Banco Safra understands that the reserve recognized is sufficient to cover losses on lawsuits.

The reserve recognized and the related changes for the years ended December 31, 2009 and 2008 are as follows:

	BANK					
	2009			2008		
	Tax	Civil	Labor	Tax	Civil	Labor
Opening balance	443,329	71,087	74,161	390,433	58,665	47,494
Recognition (reversal) (*)	29,584	41,071	19,754	47,437	12,422	26,667
Monetary adjustment	8,825	55	-	5,459	-	-
Balance at end of year	481,738	112,213	93,915	443,329	71,087	74,161

	CONSOLIDATED					
	2009			2008		
	Tax	Civil	Labor	Tax	Civil	Labor
Opening balance	802,145	82,190	76,156	754,878	66,705	47,746
Recognition (reversal) (*)	(136,921)	42,830	22,039	47,267	15,485	28,410
Balance at end of year	665,224	125,020	98,195	802,145	82,190	76,156

(*) In 2009, recognition refer basically to lawsuits challenging the constitutionality of the increase in PIS/COFINS tax bases by Law 9178/98, whereas the reversal refers primarily to the effects of adopting the Refis (Tax Debt Settlement program). On a consolidated basis, it also refers to the reversal of the reserve for CPMF and ISS in Safra Leasing based on the revision of the risk of loss by Management.

Tax contingencies

Tax and social security proceedings: individually quantified when the administrative proceedings are notified, based on their amounts adjusted for inflation on a monthly basis.

The Bank and its subsidiaries maintain a monitoring system for all administrative and judicial proceedings in which they are either the plaintiff or the defendant and classify the proceedings according to the likelihood of an unfavorable outcome, based on the opinion of the legal counsel. The reserve for contingencies is recognized for proceedings classified as probable loss and losses expected by Management on proceedings classified as possible loss. The main litigation is as follows:

- Service tax (ISS) Bank and Leasing Company: several notifications and lawsuits related to the levy of this tax on lease transactions, which challenge the location where the tax is levied, the tax basis, and the qualification of these transactions as services, in the amount of R\$79,707 (R\$53,064 in 2008), Bank, and R\$217,395 (R\$235,928), consolidated.

- CPMF - Payment Management (Bank): tax notification related to the product Payment Management, issued by tax authorities as they understood that there was settlement/payment of receivables, at the risk and expense of third parties, without the related credit in the beneficiary's account, which assigned the liability for paying this tax to the Bank, under Article 5, I, of said Law 9311/96; in the amount of R\$85,767 (R\$79,943 in 2008), Bank and consolidated.

There are no unaccrued administrative proceedings with monetary authorities and regulatory agencies or lawsuits classified by the legal counsel as possible losses.

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Legal obligations

The Bank and its subsidiaries are challenging in courts the legality and levy of some taxes and contributions, the legal obligation of which is fully accrued and adjusted through the balance sheet date, in the amount of R\$305,836 (R\$234,468 in 2008), Bank, and R\$324,252 (R\$290,540 in 2008), consolidated. The main litigation is as follows:

- COFINS: increase in tax base by Law 9718/98 in the amount of R\$250,311 (R\$151,679 in 2008), Bank, and R\$265,917 (R\$165,602 in 2008), consolidated.

- PIS: increase in tax base by Law 9718/98 in the amount of R\$38,247 (R\$25,289 in 2008), Bank, and R\$40,783 (R\$27,551 in 2008), consolidated.

Civil lawsuits

Recognized in books and represented basically by indemnity claims for property damages and pain and suffering due to, for example, protest of notes and inclusion of customer data in credit reporting agencies.

These lawsuits are valued when a court notification is received and reviewed monthly, on a case-by-case basis, as they refer to lawsuits considered unusual, and quantified based on amounts claimed, proofs produced and the legal counsel's assessment of the likelihood of loss, which considers jurisprudence, proofs produced and court decisions issued on the lawsuit. The reserve is recognized for proceedings classified as probable loss and losses expected by Management for proceedings classified as possible loss.

Labor lawsuits

Lawsuits filed to claim alleged labor rights derived from labor legislation specifically relating to the professional category, such as overtime, salary equalization and others.

They are measured when a court notification is received, reviewed monthly and accrued based on historical percentage of losses on lawsuits considered similar and usual, and the estimated risk of the lawsuit.

19. ADHERENCE TO THE TAX DEBT SETTLEMENT PROGRAM (REFIS) AND THE TAX INSTALLMENT INCENTIVE PROGRAM (PPI)

On November 30, 2009, the Bank and its subsidiaries joined the tax debt installment and cash payment programs, which waive the penalties on the settlement of debts to the Federal Revenue Service (RFB) and the National Treasury Attorney General (PGFN), created by Law 11941/09, and the Tax Installment Incentive Program (PPI), which waives the penalties on the settlement of debts to the Municipal Government of São Paulo, created by Law 14129/06 and Decree 50512/09. The main debts challenged in courts included in the programs refer to the following: federal VAT (IPI) on aircraft, municipal service tax (ISS), withholding income tax (IRRF), tax on banking transactions (CPMF), and taxes (PIS/COFINS) on interest on capital for the Bank and the consolidated.

The Bank paid R\$1,738 (R\$52,291 on a consolidated basis) in cash to settle these debts on November 30, 2009. The Bank used R\$3,460 deposited in consolidated escrow deposits to settle tax debts and assumed a debt payable in installments totaling R\$44,944, Bank, and R\$49,502 on a consolidated basis. The Bank has escrow deposits related to the lawsuits written off and not yet paid, which will be used to settle tax debts totaling R\$94,032.

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The adjustments to assets, liabilities and income arising from the adherence to those programs are as follows: (i) use of part of the balances of escrow deposits recognized in assets to settle determined tax debts, totaling R\$3,460 on a consolidated basis, (ii) payments made totaling R\$1,738, Bank (R\$52,291 on a consolidated basis) and accrual of the remaining balance payable in line account 'Other payables', totaling R\$44,944, Bank (R\$49,502 on a consolidated basis), recognized as a contra entry to 'Tax expenses', and (iii) income from the reversal of reserves for contingencies due to the adherence to the programs, totaling R\$74,405, Bank (R\$179,490 on a consolidated basis), resulting in a positive impact on income of R\$27,723, Bank (R\$77,697 on a consolidated basis) due to the waiver of penalties and partial decrease in arrears interest.

20. SUBORDINATED DEBT

On December 28, 2006, upon authorization from the Central Bank of Brazil and as prescribed by National Monetary Council (CMN) Resolution 2837/01, Banco Safra S.A. issued subordinated Bank Certificates of Deposit (CDBs), eligible as Tier II Regulatory Capital, in the amount of R\$700,000, of which R\$450,000 was placed in the market. On January 4, 2007, the Bank issued the remaining R\$250,000, totaling R\$700,729 adjusted for inflation through December 31, 2009 (R\$698,571 in 2008). These certificates mature in 2016, yield interest equivalent to 104% to 106% of the average daily interbank deposit rate (CDI), paid semiannually, and are registered with the Clearinghouse for the Custody and Financial Settlement of Securities (CETIP). As of December 31, 2009, R\$1,431 (R\$1,430 in 2008) of total certificates issued is in portfolio.

