

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

Banco Safra S.A.

*Financial Statements
for the Six-Month Periods Ended
June 30, 2009 and 2008 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 Management 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 June 30, 2009 and 2008, and the related statements of income, changes in shareholders' equity and cash flows for the six-month periods then ended, 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 June 30, 2009 and 2008, and the results of their operations, the changes in their shareholders' equity and their cash flows for the six-month periods then ended, 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, August 19, 2009



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 JUNE 30, 2009 AND 2008
(IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED	
	2009	2008	2009	2008
ASSETS				
CURRENT ASSETS	41,177,490	41,525,111	47,829,616	47,357,459
Cash and cash equivalents	264,858	205,316	302,504	255,785
Interbank investments	20,722,593	7,030,799	18,972,314	6,005,946
Money market investments	15,095,323	2,650,001	15,095,323	2,650,001
Interbank deposits	3,110,761	3,405,639	1,360,482	2,380,786
Foreign currency investments	2,517,123	976,616	2,517,123	976,616
(Valuation allowance)	(614)	(1,457)	(614)	(1,457)
Securities and derivatives	5,147,547	14,777,237	11,257,734	18,702,697
Own portfolio	1,566,324	1,225,220	7,586,921	5,065,511
Securities subject to unrestricted repurchase agreements	2,769,516	11,214,128	2,769,515	11,214,127
Derivatives financial instruments	86,950	294,925	78,984	290,399
Deposited with the Central Bank of Brazil and other	240,515	1,148,010	240,515	1,148,010
Pledged in guarantees	462,147	873,059	559,704	962,755
Linked to trading portfolio operations	22,095	21,895	22,095	21,895
Interbank accounts	816,396	1,850,474	817,564	1,854,334
Payments and receipts pending settlement	194,060	572,698	194,060	572,764
Restricted deposits:				
Central Bank of Brazil	621,843	1,273,237	622,093	1,273,502
National Housing System (SFH)	464	394	464	394
Interbank onlendings	-	40	-	-
Correspondents	29	4,105	947	7,674
Interbranch accounts	3,407	4,702	3,407	4,702
Internal transfers of funds	3,407	4,702	3,407	4,702
Lending operations	10,483,896	14,356,907	10,659,322	14,846,882
Lending operations:				
Public sector	-	5,906	-	5,906
Private sector	10,860,291	14,812,833	11,053,262	15,318,197
(Allowance for loan losses)	(376,395)	(461,832)	(393,940)	(477,221)
Leasing operations	162,096	43,930	2,007,611	2,064,818
Lease operations:				
Lease receivables - private sector	189,396	56,834	2,201,154	2,302,712
(Allowance for doubtful lease receivables)	(27,300)	(12,904)	(193,543)	(237,894)
Other receivables	3,569,962	3,241,938	3,802,019	3,606,598
Receivables for guarantees honored	5,061	1,720	5,061	1,720
Foreign exchange portfolio	2,003,415	1,965,281	2,003,415	1,965,281
Income receivable	209,878	107,425	1,817	968
Trading account	739	6,854	118,298	110,263
Other	1,431,181	1,202,707	1,753,875	1,570,550
(Allowance for losses on other receivables)	(80,312)	(42,049)	(80,447)	(42,184)
Other assets	6,735	13,808	7,141	15,697
Prepaid expenses	6,735	13,808	7,141	15,697

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

BALANCE SHEETS AS OF JUNE 30, 2009 AND 2008
(IN THOUSANDS OF BRAZILIAN REAIS – R\$)

(continued)

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED	
	2009	2008	2009	2008
ASSETS				
NONCURRENT ASSETS	21,388,325	21,136,689	13,648,996	10,836,639
LONG-TERM ASSETS	17,714,206	18,482,392	12,843,714	10,439,254
Interbank investments	567,293	295,885	289,680	295,885
Interbank deposits	368,078	253,996	90,465	253,996
Foreign currency investments	199,279	42,022	199,279	42,022
(Valuation allowance)	(64)	(133)	(64)	(133)
Securities and derivatives	11,950,539	11,692,023	3,443,848	391,468
Own portfolio	2,994,165	621,774	3,299,579	324,376
Linked to repurchase agreements	8,813,059	11,028,031	8,673	36,426
Derivatives financial instruments	143,315	42,218	135,596	30,666
Interbank accounts	-	15,919	-	-
Interbank onlendings	-	15,919	-	-
Lending operations	4,298,090	5,144,233	4,476,056	5,144,233
Lending operations:				
Private sector	4,402,092	5,223,345	4,582,469	5,223,345
(Allowance for loan losses)	(104,002)	(79,112)	(106,413)	(79,112)
Leasing operations	462,864	891,775	3,969,490	4,153,462
Lease operations:				
Lease receivables - private sector	486,191	908,038	4,104,145	4,169,725
(Allowance for doubtful lease receivables)	(23,327)	(16,263)	(134,655)	(16,263)
Other receivables	433,159	441,524	651,759	441,524
Foreign exchange portfolio	-	49,961	-	49,961
Income receivable	67	-	67	-
Other	434,315	392,433	652,915	392,433
(Allowance for losses on other receivables)	(1,223)	(870)	(1,223)	(870)
Other assets	2,261	1,033	12,881	12,682
Other assets	10,305	4,954	24,351	18,631
(Allowance for losses on other receivables)	(8,044)	(3,921)	(11,470)	(5,949)
PERMANENT ASSETS	3,674,119	2,654,297	805,282	397,385
Investments	3,598,743	2,581,639	473,479	89,926
Investments in associates and subsidiaries:				
Domestic	2,895,922	2,340,033	12,145	75,808
Foreign	246,411	232,188	-	-
Other investments	458,079	11,039	474,614	29,057
(Allowance for losses)	(1,669)	(1,621)	(13,280)	(14,939)
Property and equipment	49,073	47,037	302,948	276,931
Real estate	7,276	13,503	315,987	283,881
Other	152,088	132,903	233,928	213,494
(Accumulated depreciation)	(110,291)	(99,369)	(246,967)	(220,444)
Deferred charges	7,468	11,450	9,317	15,685
Organization and expansion costs	17,527	14,126	26,085	22,596
(Accumulated amortization)	(10,059)	(2,676)	(16,768)	(6,911)
Intangibles	18,835	14,171	19,538	14,843
Intangible assets	36,090	31,225	39,543	34,647
(Accumulated amortization)	(17,255)	(17,054)	(20,005)	(19,804)
TOTAL ASSETS	62,565,815	62,661,800	61,478,612	58,194,098

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

**BALANCE SHEETS AS OF JUNE 30, 2009 AND 2008
(IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

(continued)

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED	
	2009	2008	2009	2008
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES	42,004,090	36,901,277	38,328,880	37,826,465
Deposits	15,577,706	8,353,030	11,065,602	7,792,260
Demand deposits	784,018	1,043,940	779,022	1,043,335
Savings deposits	917,433	1,819,250	917,433	1,819,250
Interbank deposits	7,891,108	1,629,158	3,518,331	1,044,813
Time deposits	5,950,175	3,838,593	5,815,844	3,860,787
Other deposits	34,972	22,089	34,972	24,075
Money market funding	17,224,338	18,682,875	17,194,439	18,630,276
Own portfolio	9,000,412	17,283,014	9,000,412	17,230,415
Third parties	8,201,884	1,377,984	8,171,985	1,377,984
Trading portfolio	22,042	21,877	22,042	21,877
Funds from acceptance and issuance of securities	429,890	533,437	429,884	447,181
Real estate notes	104,280	29,433	104,274	29,433
Debentures	-	-	-	6
Securities issued abroad	325,610	504,004	325,610	417,742
Interbank accounts	293,147	999,833	282,867	767,274
Receipts and payments pending settlement	279,908	759,508	279,910	759,517
Interbank onlendings	-	10,010	-	-
Correspondents	13,239	230,315	2,957	7,757
Interbranch accounts	104,861	229,074	104,861	229,074
Third-party funds in transit	104,690	228,841	104,690	228,841
Internal transfers of funds	171	233	171	233
Borrowings	1,999,061	2,250,280	1,999,061	2,255,279
Domestic borrowings - official institutions	391,392	-	391,392	-
Foreign borrowings	1,607,669	2,250,280	1,607,669	2,255,279
Domestic onlendings - official institutions	213,661	222,628	668,553	1,156,086
National Treasury	54,074	45,619	54,074	45,619
National Social and Economic Development Bank (BNDES)	38,473	20,370	38,473	20,370
National Equipment Financing Authority (FINAME)	121,114	156,639	576,006	1,090,097
Derivatives	2,676,969	3,692,432	2,457,449	3,620,277
Derivatives	2,676,969	3,692,432	2,457,449	3,620,277
Other payables	3,484,457	1,937,688	4,126,164	2,928,758
Collected taxes and other	1,928,361	274,822	1,928,562	275,180
Foreign exchange portfolio	879,488	961,693	879,488	961,693
Social and statutory	4,302	3,735	4,302	21,462
Taxes and social security	40,035	136,310	355,425	570,537
Technical reserves - insurance	-	-	129,233	114,041
Trading account	1,832	34,446	119,371	149,281
Other	630,439	526,682	709,783	836,564

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

**BALANCE SHEETS AS OF JUNE 30, 2009 AND 2008
(IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

(continued)

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED	
	2009	2008	2009	2008
LIABILITIES AND SHAREHOLDERS' EQUITY				
NONCURRENT LIABILITIES	20,561,725	25,760,523	23,149,732	20,367,633
LONG-TERM LIABILITIES	15,953,822	21,727,737	18,541,829	16,334,841
Deposits	3,460,487	9,015,742	3,460,487	1,673,032
Interbank deposits	15,014	7,420,635	15,014	72,331
Time deposits	3,445,473	1,595,107	3,445,473	1,600,701
Money market funding	2,604,049	4,973,006	2,604,049	4,973,006
Own portfolio	2,604,049	4,973,006	2,604,049	4,973,006
Funds from acceptance and issuance of securities	1,651,845	1,678,921	1,465,895	1,678,921
Real estate notes	15,108	17,169	203,142	17,169
Securities issued abroad	1,636,737	1,661,752	1,262,753	1,661,752
Borrowings	233,397	39,795	233,397	39,795
Foreign borrowings	233,397	39,795	233,397	39,795
Domestic onlendings - official institutions	2,573,047	2,835,700	3,022,024	2,835,700
National Treasury	-	103,810	-	103,810
National Social and Economic Development Bank (BNDES)	153,595	69,766	153,595	69,766
National Equipment Financing Authority (FINAME)	2,419,452	2,662,124	2,868,429	2,662,124
Derivatives	3,602,864	1,732,853	3,706,591	1,732,853
Derivatives	3,602,864	1,732,853	3,706,591	1,732,853
Other payables	1,828,133	1,451,720	4,049,386	3,401,534
Foreign exchange portfolio	-	47,745	-	47,745
Taxes and social security	671,491	525,309	1,875,793	1,380,461
Technical reserves - insurance	-	-	996,050	1,094,662
Subordinated debt	698,827	698,571	698,827	698,571
Other	457,815	180,095	478,716	180,095
DEFERRED INCOME	28,640	22,869	28,640	22,869
Deferred income	28,640	22,869	28,640	22,869
Minority shareholders	-	-	-	6
SHAREHOLDERS' EQUITY	4,579,263	4,009,917	4,579,263	4,009,917
Capital:				
Residents in Brazil				
Capital	2,007,958	2,007,958	2,007,958	2,007,958
Capital reserves	72,723	72,696	72,723	72,696
Profit reserves	1,080,989	369,329	1,080,989	369,329
Adjustment to fair value - securities and derivatives	(178)	(577)	(178)	(577)
Retained earnings	1,417,771	1,560,511	1,417,771	1,560,511
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	62,565,815	62,661,800	61,478,612	58,194,098

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

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

**STATEMENTS OF INCOME FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2009 AND 2008
(IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED	
	2009	2008	2009	2008
INCOME FROM FINANCIAL INTERMEDIATION	3,059,059	3,292,954	3,346,020	3,364,604
Lending operations	979,407	1,373,175	1,015,408	1,437,029
Leasing operations	55,662	56,188	496,062	419,086
Securities transactions	1,881,223	1,701,593	1,809,680	1,429,970
Foreign exchange transactions	136,554	122,002	18,657	37,942
Compulsory investments	6,213	39,996	6,213	40,577
EXPENSES ON FINANCIAL INTERMEDIATION	(2,318,685)	(2,460,252)	(2,295,095)	(2,179,608)
Derivative transactions	(495,587)	(111,124)	(411,777)	(102,235)
Funding operations	(1,454,964)	(2,006,848)	(1,330,973)	(1,593,398)
Borrowings, assignments and onlendings	(241,858)	(244,102)	(385,789)	(393,513)
Financial assets sale and transfer operations	(71,306)	-	(71,306)	-
Allowance for losses on loans, leases and other receivables	(54,970)	(98,178)	(95,250)	(90,462)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	740,374	832,702	1,050,925	1,184,996
OTHER OPERATING (EXPENSES) INCOME	(273,925)	(255,463)	(474,398)	(492,508)
Income from services provided	113,424	79,185	153,270	219,453
Income from bank fees	29,808	43,866	38,370	48,040
Personnel expenses	(291,187)	(323,112)	(352,149)	(398,419)
Other administrative expenses	(244,869)	(288,897)	(276,544)	(308,605)
Tax expenses	(19,710)	(22,790)	(38,560)	(53,371)
Equity in associates and subsidiaries	168,029	241,863	9,888	234
Other operating income	202,289	169,270	384,470	331,069
Other operating expenses	(231,709)	(154,848)	(393,143)	(330,909)
INCOME FROM OPERATIONS	466,449	577,239	576,527	692,488
NONOPERATING INCOME (EXPENSES)	(1,885)	3,696	1,316	4,906
INCOME BEFORE TAXES ON INCOME	464,564	580,935	577,843	697,394
INCOME TAX AND SOCIAL CONTRIBUTION	(11,832)	(135,731)	(125,111)	(252,190)
Provision for income tax and social contribution	(11,832)	(135,731)	(125,111)	(252,190)
NET INCOME	452,732	445,204	452,732	445,204
Number of subscribed shares: 1,085,948 (1,085,948 in 2008)				
- Earnings per share (in reais)	416.90	409.97	416.90	409.97

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 SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
(IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

	Capital	Capital reserves	Profit reserves		Mark-to-market of securities and derivatives	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	-	-	-	-	-	(652)	-	(652)
Capital increase	246,998	-	-	-	-	-	-	246,998
Capital reduction	(40,940)	-	-	-	-	-	-	(40,940)
Adjustment of membership certificates	-	607	-	-	-	-	-	607
Net income	-	-	-	-	-	-	445,204	445,204
Allocation:								
Reserves	-	-	22,260	-	-	-	(22,260)	-
Proposed dividends - R\$0.52 per share	-	-	-	-	-	-	(569,979)	(569,979)
BALANCES AS OF JUNE 30, 2008	<u>2,007,958</u>	<u>72,696</u>	<u>318,352</u>	<u>50,977</u>	<u>-</u>	<u>(577)</u>	<u>1,560,511</u>	<u>4,009,917</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	-	-	-	-	-	244	-	244
Net income	-	-	-	-	-	-	452,732	452,732
Allocation:								
Reserves	-	-	22,637	-	430,095	-	(452,732)	-
BALANCES AS OF JUNE 30, 2009	<u>2,007,958</u>	<u>72,723</u>	<u>360,899</u>	<u>50,977</u>	<u>669,113</u>	<u>(178)</u>	<u>1,417,771</u>	<u>4,579,263</u>

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

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

**STATEMENTS OF CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
(IN THOUSANDS OF BRAZILIAN REAIS – R\$)**

	BANCO SAFRA S.A.		SAFRA CONSOLIDATED	
	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
ADJUSTED NET INCOME	361,706	311,200	569,878	555,483
Net income	452,732	445,204	452,732	445,204
Adjustments to net income:				
Depreciation and amortization	10,459	10,052	19,297	21,103
Valuation allowance for interbank investments	350	(1,189)	350	(1,189)
Allowance for loan losses	24,296	69,917	35,176	75,060
Allowance for doubtful lease receivables	1,844	31,361	31,244	18,502
Allowance for losses on other receivables	28,830	(3,100)	28,830	(3,100)
Allowance for repossessed assets losses	2,330	550	3,195	8
Equity in associates and subsidiaries	(168,029)	(241,863)	(9,888)	(234)
Adjustment to fair value – securities and derivatives	244	(652)	244	(652)
Allowance for investment losses	48	(774)	96	(913)
Deferred income	8,602	1,694	8,602	1,694
CHANGES IN ASSETS AND LIABILITIES	(2,934,346)	11,991,995	(1,026,035)	8,381,741
(Increase) in interbank investments	(15,445,054)	(1,137,949)	(15,454,928)	(642,022)
Decrease in securities and derivatives	10,621,791	9,272,730	12,309,335	6,296,793
(Increase) decrease in derivatives	(607,542)	1,766,936	(808,780)	2,127,509
Decrease in interbank and interbranch accounts (assets/liabilities)	412,393	1,514,238	377,560	1,273,314
Decrease in lending operations	464,981	1,425,672	401,397	999,772
(Increase) decrease in leasing operations	116,263	(347,518)	840,636	(1,163,544)
(Increase) decrease in other receivables	2,035,028	(987,315)	1,914,706	(1,143,710)
Decrease in other assets	4,464	2,539	4,618	1,095
Increase (decrease) in other payables	(536,670)	482,662	(610,579)	632,534
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(2,572,640)	12,303,195	(456,157)	8,937,224
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment grants and subsidies and membership certificates	-	607	-	607
Minority interest	-	-	(8)	(10,671)
Sale of property and equipment	17,478	25,017	23,096	25,538
Purchase of repossessed assets	(1,369)	-	(2,234)	(4)
Sale of repossessed assets	-	33	-	-
Acquisition of investments	(236,562)	(250,023)	-	(250,023)
Sale of investments	37,120	44,715	81,381	297,000
Purchase of property and equipment	(24,364)	(28,867)	(24,364)	(52,511)
Deferred charges	-	(5,024)	36	(10,689)
Intangible assets	(4,865)	-	(4,896)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(212,562)	(213,542)	73,011	(753)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in deposits	2,396,248	(5,190,621)	(169,069)	(1,498,033)
Increase (decrease) in money market funding	3,204,269	(7,535,680)	3,231,869	(7,588,279)
Increase (decrease) in borrowings and onlendings	(1,560,757)	657,142	(1,731,421)	955,427
Increase (decrease) in funds from acceptance and issuance of securities	(1,371,365)	(935,097)	(1,078,751)	(516,375)
Capital increase	-	206,058	-	206,058
Dividends and interest on capital received (paid)	-	590,021	-	(569,979)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	2,668,395	(12,208,177)	252,628	(9,011,181)
(DECREASE) IN CASH AND CASH EQUIVALENTS	(116,807)	(118,524)	(130,518)	(74,710)
Cash and cash equivalents at beginning of six-month period	381,665	323,840	433,022	330,495
Cash and cash equivalents at end of six-month period	264,858	205,316	302,504	255,785
(DECREASE) IN CASH AND CASH EQUIVALENTS	(116,807)	(118,524)	(130,518)	(74,710)

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

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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 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. Minority interest has 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:

	<u>BANK</u>		<u>CONSOLIDATED</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Leasing portfolio	5,625	1,348	138,073	87,887
Leased property and equipment	1,571,818	1,697,089	12,347,534	11,032,783
Guaranteed residual value	<u>(901,856)</u>	<u>(733,565)</u>	<u>(6,180,308)</u>	<u>(4,648,233)</u>
Balance at present value	<u>675,587</u>	<u>964,872</u>	<u>6,305,299</u>	<u>6,472,437</u>
Lease income	268,528	277,557	2,292,870	2,026,073
Lease expenses	<u>(212,866)</u>	<u>(221,369)</u>	<u>(1,796,808)</u>	<u>(1,606,987)</u>
Lease income, net	<u>55,662</u>	<u>56,188</u>	<u>496,062</u>	<u>419,086</u>

The Cayman Islands branch has been consolidated into the Bank's financial statements and its balances, excluding the amount of transactions with the head office, have been translated at the exchange rate prevailing as of June 30 as follows: Assets R\$2,068,719 (R\$1,660,981 in 2008), Liabilities R\$2,434,935 (R\$1,391,431 in 2008) and Shareholders' Equity R\$218,041 (R\$288,995 in 2008). Net income for the six-month period was R\$6,996 (R\$11,168 in 2008).

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For purposes of comparability of the financial statements for the six-month period ended June 30, 2009 and in compliance with the change in the chart of accounts of the Bank's subsidiaries pursuant to current legislation, the Bank's management decided to reclassify deferred tax liabilities to long-term and part of the insurance reserves to short-term in the financial statements for the six-month period ended June 30, 2008; 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 9 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 purposes of meeting short-term cash commitments and not for investment or any other purposes are classified as cash equivalents.

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

Stated at cost, plus, when applicable, income, monetary deviation 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 positions conducted by management to conclude on their adequate amount, and takes into consideration the economic scenario and the overall and specific risks of each portfolio, as well BACEN's regulations.

d) Securities

Under BACEN Circular 3068, dated November 8th 2001, and supplementary regulation, securities are classified according to management's intent into three specific categories: trading securities, available-for-sale securities and held-to-maturity securities.

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.

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e) Permanent assets

Stated at cost, monetary deviation adjusted through December 31, 1995, considering the following: (i) depreciation of property 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 (note 9); (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.

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, monetary deviation adjustments (on a daily pro rata basis) and exchange rate changes 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 include tax incentives, whose option is reported in the income tax return. Provisional Act 413, January 3rd 2008, converted into Law 11727, June 23rd 2008, increased the social contribution tax rate levied on the financial industry from 9% to 15% of taxable income beginning May 1st 2008.

h) Contingent assets and liabilities, 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, January 31st 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 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.

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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:

- (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.
- (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 "Mark-to-market - securities and derivatives". 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 co-insurance premiums, net of ceded co-insurance 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 co-insurance 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 co-insurance 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 lines is recognized based on 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, to the best of its judgment, that affect the reported amounts of certain assets and liabilities, financial or nonfinancial, income and expenses, and other transactions, such as: (i) the fair value of certain financial assets and liabilities and derivatives; (ii) the depreciation rates of property and equipment; (iii) amortization of intangible assets; (iv) and the provisions necessary to absorb possible risks arising from doubtful accounts and contingent liabilities. 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\$3,896,038, Bank, and R\$3,854,272, consolidated; 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 amount of R\$381,665 (R\$323,840 in 2008) in the Bank and R\$433,022 (R\$330,495 in 2008) in the consolidated.