21. SHAREHOLDERS' EQUITY

The capital of Banco Safra S.A. is represented by 1,085,948 registered shares (1,085,948 in 2008), without par value, of which 543,427 are common shares (543,427 in 2008) and 542,521 are preferred shares (542,521 in 2008), which are entitled to annual, noncumulative dividends of 1 and 2 percent, respectively, of capital. According to the Minutes of the Extraordinary Shareholders' Meeting held on March 24, 2008, the shareholders approved the reserve split of Banco Safra S.A. shares, at the 1,000:1 share ratio, and capital started to be represented by 1,026,785 registered shares, without par value, of which 513,805 are common shares and 512,947 are preferred shares.

On February 15, 2008, the Board of Directors' meeting approved the allocation of dividends to shareholders in the amount of R\$300,268, proportionally to the number of shares held, related to the remaining balance of net income for 2001 and a portion of net income for 2002.

On April 3, 2008, the Board of Directors' meeting approved the allocation of dividends to shareholders in the amount of R\$250,000, proportionally to the number of shares held, of which R\$129,725 related to the remaining balance of net income for 2002 and R\$120,275 related to the remaining balance of net income for 2003.

The Extraordinary Shareholders' Meeting held on April 14, 2008 approved a capital increase from R\$1,801,900 to R\$2,048,898, through the issuance of 70,956 new registered shares, without par value, of which 35,508 are common shares and 35,448 are preferred shares. This capital increase was fully subscribed by Sudafin Representações e Participações S.A. (parent of Banco J. Safra S.A.) on behalf of shareholder Joseph Yacoub Safra, through the absorption of the spun-off assets and related to the portion of shareholders' equity of Sudafin corresponding to the investment held in Banco J. Safra S.A. On the same date, a capital reduction from the current R\$2,048,898 to R\$2,007,958 was also approved with the cancellation of 11,761 registered shares without par value, of which 5,885 were common shares and 5,876 were preferred shares. The capital reduction was conducted exclusively for the Bank's parent, JS Administração de Recursos S.A., through the transfer of financial assets.

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On June 3, 2008, the Board of Directors’ meeting approved the allocation of dividends to shareholders in the amount of R\$19,711, proportionally to the number of shares held, related to the remaining balance of net income for 2003.

On December 31, 2008, the Board of Directors’ meeting approved the allocation of dividends to shareholders in the amount of R\$165,000, proportionally to the number of shares held, related to the balance of retained earnings for 2003 and 2004.

On August 27, 2009, the Board of Directors’ meeting approved the allocation of dividends to shareholders in the amount of R\$100,000, proportionally to the number of shares held, related to the balance of net income for 2004.

As of December 31, 2009, mandatory minimum dividends totaling R\$30,111 were distributed to shareholders, proportionally to the number of shares held.

The bylaws establish the allocation of net income as of December 31 of each year, after legal deductions and reserves, of which 5% is allocated to the legal reserve, and this allocation ceases to be mandatory when the reserve reaches 20% of capital or 30% of the aggregate of capital and legal reserve.

The retained earnings reserve is recognized based on unallocated net income, after all legal deductions, and its cumulative balance remains available to shareholders for future resolution at the Shareholders' Meeting. As permitted by CMN Resolution 3605, of August 29, 2008, the remaining balance of retained earnings must be allocated until December 31, 2010.

22. RELATED-PARTY TRANSACTIONS

a) Management compensation:

The Shareholders' Meeting held on April 30, 2008 set the maximum overall compensation of the Board of Directors and the Executive Committee at R\$40,000 in force through December 31, 2009.

b) Ownership interest:

The table below shows the direct ownership interest (common shares):

Shareholder	Total	
	Number	(%)
Joseph Yacoub Safra	1,021,001	94.02
JS Administração de Recursos S.A.	63,910	5.88
Minority shareholders	1,033	0.10
Board members	2	-
Other	2	-
	1,085,948	100.00

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c) Related-party transactions

Related-party transactions are broken down as follows:

	Assets (liabilities)		Income/(expenses)		
	2009	2008	2 nd half	2009	2008
Interbank investments	293,117	1,759,609	12,222	110,208	104,247
Banco J Safra S.A.	293,117	1,759,609	12,222	110,208	102,394
Banco Safra BSI S.A.	-	-	-	-	1,853
Linked to repurchase agreement	454,683	1,318,543	(428)	(281)	743
Banco Safra Luxemburgo	19,978	836	(642)	(648)	-
Safra National Bank of New York	434,705	1,317,707	214	367	743
Custody services – Securities from other governments	609,140	1,227,001	-	-	-
Banco Safra Luxemburgo	609,140	1,227,001	-	-	-
Securities issued abroad	702,715	778,815	(9,586)	(30,346)	30,962
Banco Safra S.A.– Cayman Islands	702,715	778,815	(9,586)	(30,346)	30,962
Securities linked to repurchase agreement	11,124,814	7,142,995	424,379	847,497	1,318,039
Safra Leasing S.A. Arrendamento Mercantil	11,124,814	7,142,995	424,379	847,497	1,318,039
Derivatives	1,739	14,553	21,767	49,334	96,768
Safra Leasing S.A. Arrendamento Mercantil	1,739	-	8,790	9,500	-
Banco J Safra S.A.	-	14,553	12,977	39,834	96,768
Interest on capital (TJLP) receivable	284,774	113,869	201,600	201,600	87,750
Banco Safra BSI S.A.	77,601	50,091	32,600	32,600	56,200
Safra Leasing S.A. Arrendamento Mercantil	66,725	257	78,500	78,500	-
Safra Distribuidora de Títulos e Valores Mobiliários Ltda.	24,098	24,098	-	-	9,150
Safra Corretora de Valores e Câmbio Ltda.	55,505	39,185	19,200	19,200	22,400
Safra Cia. Securitizadora de Créditos Imobiliários	2	-	-	-	-
Safra Seguros Gerais S.A.	5,865	-	6,900	6,900	-
Safra Vida e Previdência S.A.	38,930	-	45,800	45,800	-
Banco J Safra S.A.	15,810	-	18,600	18,600	-
Elong Administração e Representação Ltda.	238	238	-	-	-
Dividends and bonuses receivable	94,689	94,689	-	-	-
Sercom Comércio e Serviços Ltda.	94,689	94,689	-	-	-
Receivables from related parties	8,059	1,506	-	-	-
Banco Safra BSI S.A.	749	948	-	-	-
Safra Distribuidora de Títulos e Valores Mobiliários Ltda.	6,745	15	-	-	-
Safra Leasing S.A. Arrendamento Mercantil	103	-	-	-	-
Safra Corretora de Valores e Câmbio Ltda.	361	542	-	-	-
Banco J Safra S.A.	101	1	-	-	-

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	Assets (liabilities)		Income/(expenses)		
	2009	2008	2 nd half	2009	2008
Deposits	(613,946)	(169,232)	-	-	-
Banco Safra BSI S.A.	(443,572)	(1,112)	-	-	-
Safra Distribuidora de Títulos e Valores Mobiliários Ltda.	(11)	(120)	-	-	-
Safra Leasing S.A. Arrendamento Mercantil	(809)	(514)	-	-	-
Safra Corretora de Valores e Câmbio Ltda.	(21)	(150)	-	-	-
Banco Safra S.A. – Cayman Islands	(160,262)	(161,033)	-	-	-
Sercom Comércio e Serviços Ltda.	(51)	(96)	-	-	-
Elong Administração e Representação Ltda.	(60)	(8)	-	-	-
Taquari Representação e Participação Ltda.	(89)	(113)	-	-	-
Aratu Segurança Vigilância S/C Ltda.	(32)	(163)	-	-	-
Pastoril Agropecuária Couto Magalhães S.A.	(65)	(64)	-	-	-
Safra Cia. Securitizadora de Créditos Imobiliários	(692)	(190)	-	-	-
Safra Seguros Gerais S.A.	(1,355)	(785)	-	-	-
Safra Vida e Previdência S.A.	(4,163)	(1,914)	-	-	-
Acauã Construtora Ltda.	(60)	(117)	-	-	-
JS Administração de Recursos S.A.	(2,704)	(2,853)	-	-	-
Interbank Deposits	(2,933,924)	(1,794,615)	(189,843)	(293,148)	(1,026,094)
Banco Safra BSI S.A.	(155,020)	(688,300)	(24,328)	(51,796)	(33,341)
Safra Distribuidora de Títulos e Valores Mobiliários Ltda.	(9,901)	(192,515)	(2,080)	(9,492)	(21,649)
Safra Corretora de Valores e Câmbio Ltda.	-	(88,030)	-	(2,806)	(12,003)
Safra Leasing S.A. Arrendamento Mercantil	(2,644,826)	(821,942)	(163,435)	(229,054)	(926,502)
Banco Safra Luxemburgo	(124,177)	(3,313)	-	-	-
Banco J Safra S.A.	-	(515)	-	-	(32,599)
Payables for repurchase agreements	(8,997)	(57,500)	(1,429)	(3,807)	(6,094)
Banco J Safra S.A.	(8,997)	(57,500)	(721)	(2,442)	(4,878)
Safra Corretora de Valores e Câmbio Ltda.	-	-	(708)	(1,365)	(1,216)
Payables for securities issued abroad	(401,686)	(70,537)	(9,905)	(17,718)	(136,789)
Banco Safra Luxemburgo	(52,549)	(70,537)	-	-	-
Banco Safra S.A.– Cayman Islands	(349,137)	-	(9,905)	(17,718)	(136,789)
Derivatives	(312,156)	(21,396)	(111,573)	(310,859)	(394,827)
Safra Leasing S.A. Arrendamento Mercantil	(2,720)	-	(9,351)	(10,396)	-
Banco J Safra S.A.	-	(6,818)	(14,216)	(28,661)	(204,777)
Safra Cia. Securitizadora de Créditos Imobiliários	(292,142)	-	(10,404)	(13,612)	-
Banco Safra S.A.– Cayman Islands	(17,294)	(14,578)	(77,602)	(258,190)	(190,050)
Dividends and bonuses payable	(1,772)	(154,060)	-	-	-
JS Administração de Recursos S.A.	(1,772)	(154,060)	-	-	-
Interest on capital (TJLP) payable	-	(92,856)	-	-	-
JS Administração de Recursos S.A.	-	(92,856)	-	-	-
Trading account	(2,674)	(2,547)	-	-	-
Banco Safra Luxemburgo	(2,670)	(2,538)	-	-	-
Safra National Bank of New York	(4)	(9)	-	-	-
Income from assignment of lease receivables	-	-	6,370	6,370	-
Banco J Safra S.A.	-	-	6,370	6,370	-
Income from interbank onlendings	-	-	380	380	-
Safra Leasing S.A. Arrendamento Mercantil	-	-	380	380	-

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	Assets (liabilities)		Income/(expenses)		
	2009	2008	2 nd half	2009	2008
Brokerage expenses (legal entity)	-	-	(254)	(416)	(362)
Safra Corretora de Valores e Câmbio Ltda.	-	-	(254)	(416)	(362)
Rents payable to related parties	-	-	(21,945)	(30,864)	(15,328)
Safra Cia. Securitizadora de Créditos Imobiliários	-	-	(20,134)	(27,248)	(11,753)
Acauã Construtora Ltda.	-	-	(1,263)	(2,519)	(2,354)
JS Administração de Recursos S.A.	-	-	(548)	(1,097)	(1,221)

23. DERIVATIVES

The main purpose of the use of derivatives by Banco Safra and its subsidiaries is to provide to their customers products that hedge these customers' assets against risks from currency and interest rate fluctuations. Further, these instruments are used by the Bank in the daily management of the risks assumed in its operations, including the securities portfolio hedge defined by Management.

The main risks related to financial instruments are: credit risk, market risk, and liquidity risk, as defined below:

- Credit risk is the exposure to losses in the event of default by a counterparts or debtors.
- Market risk is the exposure created by potential fluctuation in interest rates, foreign exchange rates, commodity prices, stock market prices, and other values amounts, and due to the type of product, volume of operations, terms and conditions of the agreement and underlying volatility.
- Liquidity risk is the risk arising from mismatches between tradable assets and payable liabilities in transactions with derivatives that might affect the payment ability of the Company, taking into consideration the currencies and settlement terms of its assets and liabilities.

Banco Safra's and subsidiaries' positions are monitored by an independent control function, which uses a specific system to manage risk, including calculating the value at risk (VaR) with a confidence interval of 95 percent, stress tests, backtesting, and other technical resources. The Bank has a Market Risk Committee, consisting of high-ranked executives, which meets on a weekly basis to analyze strategies and stress scenarios, and assess risk limits.

The guarantees provided for stock exchange transactions as of December 31 were as follows:

	Bank		Consolidated	
	2009	2008	2009	2008
National Treasury	447,465	227,390	759,134	1,146,864
	447,465	227,390	759,134	1,146,864

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The derivatives portfolio as of December 31 is broken down as follows:

	2009						Total
	Notional amount	Adjusted cost	BANK				
			Fair value and maturities				
		Up to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days		
Swap							
Interest rate							
Assets	6,988,783	7,521,247	880,352	918,177	1,959,748	3,527,937	7,286,214
Liabilities	(8,019,226)	(7,766,815)	(1,043,224)	(932,353)	(1,942,209)	(3,696,855)	(7,614,641)
	(1,030,443)	(245,568)	(162,872)	(14,176)	17,539	(168,918)	(328,427)
Foreign currency							
Assets	1,305,599	570,071	161,287	36,065	44,490	349,490	591,332
Liabilities	(275,156)	(300,949)	(63,004)	(46,578)	(63,892)	(120,100)	(293,574)
	1,030,443	269,122	98,283	(10,513)	(19,402)	229,390	297,758
Amounts receivable	-	136,575	3,756	2,481	19,298	114,807	140,342
Amounts payable	-	(113,021)	(68,345)	(27,170)	(21,161)	(54,335)	(171,011)
Forward							
Private securities							
Asset position:							
Forward purchases receivable	4,406	4,673	4,703	-	-	-	4,703
	4,406	4,673	4,703	-	-	-	4,703
Options							
Bovespa index							
Purchases of:							
Call options	27,981	1,328	1,036	723	1,332	372	3,463
Put options	-	-	16	7	50	8	81
	27,981	1,328	1,052	730	1,382	380	3,544
Sales of:							
Call options	(10,653)	(350)	(664)	12	-	-	(652)
Put options	(16,748)	(416)	(136)	(40)	-	-	(176)
	(27,401)	(766)	(800)	(28)	-	-	(828)
IDI							
Purchases of:							
Put options	4,971,261	10,323	-	-	-	10,101	10,101
	4,971,261	10,323	-	-	-	10,101	10,101
Sales of:							
Put options	(4,971,261)	(10,344)	-	-	-	(10,122)	(10,122)
	(4,971,261)	(10,344)	-	-	-	(10,122)	(10,122)
Foreign currency							
Purchases of:							
Call options	36,220	2,220	2,248	-	-	-	2,248
Put options	46,817	7,780	7,780	-	-	-	7,780
	83,037	10,000	10,028	-	-	-	10,028
Sales of:							
Call options	(31,244,903)	(2,612,955)	(193,319)	(375,671)	(760,769)	(1,610,194)	(2,939,953)
Put options	(39,931,438)	(2,597,895)	(372,273)	(441,382)	(906,852)	(1,063,647)	(2,784,154)
	(71,176,341)	(5,210,850)	(565,592)	(817,053)	(1,667,621)	(2,673,841)	(5,724,107)