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5. INTERBANK INVESTMENTS

As of June 30, 2009, interbank investments were as follows:

	BANK			
	Amount by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	Total
Money market investments				
Own portfolio				
National Treasury	6,777,043	200,367	-	6,977,410
Third-party portfolio				
National Treasury	8,117,913	-	-	8,117,913
	<u>14,894,956</u>	<u>200,367</u>	<u>-</u>	<u>15,095,323</u>
Interbank deposits	1,104,098	2,006,049	368,014	3,478,161
Foreign currency investments	24,580	2,492,543	199,279	2,716,402
	<u>1,128,678</u>	<u>4,498,592</u>	<u>567,293</u>	<u>6,194,563</u>
	<u>16,023,634</u>	<u>4,698,959</u>	<u>567,293</u>	<u>21,289,886</u>

	CONSOLIDATED			
	Amount by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	Total
Money market investments				
Own portfolio				
National Treasury	6,777,043	200,367	-	6,977,410
Third-party portfolio				
National Treasury	8,117,913	-	-	8,117,913
	<u>14,894,956</u>	<u>200,367</u>	<u>-</u>	<u>15,095,323</u>
Interbank deposits	1,031,051	328,817	90,401	1,450,269
Foreign currency investments	24,580	2,492,543	199,279	2,716,402
	<u>1,055,631</u>	<u>2,821,360</u>	<u>289,680</u>	<u>4,166,671</u>
	<u>15,950,587</u>	<u>3,021,727</u>	<u>289,680</u>	<u>19,261,994</u>

As of June 30, 2008, interbank investments were as follows:

	BANK			
	Amount by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	Total
Money market investments				
Own portfolio				
National Treasury	1,240,118	-	-	1,240,118
Third-party portfolio				
National Treasury	1,409,883	-	-	1,409,883
	<u>2,650,001</u>	<u>-</u>	<u>-</u>	<u>2,650,001</u>
Interbank deposits	1,382,859	2,021,323	253,863	3,658,045
Foreign currency investments	99,922	876,694	42,022	1,018,638
	<u>1,482,781</u>	<u>2,898,017</u>	<u>295,885</u>	<u>4,676,683</u>
	<u>4,132,782</u>	<u>2,898,017</u>	<u>295,885</u>	<u>7,326,684</u>

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	CONSOLIDATED			
	Amount by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	Total
Money market investments				
Own portfolio				
National Treasury	1,240,118	-	-	1,240,118
Third-party portfolio				
National Treasury	1,409,883	-	-	1,409,883
	<u>2,650,001</u>	<u>-</u>	<u>-</u>	<u>2,650,001</u>
Interbank deposits	1,754,836	624,493	253,863	2,633,192
Foreign currency investments	99,922	876,694	42,022	1,018,638
	<u>1,854,758</u>	<u>1,501,187</u>	<u>295,885</u>	<u>3,651,830</u>
	<u>4,504,759</u>	<u>1,501,187</u>	<u>295,885</u>	<u>6,301,831</u>

6. SECURITIES AND DERIVATIVES PORTFOLIO

As of June 30, 2009, the securities and derivatives portfolio was as follows:

	BANK						Mark-to-market
	Adjusted cost	Fair value by maturity				Total	
		Without maturity	Up to 90 days	From 91 to 365 days	Over 365 days		
Trading securities							
National Treasury	4,627,763	-	3,601,203	1,028,108	-	4,629,311	1,548
Private entities	66,976	-	-	66,976	-	66,976	-
	<u>4,694,739</u>	<u>-</u>	<u>3,601,203</u>	<u>1,095,084</u>	<u>-</u>	<u>4,696,287</u>	<u>1,548</u>
Available-for-sale securities							
Private entities (**)	9,284,436	35	-	-	9,284,401	9,284,436	-
National Treasury	2,527,788	-	118	4,057	2,522,822	2,526,997	(791)
National Treasury - other countries	23,246	-	-	23,397	-	23,397	151
	<u>11,835,470</u>	<u>35</u>	<u>118</u>	<u>27,454</u>	<u>11,807,223</u>	<u>11,834,830</u>	<u>(640)</u>
Held-to-maturity securities (*)							
Private entities	336,703	-	336,703	-	-	336,703	-
	<u>336,703</u>	<u>-</u>	<u>336,703</u>	<u>-</u>	<u>-</u>	<u>336,703</u>	<u>-</u>
Derivatives							
NDF	6,811	-	3,219	2,082	1,510	6,811	-
Futures	1,213	-	1,213	-	-	1,213	-
Options premiums	46,838	-	38,875	7,751	350	46,976	138
Forward	6,881	-	6,881	-	-	6,881	-
Swaps - receivable	76,754	-	16,257	10,672	141,455	168,384	91,630
	<u>138,497</u>	<u>-</u>	<u>66,445</u>	<u>20,505</u>	<u>143,315</u>	<u>230,265</u>	<u>91,768</u>
	<u>17,005,409</u>	<u>35</u>	<u>4,004,469</u>	<u>1,143,043</u>	<u>11,950,538</u>	<u>17,098,085</u>	<u>92,676</u>

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	CONSOLIDATED						Mark-to-market
	Adjusted cost	Fair value by maturity				Total	
		Without maturity	Up to 90 days	From 91 to 365 days	Over 365 days		
Trading securities							
National Treasury	14,043,083	-	10,825,653	2,986,502	206,130	14,018,285	(24,798)
Private entities	97,524	97,524	-	-	-	97,524	-
	<u>14,140,607</u>	<u>97,524</u>	<u>10,825,653</u>	<u>2,986,502</u>	<u>206,130</u>	<u>14,115,809</u>	<u>(24,798)</u>
Available-for-sale securities							
Private entities (***)	3,571,680	3,509,116	6,238	9,987	46,786	3,572,127	447
National Treasury	223,229	-	8,299	115,476	94,326	218,101	(5,128)
	<u>3,794,909</u>	<u>3,509,116</u>	<u>14,537</u>	<u>125,463</u>	<u>141,112</u>	<u>3,790,228</u>	<u>(4,681)</u>
Held-to-maturity securities (*)							
Private entities	10,907	-	-	-	13,560	13,560	2,653
National Treasury - other countries	853,503	-	-	853,503	-	853,503	-
	<u>864,410</u>	<u>-</u>	<u>-</u>	<u>853,503</u>	<u>13,560</u>	<u>867,063</u>	<u>2,653</u>
Derivatives							
NDF	896	-	730	130	36	896	-
Futures	4	-	4	-	-	4	-
Options premiums	22,731	-	2,247	58,267	246	60,760	38,029
Forward	109,967	-	115,056	-	-	115,056	5,089
Swaps - receivable	142,066	-	39,779	74,186	30,384	144,349	2,283
	<u>275,664</u>	<u>-</u>	<u>157,816</u>	<u>132,583</u>	<u>30,666</u>	<u>321,065</u>	<u>45,401</u>
	<u>19,075,590</u>	<u>3,606,640</u>	<u>10,998,006</u>	<u>4,098,051</u>	<u>391,468</u>	<u>19,094,165</u>	<u>18,575</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.

(**) R\$9,265,534 of this amount (R\$11,318,989 in 2008) refers to debentures acquired from subsidiary Safra Leasing S.A. - Arrendamento Mercantil.

(***) R\$4,755,639 of this amount (R\$2,443,642 in 2008) refers to shares in the investment fund exclusive to the Safra Group companies managed by JS 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	65,098	1,449,151	1,514,249
Debentures	Private	-	26,830	26,830
National Treasury bills (LTN)	Public	2,279,936	-	2,279,936
Options - Interbank rate (****)	Private	-	926,081	926,081
Interest rate swap	Private	-	8,543	8,543
		<u>2,345,034</u>	<u>2,410,605</u>	<u>4,755,639</u>

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	2008			
	Type	CONSOLIDATED		Total
		Maturity		
		Up to 12 months	Over 12 months	
Trading securities				
Bank certificates of deposit (CDB)	Private	455,376	1,395,687	1,851,063
National Treasury bills (LTN)	Private	141,000	-	141,000
Options - Interbank rate (****)	Private	450,583	-	450,583
Interest rate swap	Private	996	-	996
		<u>1,047,955</u>	<u>1,395,687</u>	<u>2,443,642</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 the derivative 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 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.

In the six-month period ended June 30, 2008, Banco Safra S.A., in conformity with BACEN Circular 3082, of January 30, 2002, and BACEN Circular Letter 3023, of June 13, 2002, designated derivatives as market hedges of part of its securities classified as available-for-sale, taking into consideration the monthly hedging policy defined by Management. As a result of the strategy adopted by management, for the months when securities showed effectiveness within the percentage gaps set by BACEN, the Bank reclassified from shareholders' equity to income for the first half of 2008 the amount of R\$17,868, corresponding to change in fair value of hedged securities.

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	8,892,687	11,727,161	8,933,717	11,792,324
Financing	5,513,055	6,849,548	5,845,373	7,289,748
Agriculture and agro-industrial financing	842,280	1,444,828	842,280	1,444,828
Mortgage loans	14,361	20,548	14,361	20,548
Advance on forex contract (i)	1,100,592	1,113,230	1,100,592	1,113,230
Leases	675,587	964,872	6,305,299	6,472,437
Other receivables	1,101,852	1,130,188	1,101,852	1,130,188
	<u>18,140,414</u>	<u>23,250,375</u>	<u>24,143,474</u>	<u>29,263,303</u>

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

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b) Breakdown of the portfolios by industry

As of June 30, 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	-	5,906	-	5,906
Private sector				
Rural	842,280	1,444,828	842,280	1,483,512
Industry	6,334,501	6,837,507	7,181,753	7,746,585
Trade	3,822,318	4,468,472	4,515,351	5,364,229
Financial institutions	235,803	692,166	261,439	725,861
Other services	4,796,952	6,810,964	7,474,082	9,788,500
Individuals	2,002,790	2,591,954	3,762,799	4,110,132
Housing	105,770	38,578	105,770	38,578
	18,140,414	23,250,375	24,143,474	29,263,303

c) Breakdown of portfolios by maturity:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Past-due:				
Up to 14 days	469,186	524,757	502,778	544,820
From 15 to 90 days	407,183	288,915	478,254	316,401
From 91 to 180 days	100,323	77,469	126,974	85,708
Over 180 days	141,668	117,793	186,625	148,054
	1,118,360	1,008,934	1,294,631	1,094,983
Current:				
Up to 90 days	7,655,563	9,524,423	8,501,640	10,356,388
From 91 to 365 days	4,712,642	6,826,380	6,874,866	8,932,745
Over 365 days	4,653,849	5,890,638	7,472,337	8,879,187
	17,022,054	22,241,441	22,848,843	28,168,320
	18,140,414	23,250,375	24,143,474	29,263,303

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 June 30, 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	12,005,158	14,295,400	48,736	46,968	15,238,627	18,072,160	62,695	81,357
A	3,922,579	5,833,719	32,191	38,724	5,759,120	7,398,338	48,161	52,421
B	951,069	1,637,678	23,550	32,832	1,308,420	1,963,598	32,964	48,509
C	471,787	642,929	38,970	43,066	702,981	785,502	59,319	61,026
D	228,910	242,876	57,117	48,839	313,722	299,546	79,526	71,774
E	110,487	190,547	45,914	63,863	155,113	222,297	65,569	88,959
F	189,393	167,219	109,456	101,942	230,929	188,645	135,069	120,016
G	25,239	20,782	20,833	18,021	52,444	40,720	44,800	36,985
H	235,792	219,225	235,792	219,225	382,118	292,497	382,118	292,497
	18,140,414	23,250,375	612,559	613,030	24,143,474	29,263,303	910,221	853,544

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	BANK		CONSOLIDATED	
	2009	2008	2009	2008
1. Minimum allowance required - CMN Res. 2682/99	447,470	463,667	675,198	566,519
2. Allowance exceeding minimum allowance required by rating	165,089	149,363	235,023	287,025
	612,559	613,030	910,221	853,544

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(c)).