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

**NOTES TO THE FINANCIAL STATEMENTS
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(AMOUNTS IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

		2009					
		BANK					
		Fair value and maturities					
	Notional amount	Adjusted cost	Up to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days	Total
Non-Deliverable Forward (NDF)							
Long positions	209,586	-	74,020	6,898	41,499	11,210	133,627
Short positions	(199,973)	-	(28,679)	(9,822)	(161,472)	-	(199,973)
	9,613	-	45,341	(2,924)	(119,973)	11,210	(66,346)
Accrued receivables	2,122	-	1,994	128	-	-	2,122
Accrued payables	(16,306)	-	(3,130)	(106)	(12,021)	(1,049)	(16,306)
	(14,184)	-	(1,136)	22	(12,021)	(1,049)	(14,184)
Futures market – BM&F							
Long positions							
Exchange coupon (DDI)	1,960,128	-	697,359	-	553,839	708,931	1,960,129
Interest rate – DI1	110,734	-	-	-	-	110,734	110,734
Commercial dollar (DOL)	102,731	-	102,731	-	-	-	102,731
Bovespa Index - IND	11,761	-	11,761	-	-	-	11,761
	2,185,354	-	811,851	-	553,839	819,665	2,185,355
Short positions							
Exchange coupon (DDI)	(3,389,610)	-	(2,253,661)	(939,103)	-	(196,846)	(3,389,610)
Interest rate – DI1	(11,164,120)	-	(3,958,161)	(1,262,280)	(1,944,151)	(3,999,529)	(11,164,121)
Commercial dollar (DOL)	(8,768)	-	(8,768)	-	-	-	(8,768)
Euro	(30,794)	-	(30,794)	-	-	-	(30,794)
	(14,593,292)	-	(6,251,384)	(2,201,383)	(1,944,151)	(4,196,375)	(14,593,293)
Amounts receivable	-	-	482	-	-	-	482
Currency swap – Central Bank							
Short positions							
Currency swap (SCC)	156,708	-	-	-	26,118	130,590	156,708
	156,708	-	-	-	26,118	130,590	156,708

		2009					
		CONSOLIDATED					
		Fair value and maturities					
	Notional amount	Adjusted cost	Up to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days	Total
Swap							
Interest rate							
Assets	6,988,783	9,436,618	1,254,718	934,151	1,974,941	3,527,937	7,691,747
Liabilities	(8,019,226)	(9,689,437)	(1,417,771)	(935,458)	(1,945,300)	(3,696,855)	(7,995,384)
	(1,030,443)	(252,819)	(163,053)	(1,307)	29,641	(168,918)	(303,637)
Foreign currency							
Assets	1,555,721	854,906	161,287	360,436	536,817	1,327,464	2,386,004
Liabilities	(525,278)	(650,086)	(63,004)	(371,431)	(557,034)	(1,184,889)	(2,176,358)
	1,030,443	204,820	98,283	(10,995)	(20,217)	142,575	209,646
Amounts receivable	-	136,648	3,529	1,999	18,483	114,592	138,603
Amounts payable	-	(184,647)	(68,299)	(14,301)	(9,059)	(140,935)	(232,594)

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

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(AMOUNTS IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

		2009					
		CONSOLIDATED					
		Fair value and maturities					
	Notional amount	Adjusted cost	Up to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days	Total
Forward							
Private securities							
Asset							
position:							
Forward purchases							
receivable	4,706	4,673	4,703	-	-	-	4,703
	4,706	4,673	4,703	-	-	-	4,703
Options							
Bovespa index							
Purchases of:							
Call options	27,981	1,328	1,036	723	1,332	372	3,463
Put options	-	-	16	7	50	8	81
	27,981	1,328	1,052	730	1,382	380	3,544
Sales of:							
Call options	(10,653)	(350)	(664)	12	-	-	(652)
Put options	(16,748)	(416)	(136)	(40)	-	-	(176)
	(27,401)	(766)	(800)	(28)	-	-	(828)
IDI							
Purchases of:							
Put options	4,971,261	10,323	-	-	-	10,101	10,101
	4,971,261	10,323	-	-	-	10,101	10,101
Sales of:							
Put options	(4,971,261)	(10,344)	-	-	-	(10,122)	(10,122)
	(4,971,261)	(10,344)	-	-	-	(10,122)	(10,122)
Foreign currency							
Purchases of:							
Call options	36,220	2,220	2,248	-	-	-	2,248
Put options	46,817	7,780	7,780	-	-	-	7,780
	83,037	10,000	10,028	-	-	-	10,028
Sales of:							
Call options	(28,135,072)	(2,482,597)	(212,354)	(375,671)	(760,769)	(1,460,801)	(2,809,595)
Put options	(34,449,663)	(2,465,832)	(354,979)	(441,382)	(906,852)	(948,878)	(2,652,091)
	(62,584,735)	(4,948,429)	(567,333)	(817,053)	(1,667,621)	(2,409,679)	(5,461,686)
Non-Deliverable Forward (NDF)							
Long positions							
Short positions	209,586	-	74,020	6,898	41,499	11,210	133,627
	(199,973)	-	(28,679)	(9,822)	(161,472)	-	(199,973)
	9,613	-	45,341	(2,924)	(119,973)	11,210	(66,346)
Accrued receivables							
Accrued payables	2,122	-	1,994	128	-	-	2,122
	(16,306)	-	(3,130)	(106)	(12,021)	(1,049)	(16,306)
	(14,184)	-	(1,136)	22	(12,021)	(1,049)	(14,184)

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

**NOTES TO THE FINANCIAL STATEMENTS
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(AMOUNTS IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

		2009						
		CONSOLIDATED						
		Fair value and maturities						
	Notional amount	Adjusted cost	Up to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days	Total	
Futures market – BM&F								
Long positions								
Exchange coupon (DDI)	1,960,128	-	697,359	-	553,839	708,931	1,960,129	
Interest rate – DI1	110,734	-	-	-	-	110,734	110,734	
Commercial dollar (DOL)	102,731	-	102,731	-	-	-	102,731	
Bovespa Index - IND	11,761	-	11,761	-	-	-	11,761	
	<u>2,185,354</u>	-	<u>811,851</u>	-	<u>553,839</u>	<u>819,665</u>	<u>2,185,355</u>	
Short positions								
Exchange coupon (DDI)	(3,389,610)	-	(2,253,661)	(939,103)	-	(196,846)	(3,389,610)	
Interest rate – DI1	(11,164,120)	-	(3,958,161)	(1,262,280)	(1,944,151)	(3,999,529)	(11,164,121)	
Commercial dollar (DOL)	(8,768)	-	(8,768)	-	-	-	(8,768)	
Euro	(30,794)	-	(30,794)	-	-	-	(30,794)	
	<u>(14,593,292)</u>	-	<u>(6,251,384)</u>	<u>(2,201,383)</u>	<u>(1,944,151)</u>	<u>(4,196,375)</u>	<u>(14,593,293)</u>	
Amounts receivable	-	-	482	-	-	-	482	
Currency swap – Central Bank								
Short positions								
Currency swap (SCC)	156,708	-	-	-	26,118	130,590	156,708	
	<u>156,708</u>	-	-	-	<u>26,118</u>	<u>130,590</u>	<u>156,708</u>	