As of June 30, the balance of renegotiated loans and leases was R\$11,985 in the Bank and R\$96,663 in the consolidated.

The breakdown of the portfolio classified according to the criteria set forth by Resolution 2682 does not include operating leases and leases being processed in the amount of R\$295 in 2008 in the Bank and R\$776 in 2009 (R\$12,290 in 2008) in the consolidated.

Changes in the allowances for loan losses and doubtful lease receivables in the six-month periods ended June 30 were as follows:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Balance at beginning of the period	678,141	616,278	943,262	849,065
Additions	54,970	98,178	95,250	90,462
Write-off	(120,552)	(101,426)	(128,291)	(85,983)
Balance at end of the six-month period	612,559	613,030	910,221	853,544

The recovery of receivables totaled R\$29,032 (R\$17,222 in 2008) in the Bank and R\$31,985 (R\$19,815 in 2008) in the consolidated.

8. OTHER RECEIVABLES

The balance of other receivables is as follows:

a) Foreign exchange portfolio:

	BANK AND CONSOLIDATED		
	2009	2008	
	Current	Current	Long-term
Foreign exchange purchased pending settlement	1,555,641	1,452,389	49,961
Receivables for foreign exchange sold	441,994	521,938	-
(-) Advances in local currency received	(26,105)	(25,971)	-
Income receivable from advances	31,885	16,925	-
	2,003,415	1,965,281	49,961

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b) Trading account:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
	Current	Current	Current	Current
Escrow deposit	32	82	32	82
Settlement and clearinghouse (*)	-	-	67,515	58,574
Debtors pending settlement (*)	699	-	50,742	44,641
Transactions pending settlement	8	6,772	9	6,966
	739	6,854	118,298	110,263

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

c) Other:

	BANK			
	2009		2008	
	Current	Long-term	Current	Long-term
Salary advances and prepayments	9,763	-	8,481	-
Tax credits (*)	31,553	101,499	51,994	-
Escrow deposits	-	182,858	-	175,681
Recoverable taxes and contributions	78,207	-	87,841	-
Accounts receivable (**)	946,444	149,958	911,352	216,752
Receivables from associates	474	-	282	-
Sundry debtors - domestic (***)	363,484	-	125,190	-
Sundry debtors - abroad	1	-	15,991	-
Other	1,255	-	1,576	-
	1,431,181	434,315	1,202,707	392,433

	CONSOLIDATED			
	2009		2008	
	Current	Long-term	Current	Long-term
Salary advances and prepayments	11,123	-	9,617	-
Tax credits (*)	295,440	301,439	324,074	-
Escrow deposits	-	201,518	16,125	175,681
Recoverable taxes and contributions	101,218	-	127,304	-
Accounts receivable (**)	974,238	149,958	917,650	216,752
Receivables from associates	-	-	145	-
Sundry debtors - domestic (***)	366,943	-	142,144	-
Sundry debtors - abroad	4	-	16,079	-
Other	4,909	-	17,412	-
	1,753,875	652,915	1,570,550	392,433

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(*) Represented by income tax and social contribution credits on mark-to-market, in the amount of R\$25,066, Bank and R\$29,239, consolidated (note 20), income tax on tax loss carryforwards arising from excess depreciation in the amount of R\$26,372, Bank and R\$474,816, consolidated, taxes on revenue (PIS and COFINS) on mark-to-market of securities in the amount of R\$2,895, Bank and consolidated, and income tax and social contribution on temporary differences, in the amount of R\$78,719, Bank and R\$89,929, consolidated.

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

(***) Refers basically to amounts of the assignment made, to be received by the assignor on the maturity of the contracts assigned.

d) Income receivable

	BANK			
	2009		2008	
	Current	Long-term	Current	Long-term
Commissions on obligations receivable	704	-	313	-
Interest on capital and dividends receivable	208,100	-	106,531	-
Other income receivable (*)	1,074	67	581	-
	209,878	67	107,425	-

	CONSOLIDATED			
	2009		2008	
	Current	Long-term	Current	Long-term
Commissions on obligations receivable	704	-	313	-
Interest on capital and dividends receivable	39	-	56	-
Other income receivable (*)	1,074	67	599	-
	1,817	67	968	-

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

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9. INVESTMENTS IN AND TRANSACTIONS WITH ASSOCIATES AND SUBSIDIARIES

	Shareholders' Equity	Net income (loss)	Ownership interest %	Assets (liabilities), net	Income (expenses), net	Carrying amount of investment	Equity in subsidiaries and associates
At June 30, 2009							
In Brazil:							
Safra Leasing S.A.	1,115,831	235,826	99.99	(5,526,126)	(356,584)	1,115,831	235,826
Safra CVC Ltda.	128,881	7,051	99.99	(39,134)	3,595	128,881	7,051 (iv)
Safra DTVM Ltda.	101,688	2,499	99.99	33,783	7,412	101,688	2,499 (iv)
Banco Safra de Investimento S.A.	513,860	3,058	99.99	537,273	27,182	513,860	3,058 (iv)
Banco J.Safra S.A.	135,660	(67,652)	99.99	(1,719,282)	(110,398)	135,660	(67,652)
Sercom Comércio e Serviços Ltda. (i)	761,030	28,644	99.99	(93,321)	5,666	761,026	28,635
Pastoril Agrop. Couto Magalhães S.A. (ii)	22,523	722	27.79	88	-	6,259	201
Elong Adm. Rep. Ltda.	110,582	4,883	99.99	(185)	-	110,582	4,883
Safra Vida e Previdência S.A. (iii)	258,265	22,337	0.02	2,040	-	61	5 (iv)
Safra Seguros Gerais S.A. (iii)	52,018	3,518	0.01	932	-	4	-
Safra Cia. Securitizadora (vi)	290,304	14,900	7.60	180,287	5,548	22,070	1,105
						2,895,922	215,611
Abroad:							
Banco Safra (Cayman Islands) Limited	246,411	902	100.00	(180,615)	(567)	246,411	(47,582) (v)
						246,411	(47,582)
						3,142,333	168,029
At June 30, 2008							
In Brazil:							
Safra Leasing S.A.	783,439	159,623	99.99	(5,624,542)	(143,003)	783,439	159,623 (iv)
Safra CVC Ltda.	125,725	17,396	99.99	70,564	7,207	125,725	17,396 (iv)
Safra DTVM Ltda.	102,928	10,304	99.99	168,143	9,570	102,928	10,304 (iv)
Banco Safra de Investimento S.A.	492,546	62,834	99.99	305,128	7,891	492,547	62,834 (iv)
Banco J.Safra S.A.	220,114	(26,883)	99.99	688,042	-	220,114	(26,883)
Sercom Comércio e Serviços Ltda. (i)	561,839	37,183	99.99	23,532	19,574	561,835	37,183
Pastoril Agrop. Couto Magalhães S.A. (ii)	149,609	5,143	27.27	36,376	1,975	40,790	1,402
Elong Adm. Rep. Ltda.	12,492	3,811	99.99	(215)	3	12,492	3,811
Safra Vida e Previdência S.A. (iii)	216,155	20,765	0.02	1,066	(62)	51	5 (iv)
Safra Seguros Gerais S.A. (iii)	35,125	3,327	0.01	401	-	3	-
Safra Cia. Securitizadora de Créd. Imo.	110	-	99.99	27	-	110	-
Nevade Investimentos Ltda.	-	405	-	-	-	-	(23)
Berillo Empreend. e Participações Ltda.	-	13,653	-	-	-	-	1
						2,340,033	265,653
Abroad:							
Banco Safra (Cayman Islands) Limited	232,188	2,136	100.00	(173,120)	41,235	232,188	(23,790) (v)
						232,188	(23,790)
						2,572,221	241,863

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- (i) Sercom Comércio e Serviços Ltda. is primarily engaged in providing nonfinancial services to Safra Group companies and holding interests in Group subsidiaries.
- (ii) 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).
- (iii) Indirect subsidiaries of the Bank through Sercom Comércio e Serviços Ltda.
- (iv) Includes also adjustment of membership certificates and/or increases through tax incentives in investees.
- (v) 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.
- (vi) On May 20, 2009, Safra Cia. Securitizadora was partially spun off, which resulted in the change in the ownership percentage of Banco Safra from 7.04% to 7.60%. The net income for the period through the spin-off date was R\$10,882.

10. DEPOSITS

As of June 30, the portfolio of deposits was as follows:

	BANK				Total
	Without maturity	Up to 90 days	From 91 to 365 days	Over 365 days	
	2009				
Demand deposit	784,018	-	-	-	784,018
Time deposit	-	1,664,504	4,285,671	3,445,473	9,395,648
Savings deposit	917,433	-	-	-	917,433
Interbank deposit	-	1,479,912	6,411,196	15,014	7,906,122
Other	34,972	-	-	-	34,972
Total	1,736,423	3,144,416	10,696,867	3,460,487	19,038,193
	CONSOLIDATED				
	2009				
Demand deposit	779,022	-	-	-	779,022
Time deposit	-	1,465,566	4,350,278	3,445,473	9,261,317
Savings deposit	917,433	-	-	-	917,433
Interbank deposit	-	845,112	2,673,219	15,014	3,533,345
Other	34,972	-	-	-	34,972
Total	1,731,427	2,310,678	7,023,497	3,460,487	14,526,089

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	BANK				Total
	Without maturity	Up to 90 days	From 91 to 365 days	Over 365 days	
	2008				
Demand deposit	1,043,376	564	-	-	1,043,940
Time deposit	-	1,064,892	2,773,701	1,595,107	5,433,700
Savings deposit	1,819,250	-	-	-	1,819,250
Interbank deposit	-	1,087,726	541,432	7,420,635	9,049,793
Other	22,089	-	-	-	22,089
Total	2,884,715	2,153,182	3,315,133	9,015,742	17,368,772

	CONSOLIDATED				Total
	Without maturity	Up to 90 days	From 91 to 365 days	Over 365 days	
	2008				
Demand deposit	1,042,771	564	-	-	1,043,335
Time deposit	-	941,132	2,919,654	1,600,701	5,461,487
Savings deposit	1,819,250	-	-	-	1,819,250
Interbank deposit	-	503,382	541,432	72,331	1,117,145
Other	24,075	-	-	-	24,075
Total	2,886,096	1,445,078	3,461,086	1,673,032	9,465,292

11. MONEY MARKET FUNDING

As of June 30, the portfolio of repurchase commitments was as follows:

	BANK				Total
	Up to 30 days	From 31 to 180 days	From 180 to 365 days	Over 365 days	
	2009				
Own portfolio:					
National Treasury	2,751,801	6,055	11,205	-	2,769,061
Private securities	610,660	1,993,130	3,627,561	2,604,049	8,835,400
Third parties-					
National Treasury	8,201,884	-	-	-	8,201,884
Trading portfolio-					
National Treasury	-	22,042	-	-	22,042
Total	11,564,345	2,021,227	3,638,766	2,604,049	19,828,387

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	CONSOLIDATED				
	2009				
	Up to 30 days	From 31 to 180 days	From 181 to 365 days	Over 365 days	Total
Own portfolio:					
National Treasury	2,751,801	6,055	11,205	-	2,769,061
Private securities	610,660	1,993,130	3,627,561	2,604,049	8,835,400
Third parties-					
National Treasury	8,171,985	-	-	-	8,171,985
Trading portfolio-					
National Treasury	-	22,042	-	-	22,042
Total	11,534,446	2,021,227	3,638,766	2,604,049	19,798,488

	BANK				
	2008				
	Up to 30 days	From 31 to 180 days	From 181 to 365 days	Over 365 days	Total
Own portfolio:					
National Treasury	11,209,112	-	-	10,080	11,219,192
Private securities	365,216	2,835,391	2,873,295	4,962,926	11,036,828
Third parties-					
National Treasury	1,377,984	-	-	-	1,377,984
Trading portfolio-					
National Treasury	-	21,877	-	-	21,877
Total	12,952,312	2,857,268	2,873,295	4,973,006	23,655,881

	CONSOLIDATED				
	2008				
	Up to 30 days	From 31 to 180 days	From 181 to 365 days	Over 365 days	Total
Own portfolio					
National Treasury	11,156,513	-	-	10,080	11,166,593
Private securities	365,216	2,835,391	2,873,295	4,962,926	11,036,828
Third parties-					
National Treasury	1,377,984	-	-	-	1,377,984
Trading portfolio-					
National Treasury	-	21,877	-	-	21,877
Total	12,899,713	2,857,268	2,873,295	4,973,006	23,603,282

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12. OTHER PAYABLES

a) Foreign exchange portfolio

	BANK AND CONSOLIDATED		
	2009	2008	
	Current	Current	Long-term
Exchange sold pending settlement	439,711	512,451	-
Foreign exchange purchased	1,507,619	1,544,849	50,091
(-) Import financing - exchange rate contracted	-	(1,822)	-
(-) Advances on foreign exchange contracts	(1,068,706)	(1,093,958)	(2,346)
Income receivable from advances	795	-	-
Other	69	173	-
	879,488	961,693	47,745

b) Social and statutory

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
	Current	Current	Current	Current
Dividends and bonuses payable	4,302	3,735	4,302	21,462
	4,302	3,735	4,302	21,462

c) Trading account

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
	Current	Current	Current	Current
Settlement and clearinghouse	-	-	55,874	84,389
Creditors pending settlement	586	2,647	59,916	25,693
Transactions with financial assets and commodities	604	24,095	2,939	31,495
Other trading liabilities	642	7,704	642	7,704
	1,832	34,446	119,371	149,281

d) Taxes and social security

	BANK			
	2009		2008	
	Current	Long-term	Current	Long-term
Provision for income tax and social contribution	2,858	-	98,094	-
Taxes payable	37,177	-	38,216	-
Provision for deferred income tax and social contribution (*)	-	199,292	-	131,564
Reserve for contingent tax liabilities (**)	-	472,199	-	393,745
	40,035	671,491	136,310	525,309

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	CONSOLIDATED			
	2009		2008	
	Current	Long-term	Current	Long-term
Provision for income tax and social contribution	46,998	-	177,423	-
Taxes payable	49,624	-	55,118	-
Provision for deferred income tax and social contribution (*)	258,803	1,087,321	-	986,716
Reserve for contingent tax liabilities (**)	-	788,472	337,996	393,745
	355,425	1,875,793	570,537	1,380,461

(*) Represented basically by deferred income tax on excess depreciation in the amount of R\$165,495, Bank and R\$1,312,095, consolidated, and deferred income tax and social contribution on MTM in the amount of R\$33,797, Bank and R\$34,029, consolidated.

(**) Refers to the reserve for contingencies and legal obligations (see note 17).

e) Other

	BANK			
	2009		2008	
	Current	Long-term	Current	Long-term
Creditors for unreleased funds	280	-	308	-
Payables for acquisition of assets	860	-	1,200	-
Reserve for contingent liabilities (note 17)	-	188,077	-	124,027
Accrued liabilities	78,782	-	105,675	-
Sundry creditors - Brazil (*)	125,804	-	352,365	56,068
Sundry creditors abroad	77,119	-	65,427	-
Transfer of financial assets.	347,409	269,738	-	-
Other	185	-	1,707	-
	630,439	457,815	526,682	180,095

	CONSOLIDATED			
	2009		2008	
	Current	Long-term	Current	Long-term
Creditors for unreleased funds	280	-	308	-
Payables for acquisition of assets	17,151	4,826	1,210	-
Reserve for contingent liabilities (note 17)	-	204,152	-	134,698
Accrued liabilities	108,897	-	128,124	-
Sundry creditors - Brazil (*)	158,418	-	637,483	45,397
Sundry creditors abroad	77,209	-	65,537	-
Transfer of financial assets.	347,409	269,738	-	-
Other	419	-	3,902	-
	709,783	478,716	836,564	180,095

(*) Refer basically to amounts to be transferred to credit card companies, Bank and consolidated, in the amount of R\$44,466, and funds received to be transferred for management of third-party payments in the amount of R\$12,354, consolidated.

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13. FOREIGN BORROWINGS, ONLENDINGS AND SECURITIES

Foreign borrowings are represented by credit lines, with maturities of up to three years and bearing charges equivalent to LIBOR plus average spread of up to 5% per year, used to finance 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.

As of June 30, 2009, the foreign borrowings and onlending portfolio is as follows:

	BANK			
	Amount by maturity			Total
	Up to 90 days	From 91 to 365 days	Over 365 days	
Foreign currency payables	290,993	34,617	1,636,737	1,962,347
Foreign borrowings	1,021,644	586,025	233,397	1,841,066
Total	1,312,637	620,642	1,870,134	3,803,413

	CONSOLIDATED			
	Amount by maturity			Total
	Up to 90 days	From 91 to 365 days	Over 365 days	
Foreign currency payables	290,993	34,617	1,262,753	1,588,363
Foreign borrowings	1,021,644	586,025	233,397	1,841,066
Total	1,312,637	620,642	1,496,150	3,429,429

As of June 30, 2008, the foreign borrowings and onlending portfolio is as follows:

	BANK			
	Amount by maturity			Total
	Up to 90 days	From 91 to 365 days	Over 365 days	
Foreign currency payables	37,087	466,917	1,661,752	2,165,756
Foreign borrowings	1,175,148	1,075,132	39,795	2,290,075
Total	1,212,235	1,542,049	1,701,547	4,455,831

	CONSOLIDATED			
	Amount by maturity			Total
	Up to 90 days	From 91 to 365 days	Over 365 days	
Foreign currency payables	37,226	380,516	1,661,752	2,079,494
Foreign borrowings	1,175,148	1,080,131	39,795	2,295,074
Total	1,212,374	1,460,647	1,701,547	4,374,568

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14. DOMESTIC BORROWINGS, ONLENDINGS AND SECURITIES

As of June 30, 2009, the domestic borrowings and onlending portfolio is as follows:

	BANK			
	Amount by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	Total
Domestic borrowings and onlendings:				
Domestic borrowings	-	391,392	-	391,392
National Treasury	14,204	39,870	-	54,074
BNDES	601	37,872	153,595	192,068
FINAME	10,032	111,082	2,419,452	2,540,566
Total	<u>24,837</u>	<u>580,216</u>	<u>2,573,047</u>	<u>3,178,100</u>

	CONSOLIDATED			
	Amount by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	Total
Domestic borrowings and onlendings:				
Domestic borrowings	-	391,392	-	391,392
National Treasury	14,204	39,870	-	54,074
BNDES	601	37,872	153,595	192,068
FINAME	156,765	419,241	2,868,429	3,444,435
Total	<u>171,570</u>	<u>888,375</u>	<u>3,022,024</u>	<u>4,081,969</u>

As of June 30, 2008, the domestic borrowings and onlending portfolio is as follows:

	BANK			
	Amount by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	Total
Domestic borrowings and onlendings:				
National Treasury	196	45,423	103,810	149,429
BNDES	-	20,370	69,766	90,136
FINAME	14,766	141,873	2,662,124	2,818,763
Total	<u>14,962</u>	<u>207,666</u>	<u>2,835,700</u>	<u>3,058,328</u>

	CONSOLIDATED			
	Amount by maturity			
	Up to 90 days	From 91 to 365 days	Over 365 days	Total
Domestic borrowings and onlendings:				
National Treasury	196	45,423	103,810	149,429
BNDES	-	20,370	69,766	90,136
FINAME	122,324	967,773	2,662,124	3,752,221
Total	<u>122,520</u>	<u>1,033,566</u>	<u>2,835,700</u>	<u>3,991,786</u>

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15. BALANCES OF INSURANCE OPERATIONS

	CONSOLIDATED	
	Earned premiums	
	2009	2008
Lines:		
Comprehensive business	2,690	2,185
Sundry risks	566	1,071
Group life and individual life	10,945	11,490
Bodily injury - DPVAT	34,199	27,955
Personal accidents	11,123	11,655
Lenders	989	38
Other	21	20
Total	60,533	54,414

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

16. 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	7	4,464	34	-	-
Fire	-	42	2	-	-
Comprehensive business	6,393	2,894	204	85	-
Sundry risks	3,324	1,390	54	17	-
General civil liability	-	3,032	13	-	-
Auto liability	-	649	-	-	-
Engineering risks	-	841	5	-	-
Lenders	672	302	61	160	-
Personal accidents	7,497	326	431	1	-
Bodily injury - DPVAT	-	31,978	1,505	-	1,883
Group life	4,132	2,183	1,364	-	-
Other	47	809	11	1	-
(-) Deferred reserve	(12)	-	-	-	-
	22,060	48,910	3,684	264	1,883
Current	20,665	48,910	3,684	264	1,883
Long-term	1,395	-	-	-	-

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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	2	4,388	-	-	-
Fire	-	180	-	-	-
Comprehensive business	3,140	1,190	134	43	-
Sundry risks	4,512	1,789	62	49	-
General civil liability	1	3,124	11	-	-
Auto liability	-	545	-	-	-
Engineering risks	-	869	-	-	-
Personal accidents	6,015	288	248	-	-
Lenders	44	1	14	3	-
Bodily injury - DPVAT	-	23,315	1,468	-	807
Group life	3,347	2,106	1,186	-	-
Other	175	785	11	1	-
(-) Deferred reserve	(5,261)	(8,585)	-	-	-
	11,974	29,995	3,134	96	807
Current	10,224	29,995	3,134	96	807
Long-term	1,750	-	-	-	-

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	683,506	806,858
Administrative expenses reserve - unvested benefits	229	55
Administrative premium deficiency reserve - unvested benefits	3,959	4,411
	687,694	811,324
Current	25,193	41,900
Long-term	662,501	769,424

c) Technical reserves - pension plan

	2009	2008
PGBL		
Unvested benefits	357,303	347,953
Vested benefits	862	1,003
	358,165	348,956
Contribution deficiency reserve		
Unvested benefits	2,266	2,250
Vested benefits	45	49
	2,311	2,299
Administrative expenses reserve		
Unvested benefits	310	113
Vested benefits	2	5
	312	118
	360,788	351,373
Current	28,634	27,885
Long-term	332,154	323,488

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17. CONTINGENT LIABILITIES

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

The reserve recognized and the related changes in the six-month periods ended June 30, 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)	28,870	28,356	14,473	3,312	2,729	15,139
Closing balance	472,199	99,443	88,634	393,745	61,394	62,633

	CONSOLIDATED					
	2009			2008		
	Tax	Civil	Labor	Tax	Civil	Labor
Opening balance	802,145	82,190	76,156	754,878	66,705	48,109
Recognition (reversal)	(13,673)	30,106	15,701	(23,137)	3,028	16,856
Closing balance	788,472	112,296	91,857	731,741	69,733	64,965

Tax contingencies

Tax and social security proceedings: individually quantified when the administrative proceedings are notified, based on their amounts adjusted 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\$62,840, Bank and R\$127,803, consolidated.
- Taxes on income: in the amount of R\$285,304, Bank and R\$359,445, consolidated.
- Tax on banking transactions (CPMF) - Payment Management (DTVM): tax notification related to the product Payment Management, issued by tax authorities as they understood that the payments of customers' obligations and commitments are not part of the DTVM's corporate purposes and the transactions conducted are not provided for by Article 3, VII, of Ministerial Administrative Rules 134/99 and 227/2002; in the amount of R\$84,335, 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\$84,260, Bank and consolidated.