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(AMOUNTS IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

		2008					
		BANK					
		Fair value and maturities					
	Notional amount	Adjusted cost	Up to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days	Total
Swap							
Interest rate							
Assets	8,450,602	7,756,901	1,569,209	560,220	1,160,821	5,614,304	8,904,554
Liabilities	(9,686,449)	(7,516,115)	(1,327,814)	(497,295)	(1,039,103)	(5,824,940)	(8,689,152)
	(1,235,847)	240,786	241,395	62,925	121,718	(210,636)	215,402
Foreign currency							
Assets	2,125,290	889,682	242,391	122,998	69,871	484,250	919,510
Liabilities	(889,443)	(1,210,077)	(550,881)	(258,666)	(272,274)	(132,593)	(1,214,414)
	1,235,847	(320,395)	(308,490)	(135,668)	(202,403)	351,657	(294,904)
Amounts receivable	-	348,457	63,134	15,663	5,116	264,652	348,565
Amounts	-	(428,066)	(130,229)	(88,406)	(85,801)	(123,631)	(428,067)
Forward							
Private securities Asset position:							
Forward purchases receivable	681	672	722	-	-	-	722
	681	672	722	-	-	-	722
Options							
Bovespa index							
Purchases of:							
Call options	29,940	3,992	5	951	1,131	247	2,334
Put options	-	15	-	-	12	2	14
	29,940	4,007	5	951	1,143	249	2,348
Sales of:							
Call options	(2,992)	(310)	-	(173)	(65)	-	(238)
	(2,992)	(310)	-	(173)	(65)	-	(238)
Foreign currency							
Purchases of:							
Call options	6,155	32,521	32,685	2,147	-	-	34,832
	6,155	32,521	32,685	2,147	-	-	34,832
Sales of:							
Call options	(29,431,363)	(3,121,739)	(260,247)	(303,871)	(429,078)	(2,348,474)	(3,341,670)
Put options	(37,506,087)	(2,960,541)	(346,018)	(397,731)	(557,759)	(1,793,526)	(3,095,034)
	(66,937,450)	(6,082,280)	(606,265)	(701,602)	(986,837)	(4,142,000)	(6,436,704)

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(AMOUNTS IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

		2008						
		BANK						
		Fair value and maturities						
	Notional amount	Adjusted cost	Up to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days	Total	
Non-Deliverable Forward (NDF)								
Long positions	524,067	-	125,401	58,123	76,822	263,721	524,067	
Short positions	(217)	-	(217)	-	-	-	(217)	
	<u>523,850</u>	<u>-</u>	<u>125,184</u>	<u>58,123</u>	<u>76,822</u>	<u>263,721</u>	<u>523,850</u>	
Accrued receivables	90,857	-	40,387	14,921	21,418	14,131	90,857	
Accrued payables	(22,366)	-	(22,366)	-	-	-	(22,366)	
	<u>68,491</u>	<u>-</u>	<u>18,021</u>	<u>14,921</u>	<u>21,418</u>	<u>14,131</u>	<u>68,491</u>	
Futures market – BM&F								
Long positions								
Exchange coupon (DDI)	2,102,465	-	848,033	227,542	729,809	297,081	2,102,465	
Interest rate – DI1	351,113	-	-	-	-	351,113	351,113	
	<u>2,453,578</u>	<u>-</u>	<u>848,033</u>	<u>227,542</u>	<u>729,809</u>	<u>648,194</u>	<u>2,453,578</u>	
Long positions								
Exchange coupon (DDI)	(217,960)	-	(55,718)	-	(55,128)	(107,114)	(217,960)	
Interest rate – DI1	(19,906,987)	-	(10,185,235)	(2,550,744)	(3,879,866)	(3,291,142)	(19,906,987)	
Commercial dollar (DOL)	(1,330,181)	-	(1,330,181)	-	-	-	(1,330,181)	
	<u>(21,455,128)</u>	<u>-</u>	<u>(11,571,134)</u>	<u>(2,550,744)</u>	<u>(3,934,994)</u>	<u>(3,398,256)</u>	<u>(21,455,128)</u>	
Amounts receivable	4,221	-	4,221	-	-	-	4,221	
Currency swap – Central Bank								
Short positions								
Currency swap (SCC)	572,565	-	397,290	-	175,275	-	572,565	
	<u>572,565</u>	<u>-</u>	<u>397,290</u>	<u>-</u>	<u>175,275</u>	<u>-</u>	<u>572,565</u>	

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")

**NOTES TO THE FINANCIAL STATEMENTS
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(AMOUNTS IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

		2008						
		CONSOLIDATED						
		Fair value and maturities						
	Notional amount	Adjusted cost	Up to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days	Total	
Swap								
Interest rate								
Assets	9,848,657	9,385,089	2,163,676	644,135	2,099,972	5,623,958	10,531,741	
Liabilities	<u>(11,084,504)</u>	<u>(9,140,101)</u>	<u>(1,922,466)</u>	<u>(580,959)</u>	<u>(1,970,932)</u>	<u>(5,834,247)</u>	<u>(10,308,604)</u>	
	(1,235,847)	244,988	241,210	63,176	129,040	(210,289)	223,137	
Foreign currency								
Assets	2,573,920	889,682	269,719	123,010	123,657	18,402	534,788	
Liabilities	<u>(1,338,073)</u>	<u>(1,210,077)</u>	<u>(566,695)</u>	<u>(258,666)</u>	<u>(301,372)</u>	<u>105,384</u>	<u>(1,021,349)</u>	
	1,235,847	(320,395)	(296,976)	(135,656)	(177,715)	123,786	(486,561)	
Amounts receivable	-	357,167	60,377	15,666	5,113	260,617	341,773	
Amounts payable	-	(432,574)	(116,143)	(88,146)	(53,788)	(347,120)	(605,197)	
Forward								
Private securities								
Asset position:								
Forward purchases receivable								
	<u>681</u>	<u>672</u>	<u>722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>722</u>	
	681	672	722	-	-	-	722	
Options								
Bovespa index								
Purchases of:								
Call options	29,940	3,992	5	951	1,131	247	2,334	
Put options	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>2</u>	<u>14</u>	
	29,940	4,007	5	951	1,143	249	2,348	
Sales of:								
Call options	<u>(2,992)</u>	<u>(310)</u>	<u>-</u>	<u>(173)</u>	<u>(65)</u>	<u>-</u>	<u>(238)</u>	
	(2,992)	(310)	-	(173)	(65)	-	(238)	
Foreign currency								
Purchases of:								
Call options	(461,245)	840	1,005	2,147	-	-	3,152	
Put options	<u>-</u>	<u>29,572</u>	<u>29,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,572</u>	
	(461,245)	30,412	30,577	2,147	-	-	32,724	
Sales of:								
Call options	(29,618,323)	(3,122,795)	(261,304)	(303,871)	(429,078)	(2,348,474)	(3,342,727)	
Put options	<u>(37,322,156)</u>	<u>(2,962,688)</u>	<u>(347,758)</u>	<u>(398,136)</u>	<u>(557,759)</u>	<u>(1,793,526)</u>	<u>(3,097,179)</u>	
	(66,940,479)	(6,085,483)	(609,062)	(702,007)	(986,837)	(4,142,000)	(6,439,906)	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(AMOUNTS IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

		2008					
		CONSOLIDATED					
		Fair value and maturities					
	Notional amount	Adjusted cost	Up to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days	Total
Non-Deliverable Forward (NDF)							
Long positions	524,067	-	125,401	58,123	76,822	263,721	524,067
Short positions	(217)	-	(217)	-	-	-	(217)
	<u>523,850</u>	-	<u>125,184</u>	<u>58,123</u>	<u>76,822</u>	<u>263,721</u>	<u>523,850</u>
Accrued receivables	90,857	-	40,387	14,921	21,418	14,131	90,857
Accrued payables	(22,366)	-	(22,366)	-	-	-	(22,366)
	<u>68,491</u>	-	<u>18,021</u>	<u>14,921</u>	<u>21,418</u>	<u>14,131</u>	<u>68,491</u>
Futures market – BM&F							
Long positions							
Exchange coupon (DDI)	2,102,465	-	848,033	227,542	729,809	297,081	2,102,465
Interest rate – DI1	351,113	-	-	-	-	351,113	351,113
	<u>2,453,578</u>	-	<u>848,033</u>	<u>227,542</u>	<u>729,809</u>	<u>648,194</u>	<u>2,453,578</u>
Short positions							
Exchange coupon (DDI)	(217,960)	-	(55,718)	-	(55,128)	(107,114)	(217,960)
Interest rate – DI1	(19,906,987)	-	(10,185,235)	(2,550,744)	(3,879,866)	(3,291,142)	(19,906,987)
Commercial dollar (DOL)	(1,330,181)	-	(1,330,181)	-	-	-	(1,330,181)
	<u>(21,455,128)</u>	-	<u>(11,571,134)</u>	<u>(2,550,744)</u>	<u>(3,934,994)</u>	<u>(3,398,256)</u>	<u>(21,455,128)</u>
Amounts receivable	4,221	-	4,221	-	-	-	4,221
Currency swap – Central Bank							
Long positions							
Currency swap (SCC)	572,565	-	397,290	-	175,275	-	572,565
	<u>572,565</u>	-	<u>397,290</u>	-	<u>175,275</u>	-	<u>572,565</u>
Short positions							
Currency swap (SCC)	(2,337)	-	(2,337)	-	-	-	(2,337)
	<u>(2,337)</u>	-	<u>(2,337)</u>	-	-	-	<u>(2,337)</u>

As of December 31, derivatives were traded in the following locations:

Location	Bank		Consolidated	
	2009	2008	2009	2008
BM&F	88,782,657	94,175,042	88,782,657	94,178,071
CETIP	7,359,241	8,973,110	9,559,446	9,626,467
	<u>96,141,898</u>	<u>103,148,152</u>	<u>98,342,103</u>	<u>103,804,538</u>

BANCO SAFRA S.A. AND BANCO SAFRA S.A. AND SUBSIDIARIES ("SAFRA CONSOLIDATED")**NOTES TO THE FINANCIAL STATEMENTS
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(AMOUNTS IN THOUSANDS OF BRAZILIAN REAIS – R\$)****Hedge of financial assets and liabilities with fixed interest**

As of December 31, 2009 and 2008, the Bank's financial assets and liabilities, bearing fixed interest, basically represented by a portion of the lending and leasing operations and time deposits, were hedged. Derivatives classified as market risk hedges were designated for these financial assets and liabilities, pursuant to BACEN Circular 3082, of January 30, 2002.

As a result of the hedging policy defined and the strategy adopted by Management, the effectiveness of the hedging portfolio as of December 31, 2009 and 2008 met the standard set by the Central Bank of Brazil and no ineffective portion to be recorded in the year was identified.

The hedged financial assets and liabilities as well as the derivatives instruments were measured at fair value and the related adjustments were recognized in the statement of income.

The breakdown of the hedged financial assets and liabilities and the derivatives was as follows:

		2009	
		Curve value	Fair value
Hedged financial assets and liabilities	Assets	11,112,696	11,214,171
	Liabilities	(2,778,998)	(2,807,320)
		8,333,698	8,406,851
Derivatives	Assets	912,873	910,414
	Liabilities	(8,280,537)	(8,308,490)
		(7,367,664)	(7,398,076)
		2008	
		Curve value	Fair value
Hedged financial assets and liabilities	Assets	9,334,293	9,372,402
	Liabilities	(3,261,546)	(3,267,599)
		6,072,747	6,104,803
Derivatives	Assets	7,446	8,000
	Liabilities	(5,349,314)	(5,452,147)
		(5,341,868)	(5,444,147)

As of December 31, the accumulated unrealized gain on hedged financial assets and liabilities, except derivatives, recorded in income is R\$73,153 (R\$32,056 in 2008).

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Reconciliation of income tax and social contribution charges for the years ended December 31 is as follows:

	2009			
	BANK		CONSOLIDATED	
	Income tax	Social contribution	Income tax	Social contribution
Profit before income taxes	1,075,069	1,075,069	1,209,223	1,209,223
Statutory tax rates	25%	15%	25%	15%
Expected income tax and social contribution expense	(268,767)	(161,260)	(302,306)	(181,383)
Effect of IRPJ and CSLL on permanent differences:				
Equity in subsidiaries (*)	153,513	92,035	(37,153)	(22,365)
Interest on capital	(50,421)	(30,252)	-	-
Securities issued abroad	33,884	20,331	34,146	20,487
Other permanent differences	12,479	7,501	10,387	7,090
Adjustment to deferred income tax on excess depreciation	(216,730)	-	(126,500)	-
Adjustment to deferred taxes on mark-to-market	(5,971)	(3,583)	(7,145)	(4,287)
Tax credits recognized on temporary differences	55,525	33,315	64,354	38,587
Effect of income tax and social contribution on temporary differences:				
Excess depreciation	216,730	-	126,500	-
Allowance for loan losses	(16,680)	(10,008)	18,002	10,801
Mark-to-market	5,729	3,437	6,905	4,143
(Reversal of) reserve for contingencies	(26,812)	(16,087)	14,213	8,938
Other temporary differences	(18)	(11)	716	4,201
Offsets:				
Tax incentives	-	-	3,879	-
DIPJ Adjustment	29	8,295	(1,515)	11,354
TOTAL	(107,510)	(56,287)	(195,517)	(102,434)

(*) Includes the tax effects on foreign exchange differences on branch and the investment in foreign subsidiary.

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	2008			
	BANK		CONSOLIDATED	
	Income tax	Social contribution	Income tax	Social contribution
Profit before income taxes	939,870	939,870	1,154,023	1,154,023
Statutory tax rates (*)	25,00%	13,52%	25,00%	13,52%
Expected income tax and social contribution expense	(234,967)	(127,070)	(288,506)	(156,024)
Effect of IRPJ and CSLL on permanent differences:				
Equity in subsidiaries (**)	145,297	78,576	(370)	(200)
Foreign subsidiary	-	-	47,681	25,786
Securities issued abroad	37,400	20,228	43,746	23,499
Interest on capital	29,250	15,820	29,250	15,820
Other permanent differences	(1,228)	(774)	(1,788)	199
Adjustment to deferred income tax on excess depreciation	(103,670)	-	(318,985)	-
Adjustment to deferred taxes on mark-to-market	16,339	7,420	15,883	6,802
Effect of income tax and social contribution on temporary differences:				
Excess depreciation	103,670	-	318,985	-
Allowance for loan losses	(22,698)	(12,276)	(23,958)	(13,408)
Mark-to-market	(16,339)	(7,420)	(15,883)	(6,802)
(Reversal of) reserve for contingencies	(19,694)	(10,652)	(22,597)	(12,219)
Other temporary differences	4,096	2,214	11,162	9,960
Offsets:				
Tax incentives	-	-	1,336	-
TOTAL	(62,544)	(33,934)	(204,044)	(106,587)

(*) Social contribution is being calculated at the tax rate of 9% from January to April 2008 and 15% after May 1, 2008, resulting in a proportional tax rate of 13.52% for the Bank and on a consolidated basis for this period.