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

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\$284,394, Bank, and R\$348,308, consolidated. The main litigation is as follows:

- COFINS: increase in the tax base established by Law 9718/98, in the amount of R\$192,503, Bank and R\$212,340, consolidated.
- PIS: increase in the tax base established by Law 9718/98, in the amount of R\$31,282, Bank and R\$34,505, consolidated.
- PIS/COFINS on income from interest on capital in the amount of R\$57,504, Bank and R\$62,007, consolidated.
- CPMF injunction, in the amount of R\$41,399, 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.

18. 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\$698,827, adjusted through June 30, 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 June 30, 2009, R\$1,430 (R\$1,430 in 2008) of total certificates issued is in portfolio.

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19. 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% of capital, respectively. According to the Minutes of the Extraordinary Shareholders' Meeting held on March 24, 2008, the shareholders approved the grouping 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.

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 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.

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 fund, and this allocation ceases to be mandatory when the reserve reaches 20% of capital.

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.

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 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.

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.

20. FINANCIAL INSTRUMENTS

The main purpose of the use of financial instruments by Banco Safra and 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.

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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	409,823	717,071	507,380	791,224
	409,823	717,071	507,380	791,224

As of June 30, the derivatives portfolio is broken down as follows:

	2009						
	BANK						
	Notional amount	Adjusted cost	Fair value and maturities				Total
Up to 90 days			From 91 to 180 days	From 181 to 365 days	Over 365 days		
Swaps							
Interest rate							
Assets	8,662,060	9,256,634	1,425,223	875,930	2,120,763	4,528,585	8,950,501
Liabilities	(10,387,970)	(9,306,861)	(1,485,639)	(862,324)	(2,114,353)	(4,717,539)	(9,179,855)
	(1,725,910)	(50,227)	(60,416)	13,606	6,410	(188,954)	(229,354)
Foreign currency							
Assets	1,882,610	699,927	277,210	24,561	43,349	378,743	723,863
Liabilities	(156,700)	(573,694)	(325,120)	(52,206)	(82,385)	(95,426)	(555,137)
	1,725,910	126,233	(47,910)	(27,645)	(39,036)	283,317	168,726
Trade accounts receivable	-	76,754	16,257	3,578	7,094	141,455	168,384
Payables	-	(748)	(124,583)	(17,617)	(39,720)	(47,092)	(229,012)
Forwards							
Private securities							
Long position:							
Forward purchases receivable	7,004	6,881	6,881	-	-	-	6,881
	7,004	6,881	6,881	-	-	-	6,881

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	2009						
	BANK						
	Notional amount	Adjusted cost	Fair value and maturities				Total
Up to 90 days			From 91 to 180 days	From 181 to 365 days	Over 365 days		
Options							
Bovespa index							
Purchases of:							
Call options	50,970	4,258	2,034	941	1,382	(99)	4,258
Put options	24,222	255	69	10	25	-	104
	<u>75,192</u>	<u>4,513</u>	<u>2,103</u>	<u>951</u>	<u>1,407</u>	<u>(99)</u>	<u>4,362</u>
Sales of:							
Call options	(7,737)	(698)	(1,401)	(63)	(7)	-	(1,471)
Put options	(48,983)	(843)	(943)	-	-	-	(943)
	<u>(56,720)</u>	<u>(1,541)</u>	<u>(2,344)</u>	<u>(63)</u>	<u>(7)</u>	<u>-</u>	<u>(2,414)</u>
Foreign currency							
Purchases of:							
Call options	933,703	8,653	6,778	1,365	350	449	8,942
Put options	190,633	33,672	29,994	3,678	-	-	33,672
	<u>1,124,336</u>	<u>42,325</u>	<u>36,772</u>	<u>5,043</u>	<u>350</u>	<u>449</u>	<u>42,614</u>
Sales of:							
Call options	(30,012,494)	(2,813,237)	(220,185)	(255,754)	(631,959)	(2,029,956)	(3,137,854)
Put options	(38,689,068)	(2,720,817)	(317,639)	(381,766)	(678,885)	(1,517,218)	(2,895,508)
	<u>(68,701,562)</u>	<u>(5,534,054)</u>	<u>(537,824)</u>	<u>(637,520)</u>	<u>(1,310,844)</u>	<u>(3,547,174)</u>	<u>(6,033,362)</u>
Non-deliverable Forwards (NDFs)							
Long positions	295,571	-	229,471	8,973	25,561	31,566	295,571
Short positions	(21,476)	-	(21,105)	(371)	-	-	(21,476)
	<u>274,095</u>	<u>-</u>	<u>208,366</u>	<u>8,602</u>	<u>25,561</u>	<u>31,566</u>	<u>274,095</u>
Accrued receivables	-	-	3,219	656	1,426	1,510	6,811
Accrued payables	-	-	(37)	(59)	-	(14,950)	(15,046)
	<u>-</u>	<u>-</u>	<u>3,182</u>	<u>597</u>	<u>1,426</u>	<u>(13,440)</u>	<u>(8,235)</u>
Futures market - BM&F							
Long positions							
FX coupon - DDI	1,262,449	-	1,088,134	-	-	174,315	1,262,449
Interest rate - DII	312,680	-	-	-	-	312,680	312,680
	<u>1,575,129</u>	<u>-</u>	<u>1,088,134</u>	<u>-</u>	<u>-</u>	<u>486,995</u>	<u>1,575,129</u>
Long positions							
FX coupon - DDI	(928,617)	-	(189,881)	(225,214)	(261,542)	(251,980)	(928,617)
Interest rate - DII	(11,609,102)	-	(4,474,231)	(1,608,006)	(1,971,564)	(3,555,300)	(11,609,101)
US dollar - DOL	(1,176,677)	-	(1,176,677)	-	-	-	(1,176,677)
	<u>(13,714,396)</u>	<u>-</u>	<u>(5,840,789)</u>	<u>(1,833,220)</u>	<u>(2,233,106)</u>	<u>(3,807,280)</u>	<u>(13,714,395)</u>
Accounts receivable	-	1,213	1,213	-	-	-	-
FX swaps - Central Bank							
Short positions							
FX swaps - SCC	(146,370)	-	(146,370)	-	-	-	(146,370)
	<u>(146,370)</u>	<u>-</u>	<u>(146,370)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,370)</u>

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

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

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

	2009						
	CONSOLIDATED						
	Notional amount	Adjusted cost	Fair value and maturities				Total
Up to 90 days			From 91 to 180 days	From 181 to 365 days	Over 365 days		
Swaps							
Interest rate							
Assets	8,760,864	9,355,438	1,524,027	947,758	2,667,485	4,815,077	9,954,347
Liabilities	(10,466,774)	(9,405,665)	(1,583,587)	(934,340)	(2,662,108)	(5,008,829)	(10,188,864)
	(1,725,910)	(50,227)	(59,560)	13,418	5,377	(193,752)	(234,517)
Foreign currency							
Assets	2,234,994	1,992,771	277,210	40,506	58,634	639,405	1,015,755
Liabilities	(509,084)	(1,945,077)	(325,120)	(55,549)	(85,711)	(462,741)	(929,121)
	1,725,910	47,694	(47,910)	(15,043)	(27,077)	176,664	86,634
Accounts receivable	-	83,135	16,252	3,167	24	133,736	153,179
Payables	-	(85,668)	(123,722)	(4,792)	(21,724)	(150,824)	(301,062)
Forwards							
Private securities							
Long position:							
Forward purchases receivable	7,004	6,881	6,881	-	-	-	6,881
	7,004	6,881	6,881	-	-	-	6,881
Options							
Bovespa index							
Purchases of:							
Call options	50,970	4,258	2,034	941	1,382	(99)	4,258
Put options	24,222	255	69	10	25	-	104
	75,192	4,513	2,103	951	1,407	(99)	4,362
Sales of:							
Call options	(7,737)	(698)	(1,401)	(63)	(7)	-	(1,471)
Put options	(48,983)	(843)	(943)	-	-	-	(943)
	(56,720)	(1,541)	(2,344)	(63)	(7)	-	(2,414)
Foreign currency							
Purchases of:							
Call options	153,063	7,131	5,256	1,365	350	449	7,420
Put options	190,633	34,713	31,035	3,678	-	-	34,713
	343,696	41,844	36,291	5,043	350	449	42,133
Sales of:							
Call options	(32,760,796)	(2,813,237)	(226,536)	(255,754)	(631,959)	(2,031,478)	(3,145,727)
Put options	(41,347,971)	(2,720,817)	(317,639)	(381,766)	(678,885)	(1,517,218)	(2,895,508)
	(74,108,767)	(5,534,054)	(544,175)	(637,520)	(1,310,844)	(3,548,696)	(6,041,235)
Non-deliverable Forwards (NDFs)							
Long positions	295,571	-	229,471	8,973	25,561	31,566	295,571
Short positions	(21,476)	-	(21,105)	(371)	-	-	(21,476)
	274,095	-	208,366	8,602	25,561	31,566	274,095
Accrued receivables	-	-	3,219	656	1,426	1,510	6,811
Accrued payables	-	-	(37)	(59)	-	(14,950)	(15,046)
	-	-	3,182	597	1,426	(13,440)	(8,235)

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		2009						
		CONSOLIDATED						
		Notional amount	Adjusted cost	Fair value and maturities			Total	
				Up to 90 days	From 91 to 180 days	From 181 to 365 days		Over 365 days
Futures market - BM&F								
Long positions								
FX coupon - DDI		1,262,499	-	1,088,134	-	-	174,315	1,262,449
Interest rate - DII		312,680	-	-	-	-	312,680	312,680
		<u>1,575,129</u>	<u>-</u>	<u>1,088,134</u>	<u>-</u>	<u>-</u>	<u>486,995</u>	<u>1,575,129</u>
Long positions								
FX coupon - DDI		(928,617)	-	(189,881)	(225,214)	(261,542)	(251,980)	(928,617)
Interest rate - DII		(11,609,102)	-	(4,474,231)	(1,608,006)	(1,971,564)	(3,555,300)	(11,609,101)
US dollar - DOL		(1,176,677)	-	(1,176,677)	-	-	-	(1,176,677)
		<u>(13,714,396)</u>	<u>-</u>	<u>(5,840,789)</u>	<u>(1,833,220)</u>	<u>(2,233,106)</u>	<u>(3,807,280)</u>	<u>(13,714,395)</u>
Accounts receivable		-	1,213	1,213	-	-	-	-
FX swaps - Central Bank								
Short positions								
FX swaps - SCC		(146,370)	-	(146,370)	-	-	-	(146,370)
		<u>(146,370)</u>	<u>-</u>	<u>(146,370)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,370)</u>
		2008						
		BANK						
		Notional amount	Adjusted cost	Fair value by maturity			Total	
				Up to 90 days	From 91 to 180 days	From 181 to 365 days		Over 365 days
Swaps								
Interest rate								
Assets		8,292,692	8,707,333	1,710,729	1,106,535	2,706,257	2,920,579	8,144,100
Liabilities		(10,276,153)	(9,028,036)	(2,190,770)	(1,086,543)	(2,446,687)	(2,882,433)	(8,606,433)
		<u>(1,983,461)</u>	<u>(320,703)</u>	<u>(480,041)</u>	<u>19,992</u>	<u>259,570</u>	<u>38,146</u>	<u>(462,333)</u>
Foreign currency								
Assets		3,432,675	1,620,099	1,046,706	143,327	99,099	324,738	1,613,870
Liabilities		(1,449,214)	(1,379,726)	(611,809)	(159,884)	(406,993)	(216,549)	(1,395,235)
		<u>1,983,461</u>	<u>240,373</u>	<u>434,897</u>	<u>(16,557)</u>	<u>(307,894)</u>	<u>108,189</u>	<u>218,635</u>
Accounts receivable		-	140,098	39,685	26,177	52,630	41,935	160,427
Payables		-	(220,428)	(84,829)	(22,742)	(100,954)	(195,600)	(404,125)
Forwards								
Private securities								
Long positions:								
Forward purchases receivable		111,015	109,967	115,056	-	-	-	115,056
		<u>111,015</u>	<u>109,967</u>	<u>115,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,056</u>