(*) Includes the tax effects on foreign exchange differences on branch and the investment in foreign subsidiary.

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As of December 31, changes in tax credits and liabilities are as follows:

	2009			
	BANK		CONSOLIDATED	
	Tax credit	Tax liability	Tax credit	Tax liability
Opening balance	85,137	(178,488)	433,173	(1,168,887)
Recognition/Realization on tax credits/debts	94,709	(172,595)	70,623	(84,141)
Balance at end of year	179,846	(351,083)	503,796	(1,253,028)

	2008			
	BANK		CONSOLIDATED	
	Tax credit	Tax liability	Tax credit	Tax liability
Opening balance	32,647	(75,588)	224,141	(812,671)
Recognition/Realization on tax credits/debts	52,490	(102,900)	209,032	(356,216)
Balance at end of year	85,137	(178,488)	433,173	(1,168,887)

The changes below comprise the following deferred tax credits and tax obligations:

a) 2009:

	BANK		
	At beginning of year	Recognition/realization	At end of year
Tax credits:			
Deferred income tax and social contribution on:			
Reserve for labor contingencies	-	37,566	37,566
Reserve for civil contingencies	-	51,105	51,105
Mark-to-market - securities and derivatives	55,626	(53,626)	2,000
Mark-to-market – securities and derivatives - equity	-	456	456
Tax loss carryforwards (*)	29,511	59,040	88,551
Other temporary additions	-	168	168
Tax credits	85,137	94,709	179,846
Deferred taxes obligations:			
Deferred income tax and social contribution on:			
Mark-to-market – securities and derivatives	(47,501)	44,074	(3,427)
Mark-to-market - available-for-sale securities	(85)	85	-
Excess depreciation	(130,902)	(216,754)	(347,656)
Total deferred tax obligations on temporary differences	(178,488)	(172,595)	(351,083)

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	CONSOLIDATED		
	At beginning of year	Recognition/ realization	At end of year
Tax credits:			
Deferred income tax and social contribution on:			
Reserve for labor contingencies	-	39,056	39,056
Reserve for civil contingencies	-	58,834	58,834
Mark-to-market – securities and derivatives	55,626	(53,626)	2,000
Mark-to-market – securities and derivatives - equity	-	470	470
Tax loss carryforwards (*)	376,406	16,723	393,129
Tax loss carryforwards	1,141	4,114	5,255
Other Temporary additions	-	5,052	5,052
Tax credits	433,173	70,623	503,796
Deferred taxes obligations:			
Deferred income tax and social contribution on:			
Mark-to-market – securities and derivatives	(48,912)	42,190	(6,722)
Mark-to-market - available-for-sale securities	(85)	85	-
Excess depreciation	(1,119,890)	(126,416)	(1,246,306)
Total deferred tax obligations on temporary differences	(1,168,887)	(84,141)	(1,253,028)

(*) Arising on the deduction of excess depreciation income from income tax base.

b) 2008:

	BANK		
	At beginning of year	Recognition/ realization	At end of year
Tax credits:			
Deferred income tax and social contribution on:			
Mark-to-market – securities and derivatives	32,647	22,979	55,626
Income tax loss carryforwards	-	29,511	29,511
Tax credits on recognized temporary differences	32,647	52,490	85,137
Deferred taxes obligations:			
Deferred income tax and social contribution on:			
Mark-to-market – securities and derivatives	(48,281)	780	(47,501)
Mark-to-market - available-for-sale securities	(75)	(10)	(85)
Excess depreciation	(27,232)	(103,670)	(130,902)
Total deferred tax obligations on temporary differences	(75,588)	(102,900)	(178,488)

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	CONSOLIDATED		
	At beginning of year	Recognition/ realization	At end of year
Tax credits:			
Deferred income tax and social contribution on:			
Mark-to-market – securities and derivatives	32,308	23,318	55,626
Income tax loss carryforwards	191,833	184,573	376,406
Tax loss carryforwards	-	1,141	1,141
	224,141	209,032	433,173
Tax credits on recognized temporary differences			
Deferred taxes obligations:			
Deferred income tax and social contribution on:			
Mark-to-market – securities and derivatives	(48,279)	(633)	(48,912)
Mark-to-market - available-for-sale securities	(76)	(9)	(85)
Excess depreciation (*)	(764,316)	(355,574)	(1,119,890)
	(812,671)	(356,216)	(1,168,887)
Total deferred tax obligations on temporary differences			

(*) After April 2008, Banco J. Safra became a subsidiary of Banco Safra and started to be consolidated; therefore, the changes in excess depreciation deferred tax liabilities include the addition of the balances of Banco J. Safra.

Expected realization of tax credits on temporary differences and tax loss carryforwards:

a) Banco Safra:

Year	2009				
	Temporary differences		Tax loss carryforwards		Total
	Income tax	Social contribution	Income tax	Social contribution	
2010	12,803	7,682	4,903	-	25,388
2011	11,220	6,732	19,245	-	37,197
2012	11,220	6,732	29,643	-	47,595
2013	11,220	6,732	27,844	-	45,796
2014	10,596	6,358	6,916	-	23,870
Total	57,059	34,236	88,551	-	179,846

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b) Consolidated:

Year	2009				
	Temporary differences		Tax loss carryforwards		Total
	Income tax	Social contribution	Income tax	Social contribution	
2010	14,833	8,900	40,446	2,169	66,348
2011	12,994	7,796	108,311	2,514	131,615
2012	12,994	7,796	126,880	191	147,861
2013	12,994	7,796	93,514	191	114,495
2014	11,919	7,390	23,978	190	43,477
Total	65,734	39,678	393,129	5,255	503,796

The present value of the estimated realization of tax credits is R\$132,263, Bank, and R\$377,073 on a consolidated basis, discounted based on CDI fluctuation projected for the corresponding periods.

As of December 31, 2009, there are temporary differences on which no tax credits were recognized that total R\$510,222 (R\$513,598 in 2008), Bank, and R\$626,705 (R\$756,489 in 2008) on a consolidated basis, based on management's analysis of realization.

25. STATEMENT OF INCOME

a) Income from services provided

	BANK			CONSOLIDATED	
	Six-month period	2009	2008	2009	2008
Income from services provided to mutual funds (*)	42,809	75,622	5,967	134,505	212,919
Income from stock exchange brokerage services	-	-	-	23,484	29,973
Income from collection services	36,472	60,998	66,664	61,047	68,102
Income from guarantees provided	51,918	96,297	69,119	96,297	69,119
Income from custody services	1,518	2,993	-	4,115	-
Other services (agreements, fees and commissions)	10,762	20,252	22,874	29,149	24,113
Other	746	1,487	3,115	17,767	25,313
	144,225	257,649	167,739	366,364	429,539

(*) In Bank refers to custody services and on a consolidated basis refers to mutual fund management services.