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

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

		2008					
		BANK					
		Fair value by maturity					
	Notional amount	Adjusted cost	Up to 90 days	From 91 to 180 days	From 181 to 365 days	Over 365 days	Total
Options							
Bovespa index							
Purchases of:							
Call options	30,077	3,944	402	1,900	5,523	246	8,071
Put options	1,534	555	516	151	-	-	667
	31,611	4,499	918	2,051	5,523	246	8,738
Sales of:							
Call options	(8,573)	(624)	(51)	(110)	(20)	-	(181)
Put options	(73,218)	(1,993)	(1,270)	(36)	-	-	(1,306)
	(81,791)	(2,617)	(1,321)	(146)	(20)	-	(1,487)
Foreign currency							
Purchases of:							
Call options	10,357	128	29	-	14	-	43
Put options	715,469	18,104	1,300	50,679	-	-	51,979
	725,826	18,232	1,329	50,679	14	-	52,022
Sales of:							
Call options	(15,379,291)	(2,145,119)	(301,756)	(200,236)	(773,667)	(822,403)	(2,098,062)
Put options	(20,529,487)	(2,787,132)	(771,144)	(319,482)	(1,054,190)	(750,302)	(2,895,118)
	(35,908,778)	(4,932,251)	(1,072,900)	(519,718)	(1,827,857)	(1,572,705)	(4,993,180)
Non-deliverable Forwards (NDFs)							
Long positions	448,360	-	307,258	48,456	50,652	41,994	448,360
Short positions	(10,385)	-	(7,320)	(3,065)	-	-	(10,385)
	437,975	-	299,938	45,391	50,652	41,994	437,975
Accrued receivables	-	-	730	130	-	36	896
Accrued payables	-	-	(10,787)	(5,413)	(5,414)	(4,109)	(25,723)
	-	-	(10,057)	(5,283)	(5,414)	(4,073)	(24,827)
Futures market - BM&F							
Long positions							
FX coupon - DDI	1,531,864	-	196,267	280,512	869,946	185,139	1,531,864
Interest rate - DI1	507,500	-	-	-	-	176,732	176,732
US dollar - DOL	44,573	-	44,573	-	-	-	-
	2,083,937	-	240,840	280,512	869,946	361,871	1,753,169
Short positions							
FX coupon - DDI	(236,321)	-	(119,993)	-	-	(116,328)	(236,321)
Interest rate - DI1	(30,202,400)	-	(18,268,977)	(2,994,591)	(3,482,136)	(3,902,786)	(28,648,490)
US dollar - DOL	(977,000)	-	(977,000)	-	-	-	(977,000)
	(31,415,721)	-	(19,365,970)	(2,994,591)	(3,482,136)	(4,019,114)	(29,861,814)
FX swaps - Central Bank							
Short positions							
FX swaps - SCC	(469,611)	-	(78,777)	-	(264,007)	(113,628)	(456,412)
	(469,611)	-	(78,777)	-	(264,007)	(113,628)	(456,412)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008
(IN THOUSANDS OF BRAZILIAN REAIS - R\$)**

	2008						
	CONSOLIDATED						
	Notional amount	Adjusted cost	Fair value by maturity				Total
Up to 90 days			From 91 to 180 days	From 181 to 365 days	Over 365 days		
Swaps							
Interest rate							
Assets	9,964,055	10,536,398	1,906,833	1,844,244	2,706,257	3,503,531	9,960,865
Liabilities	(12,196,916)	(11,104,735)	(2,386,380)	(2,068,938)	(2,446,687)	(3,736,479)	(10,638,484)
	(2,232,861)	(568,337)	(479,547)	(224,694)	259,570	(232,948)	(677,619)
Foreign currency							
Assets	3,938,931	2,082,249	1,062,491	348,529	128,119	536,967	2,076,106
Liabilities	(1,706,070)	(1,646,093)	(614,279)	(159,884)	(411,888)	(475,552)	(1,661,603)
	2,232,861	436,156	448,212	(188,645)	(283,769)	61,415	414,503
Accounts receivable	-	142,066	39,779	26,101	48,085	30,384	144,349
Payables	-	(274,247)	(71,114)	(62,150)	(72,284)	(201,917)	(407,465)
Forwards							
Private securities							
Long positions:							
Forward purchases receivable	111,015	109,967	115,056	-	-	-	115,056
	111,015	109,967	115,056	-	-	-	115,056
Options							
Bovespa index							
Purchases of:							
Call options	30,077	3,944	402	1,900	5,523	246	8,071
Put options	1,534	555	516	151	-	-	667
	31,611	4,499	918	2,051	5,523	246	8,738
Sales of:							
Call options	(8,573)	(624)	(51)	(110)	(20)	-	(181)
Put options	(73,218)	(1,993)	(1,270)	(36)	-	-	(1,306)
	(81,791)	(2,617)	(1,321)	(146)	(20)	-	(1,487)
Foreign currency							
Purchases of:							
Call options	10,357	128	29	-	14	-	43
Put options	715,469	18,104	1,300	50,679	-	-	51,979
	725,826	18,232	1,329	50,679	14	-	52,022
Sales of:							
Call options	(15,098,675)	(2,105,874)	(309,079)	(199,149)	(767,763)	(782,826)	(2,058,817)
Put options	(20,154,883)	(2,750,937)	(770,590)	(322,494)	(1,049,822)	(715,961)	(2,858,867)
	(35,253,558)	(4,856,811)	(1,079,669)	(521,643)	(1,817,585)	(1,498,787)	(4,917,684)
Non-deliverable Forwards (NDFs)							
Long positions	448,360	-	307,258	48,456	50,652	41,994	448,360
Short positions	(10,385)	-	(7,320)	(3,065)	-	-	(10,385)
	437,975	-	299,938	45,391	50,652	41,994	437,975
Accrued receivables	-	-	730	130	-	36	896
Accrued payables	-	-	(10,787)	(5,413)	(5,414)	(4,109)	(25,723)
	-	-	(10,057)	(5,283)	(5,414)	(4,073)	(24,827)

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	2008						
	CONSOLIDATED						
	Notional amount	Adjusted cost	Fair value by maturity				Total
Up to 90 days			From 91 to 180 days	From 181 to 365 days	Over 365 days		
Futures market - BM&F							
Long positions							
FX coupon - DDI	1,531,864	-	196,267	280,512	869,946	185,139	1,531,864
Interest rate - DII	507,500	-	-	-	-	176,732	176,732
US dollar - DOL	9,287,675	-	9,287,675	-	-	-	9,287,675
	11,327,039	-	9,483,942	280,512	869,946	361,871	10,996,271
Short positions							
FX coupon - DDI	(236,321)	-	(119,993)	-	-	(116,328)	(236,321)
Interest rate - DII	(30,202,400)	-	(18,268,977)	(2,994,591)	(3,482,136)	(3,902,786)	(28,648,490)
US dollar - DOL	(4,679,075)	-	(4,679,075)	-	-	-	(4,679,075)
	(35,117,796)	-	(23,068,045)	(2,994,591)	(3,482,136)	(4,019,114)	(33,563,886)
FX swaps - Central Bank							
Short positions							
FX swaps - SCC	(469,611)	-	(78,777)	-	(264,007)	(113,628)	(456,412)
	(469,611)	-	(78,777)	-	(264,007)	(113,628)	(456,412)

As of June 30, derivatives were traded on the following markets:

Market	BANK		Consolidated	
	2009	2008	2009	2008
BM&F	86,108,045	75,917,606	85,327,405	74,055,864
CETIP	8,908,220	5,515,407	10,320,283	5,597,903
	95,016,265	81,433,013	95,647,688	79,653,767

Hedged financial assets and liabilities with fixed interest

As of June 30, 2009, 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, 2008 met the standard set by the Central Bank of Brazil and no ineffective portion to be recorded in the year was identified.

Hedged financial assets and liabilities and derivatives were measured at fair value and the related adjustments were recognized in the statement of income.

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

				1 st half
		Curve	Fair	Recorded hedge -
		value	value	income/(expense)
Hedged financial assets and financial liabilities	Assets	9,827,040	10,034,165	117,539
	Liabilities	(3,157,730)	(3,239,754)	(24,494)
		6,669,310	6,794,411	93,045
Derivatives	Assets	5,131	5,610	(75)
	Liabilities	5,603,286	5,732,640	(26,521)
		5,608,417	5,738,250	(26,596)

As of June 30, 2009, the accumulated unrealized gain on hedged assets and liabilities, except derivatives, recorded in income is R\$125,101.

21. INCOME TAX AND SOCIAL CONTRIBUTION

Reconciliation of income tax and social contribution charges for the six-month periods ended June 30:

	2009			
	BANK		CONSOLIDATED	
	Income tax	Social contribution	Income tax	Social contribution
Income before taxation	464,564	464,564	577,843	577,843
Statutory tax rates	25.00%	15.00%	25.00%	15.00%
Expected income tax and social contribution expense	(116,141)	(69,685)	(144,461)	(86,676)
Effect of income tax and social contribution on permanent differences				
Equity in subsidies and associates (**)	33,317	19,990	-	-
Securities issued abroad	12,284	7,370	12,545	7,527
Other permanent differences	7,409	4,380	(15,645)	(9,028)
Adjustment to deferred income tax on excess depreciation	(34,569)	-	(192,182)	-
Adjustment to deferred taxes on mark-to-market	(10,378)	(6,227)	(7,586)	(4,552)
Tax credits recognized on temporary differences	49,200	29,520	56,777	34,039
Effect of income tax and social contribution on temporary differences:				
Excess depreciation	34,569	-	192,182	-
Allowance for loan losses	16,495	9,897	10,000	6,000
Mark-to-market	10,135	6,081	7,344	4,407
Reserve for (reversal) contingent liabilities	(18,302)	(10,981)	(8,416)	(4,645)
Other temporary differences	8,516	5,111	9,572	6,943
Offset:				
Tax incentives	177	-	744	-
TOTAL	(7,288)	(4,544)	(79,126)	(45,985)

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	2008			
	BANK		CONSOLIDATED	
	Income tax	Social contribution	Income tax	Social contribution
Income before taxation	580,935	464,564	577,843	577,843
Statutory tax rates	25.00%	15.00%	25.00%	15.00%
Expected income tax and social contribution expense	(145,268)	(64,003)	(174,348)	(76,713)
Adjustment to deferred income tax on excess depreciation	(51,790)	-	(120,309)	-
Temporary differences without deferred tax recognition	13,169	5,804	3,930	2,303
Temporary differences with deferred tax recognition	25,077	11,052	20,643	9,010
Effect on permanent differences	(14,623)	(6,606)	(19,452)	(9,407)
Equity in subsidies and associates	(55,422)	(24,426)	(58)	(25)
Tax incentives	(1,464)	-	(2,553)	-
Tax losses carryforward	-	-	28,733	1,650
Other deductions	(8,191)	(3,598)	3,144	(181)
Sub-total	52,024	46,229	88,426	80,063
Recognition/ realization of deferred tax credit	(8,501)	(10,860)	(36,659)	(13,476)
Recognition/ realization of deferred tax provision	50,623	6,216	123,959	9,877
TOTAL	(94,146)	(41,585)	(175,726)	(76,464)

(*) Social contribution is calculated at the rate of 9% from January to April 2008 and 15% after May 1, 2008, resulting in a proportional tax rate of 11% in Bank and consolidated for the period.