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b) Other administrative expenses

	BANK		CONSOLIDATED		
	Six-month period	2009	2008	2009	2008
Public utilities	4,018	8,599	8,798	9,605	10,054
Rental expenses	36,645	74,138	65,225	51,695	45,115
Lease of assets	6,245	13,982	13,248	3,150	548
Communication	6,518	12,897	22,032	17,681	24,528
Maintenance and upkeep	11,048	21,131	25,865	23,011	28,198
Office supplies	1,572	2,728	4,931	2,729	4,948
Publicity and advertising expenses	4,194	10,836	13,448	12,410	14,443
Data processing	19,099	39,038	49,057	39,686	50,573
Specialized technical services (*)	22,875	41,197	47,428	52,217	59,904
Outside services (**)	60,351	112,478	124,943	125,187	145,128
Travel expenses	3,003	5,881	9,524	6,615	9,759
Financial system services	12,910	23,680	29,778	24,732	31,479
Security and surveillance services	5,184	10,000	10,785	10,538	11,447
Transportation expenses	9,499	20,802	29,087	21,262	29,297
Information security expenses	3,219	23,374	14,812	25,127	16,062
Depreciation and amortization	9,200	19,658	20,346	40,923	46,470
Other	28,153	48,183	90,651	72,067	106,483
	243,733	488,602	579,958	538,635	634,436

(*) Refers basically to lawyers' fees and expert services.

(**) Refers basically to bank correspondent services and other professional services.

c) Tax expenses:

	BANK		CONSOLIDATED		
	Six-month period	2009	2008	2009	2008
Tax on revenue (COFINS)	5,300	9,461	7,778	38,335	45,885
Tax on revenue (PIS)	878	1,555	1,264	6,215	7,556
Service tax (ISS)	6,565	12,078	10,560	22,988	21,367
Municipal real state tax (IPTU)	251	2,559	2,781	2,876	3,268
Tax on financial transactions (IOF)	1,560	5,986	5,114	6,387	5,557
REFIS expenses	46,682	46,682	-	101,793	-
Other	6,182	8,807	14,036	13,566	15,851
	67,418	87,128	41,533	192,160	99,484

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d) Other operating income:

	BANK		CONSOLIDATED		
	Six-month period	2009	2008	2009	2008
Recovery of charges and expenses	18,046	24,924	6,397	21,413	7,843
Income tax	-	-	-	-	343
Reversal of sundry provisions	101,173	185,210	130,267	408,988	164,031
Income on receivables purchased	43,853	113,993	163,977	113,993	163,977
Income from Insurance operations	-	-	-	103,339	101,878
Exchange rate fluctuations (*)	2,272	9,014	161,638	22,356	326,150
Accounts receivable	24,652	43,986	21,421	43,986	21,421
Other operating income	29,595	44,639	70,794	168,251	182,940
	219,591	421,766	554,494	882,326	968,583

(*) Refers basically to foreign exchange fluctuation on the investments abroad (branch and subsidiary).

e) Other operating expenses:

	BANK		CONSOLIDATED		
	Six-month period	2009	2008	2009	2008
Reserve for contingent liabilities	105,210	217,224	51,764	268,760	130,748
Other provisions	53,756	90,846	71,810	99,702	78,246
Expenses on discounts granted in renegotiations	17,968	24,027	13,517	24,027	13,517
Expenses on insurance operations	-	-	-	112,645	80,682
Exchange rate fluctuations (*)	25,823	74,321	106,408	184,048	117,424
Other operating expenses (**)	22,465	50,513	90,183	61,936	161,050
	225,222	456,931	333,682	751,118	581,667

(*) Refers basically to foreign exchange fluctuation on the investments abroad (branch and subsidiary).

(**) Refer basically to expenses on consumer business fees, card operation fees, foreign exchange losses on government securities, inflation losses, fund raising expenses, and other sundry expenses.

26. OPERATIONAL LIMITS

The Central Bank of Brazil released Communications 12746/04 and 16137/07, which address the guidelines and the schedules for implementation of the criteria of the New Basel Accord (Basel II). These Communications contain the recommendations of the Basel Banking Supervision Committee, contained in the paper International Convergence of Capital Measurement and Capital Standards: A Revised Framework which establishes more appropriate criteria for the risk levels associated to financial institutions' operations for the allocation of regulatory capital.

In addition to these Communications, the National Monetary Council and the Central Bank of Brazil disclosed several regulations that establish the guidelines to calculate regulatory capital, which went into effect on July 1, 2008, such as:

- CMN Resolution 3464/07 – Implements the market risk management structure;
- CMN Resolution 3490/07 - Defines the Minimum Regulatory Capital (PRE);

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-
- Circular 3360/07 - Defines the Risk-Weighted Exposure (PEPR) Portion;
 - Circulars 3361/07 to 3364/07, 3366/07, 3368/07, and 3389/08 - Define exposure to the Interest (PJUR-1 to PJUR-4), Share (PACS), Commodities (PCOM) and Foreign Exchange (PCAM) Portion;
 - Circular 3383/08 (as amended by Circular Letter 3476/09) - Defines the procedures to calculate the PRE portion related to operational risk (POPR), addressed by Resolution 3490/08.
 - Circular Letter 3315/08 - Clarifies the procedures to calculate the PRE portion related to operational risk (POPR), addressed by Resolution 3383/08.
 - Circular Letter 3316/08 – Details the composition of the Operational Risk Exposure Indicator (IE).

Based on the regulations above, as of December 31, 2009, the margin of consolidated Regulatory Capital (PR), which amounts to R\$5,815,453 is R\$1,819,876 above BACEN's Required Regulatory Capital (PRE) and the Basel ratio is 16.05%, thus maintaining capital's consistency with the risks of the Group's operations.

Starting December 2008, the additional amount related to the allowance for loan losses recognized above the minimum percentages required by Central Bank of Brazil regulations was included in Tier I Regulatory Capital in compliance with CMN Resolution 3674/08.

27. OTHER INFORMATION

- a) The balance of cash and cash equivalents refers basically to bank account balances in foreign banks.
- b) The responsibility for collateral signatures, sureties, and other guarantees provided, amounted to, as of December 31, 2009, R\$4,376,929, Bank, and R\$4,404,416 on a consolidated basis (R\$5,397,783, Bank, and R\$5,517,091 on a consolidated basis), and no losses are expected as a result of these transactions.
- c) The Safra Group is responsible for the management of several investment funds, whose net assets as of December 31, 2009, on a consolidated basis, totaled R\$46,341,953 (R\$33,303,995 in 2008), of which R\$28,466,342 (R\$25,819,018 in 2008) refers to financial investment funds, R\$12,252,970 (R\$4,657,002 in 2008) in share investment funds, and R\$5,622,641 in other funds (R\$2,827,975 in 2008). Income from these funds management fees, recorded in 'Income from services provided', totals R\$42,809 for the six-month period and R\$75,622 for the year (R\$5,967 in 2006), Bank, and R\$134,505 for the year (R\$212,919 in 2008) on a consolidated basis.
- d) Insurance on leased assets is linked to specific covenants in lease agreements. The Bank has insurance coverage in amounts considered sufficient to cover any risks on its assets, such as fire, civil liability and sundry risks.
- e) As of December 31, nonoperating income refers basically to profit/(loss) obtained/(incurred) on the sale of assets and totaled R\$(12,343) for the six-month period and R\$(14,228) for the year (R\$8,049 in 2008), Bank, and R\$(7,488) (R\$4,673 in 2008) on a consolidated basis.