(**) Includes taxes on income from and exchange rate changes on investments in foreign subsidiaries.

Tax credits and debits for the six-month periods ended June 30 were as follows:

	2009			
	BANK		CONSOLIDATED	
	Tax credit	Tax debt	Tax credit	Tax debt
Opening balance	85,137	178,488	433,173	1,168,887
Recognition (realization) on tax credits/debts	45,020	20,804	160,811	177,237
Closing balance	130,157	199,292	593,984	1,346,124

	2008			
	BANK		CONSOLIDATED	
	Tax credit	Tax debt	Tax credit	Tax debt
Opening balance	32,633	69,889	258,459	848,556
Recognition (realization) on tax credits/debts	19,361	52,235	65,272	133,248
Closing balance	51,994	122,124	323,731	981,804

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The changes above comprise the following origins of tax credits and deferred tax liabilities:

a) 2009

	BANK		
	At beginning of six-month period	Recognition/ (realization)	At end of six-month period
Tax credits:			
Deferred income tax and social contribution on:			
Reserve for contingent labor liabilities	-	35,453	35,453
Reserve for contingent civil liabilities	-	42,995	42,995
Mark-to-market - securities and derivatives	55,626	(30,560)	25,066
Tax loss	29,511	(3,139)	26,372
Other temporary additions	-	271	271
Recorded tax credits on temporary differences	85,137	45,020	130,157
Deferred tax liabilities:			
Deferred income tax and social contribution on:			
Mark-to-market - securities and derivatives	(47,501)	13,704	(33,797)
Mark-to-market - available-for-sale securities	(85)	85	-
Excess depreciation	(130,902)	(34,593)	(165,495)
Total deferred tax liabilities on temporary differences	(178,488)	(20,804)	(199,292)
	CONSOLIDATED		
	At beginning of six-month period	Recognition/ (realization)	At end of six-month period
Tax credits:			
Deferred income tax and social contribution on:			
Reserve for contingent labor liabilities	-	36,661	36,661
Reserve for contingent civil liabilities	-	49,286	49,286
Mark-to-market - securities and derivatives	55,626	(27,274)	28,352
Income tax loss carryforwards	376,406	98,410	474,816
Social contribution loss carryforwards	1,141	(1,141)	-
Other temporary additions	-	4,869	4,869
Recorded tax credits on temporary differences	433,173	160,811	593,984
Deferred tax liabilities:			
Deferred income tax and social contribution on:			
Mark-to-market - securities and derivatives	(48,912)	14,883	(34,029)
Mark-to-market - available-for-sale securities	(85)	85	-
Excess depreciation	(1,119,890)	(192,205)	(1,312,095)
Total deferred tax liabilities on temporary differences	(1,168,887)	(177,237)	(1,346,124)

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b) 2008

	BANK		
	At beginning of six-month period	Recognition/ (realization)	At end of six-month period
Tax credits:			
Deferred income tax and social contribution on:			
Mark-to-market - securities and derivatives	32,633	19,361	51,994
Recorded tax credits on temporary differences	<u>32,633</u>	<u>19,361</u>	<u>51,994</u>
Deferred tax liabilities:			
Deferred income tax and social contribution on:			
Mark-to-market - securities and derivatives	(42,657)	(432)	(43,089)
Excess depreciation	(27,232)	(51,803)	(79,035)
Total deferred tax liabilities on temporary differences	<u>(69,889)</u>	<u>(52,235)</u>	<u>(122,124)</u>
	CONSOLIDATED		
	At beginning of six-month period	Recognition/ (realization)	At end of six-month period
Tax credits:			
Deferred income tax and social contribution on:			
Mark-to-market - securities and derivatives	32,308	94,408	126,716
Mark-to-market - available-for-sale securities	-	5	5
Income tax loss carryforwards	226,151	(29,141)	197,010
Recorded tax credits on temporary differences	<u>258,459</u>	<u>65,272</u>	<u>323,731</u>
Deferred tax liabilities:			
Deferred income tax and social contribution on:			
Mark-to-market - securities and derivatives	(42,602)	(13,449)	(56,051)
Excess depreciation	(805,954)	(119,799)	(925,753)
Total deferred tax liabilities on temporary differences	<u>(848,556)</u>	<u>(133,248)</u>	<u>(981,804)</u>

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.

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

a) Banco Safra

Year	Temporary differences		Tax loss carryforwards		Total
	Income tax	Social contribution	Income tax	Social contribution	
2009	19,472	11,683	398	-	31,553
2010	7,611	4,567	3,583	-	15,761
2011	7,611	4,567	6,124	-	18,302
2012	7,611	4,567	9,855	-	22,033
2013	7,606	4,564	6,031	-	18,201
2014	14,955	8,972	380	-	24,307
Total	<u>64,866</u>	<u>38,920</u>	<u>26,371</u>	<u>-</u>	<u>130,157</u>

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b) Consolidated

Year	Temporary differences		Tax loss carryforwards		Total
	Income tax	Social contribution	Income tax	Social contribution	
2009	22,091	13,254	255,688	-	291,033
2010	8,741	5,245	53,151	-	67,137
2011	8,741	5,245	74,974	-	88,960
2012	8,741	5,245	60,364	-	74,350
2013	8,736	5,242	27,714	-	41,692
2014	17,430	10,456	2,926	-	30,812
Total	<u>74,480</u>	<u>44,687</u>	<u>474,817</u>	<u>-</u>	<u>593,984</u>

The present value of the estimated realization of tax credits is R\$98,569, Bank and R\$504,351, consolidated, discounted based on CDI fluctuation projected for the corresponding periods.

As of June 30, 2009, there are temporary differences on which no tax credits were recognized, in the amount of R\$419,610 (R\$449,320 in 2008), Bank and R\$611,064 (R\$672,817 in 2008), consolidated, based on the management analyses of realization.

22. STATEMENTS OF INCOME

a) Income from services rendered

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Income from investment fund services rendered (*)	32,813	-	55,452	118,501
Income from stock exchange brokerage	-	-	11,047	17,971
Income from collections	24,526	34,445	24,576	35,560
Income from guarantees provided	44,378	29,642	44,378	29,642
Other services (agreements, fees and commissions)	9,491	13,344	10,870	14,076
Other	2,216	1,754	6,947	3,703
	<u>113,424</u>	<u>79,185</u>	<u>153,270</u>	<u>219,453</u>

(*) In Bank refers to custody services and in consolidated refers to investment fund management services.

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b) Other administrative expenses

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Public utilities	4,580	4,441	4,981	5,106
Rental expenses	37,493	31,916	34,562	18,171
Lease of assets	7,737	6,093	2,078	443
Communication	6,380	11,603	8,838	12,199
Maintenance and upkeep	10,083	11,767	10,622	12,910
Office supplies	1,157	2,739	1,157	2,756
Advertising and publicity	6,642	7,348	7,324	8,018
Data processing	19,939	22,562	20,407	23,321
Specialized technical services (*)	18,322	17,517	23,117	23,463
Outside services (**)	52,127	66,492	58,261	75,336
Traveling	2,878	4,147	3,140	4,234
Financial system services	10,769	15,662	11,430	16,163
Security and surveillance services	4,816	5,362	5,133	5,691
Transportation	11,304	15,887	11,455	16,009
Information protection	20,156	26,350	27,327	27,336
Depreciation/amortization	10,459	10,052	19,299	21,103
Other	20,027	28,959	27,413	36,346
	<u>244,869</u>	<u>288,897</u>	<u>276,544</u>	<u>308,605</u>

(*) Refers basically to lawyers' fees and audit fees.

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

c) Tax expenses

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Tax on revenue (COFINS)	4,162	3,980	17,297	24,206
Tax on revenue (PIS)	676	647	2,814	4,001
Service tax (ISS)	5,513	5,040	7,414	10,171
Municipal real estate tax (IPTU)	2,308	2,691	2,580	3,028
Tax on financial transactions (IOF)	4,426	-	4,812	18
Other	2,625	10,432	3,643	11,947
	<u>19,710</u>	<u>22,790</u>	<u>38,560</u>	<u>53,371</u>

d) Other operating income:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Recovery of charges and expenses	6,878	1,973	4,695	475
Reversal of sundry provisions	84,037	49,489	151,331	81,591
Income on receivables purchased	70,140	61,848	70,140	61,848
Income from insurance operations	-	-	43,203	47,468
Exchange rate fluctuations (**)	6,742	11,570	16,793	23,989
Other operating income (*)	34,492	44,390	98,308	115,698
	<u>202,289</u>	<u>169,270</u>	<u>384,470</u>	<u>331,069</u>

(*) Refers basically to income on receivables.

(**) Refers basically to exchange rate changes on foreign investments (branch and subsidiary).

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e) Other operating expenses:

	BANK		CONSOLIDATED	
	2009	2008	2009	2008
Reserve for contingent liabilities	112,014	33,070	137,707	39,246
Other provisions	37,090	20,028	41,238	22,701
Expenses on discount granted in renegotiation	6,059	6,441	6,059	6,441
Foreign exchange rate changes on operations of foreign branch	48,498	42,913	120,835	88,506
Other operating expenses (*)	28,048	52,396	87,304	174,015
	231,709	154,848	393,143	330,909

(*) Refer basically to expenses on consumer business fees, card operation fees, foreign exchange fluctuations on Government securities rate, inflation adjustment losses, fundraising expenses, and other expenses.

23. OPERATING 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 document "International Convergence of Capital Measurement and Capital Standards: a Revised Framework" (Basel II), which establish more appropriate criteria for the risk levels associated to financial institutions' operations for the allocation of regulatory capital.

As supplement to the communications above, the National Monetary Council and the Central Bank of Brazil disclosed several regulations that establish the guidelines to calculate regulatory capital, effective starting July 1, 2008, as follows:

- CMN Resolution 3490/07 - Defines the Minimum Regulatory Capital (PRE);
- 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), Commodity (PCOM) and Foreign Exchange (PCAM) Portion;
- Circular Letter 3383/08 - Clarifies the procedures to calculate the PRE portion related to operational risk (POPR), addressed by Resolution 3490/08.
- Circular Letter 3383/08 - Clarifies the procedures to calculate the PRE portion related to operational risk (POPR), addressed by Resolution 3383/08.
- Circular Letter 3316/08/08 - Details the composition of the Operational Risk Exposure Indicator (IE).

Based on the regulations above, as of June 30, 2009, the margin of consolidated Regulatory Capital (PR), which amounts to R\$5,434,922, is R\$1,786,895 above BACEN's Required Regulatory Capital (PRE), and the Basel ratio is 16.6%, 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.

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24. 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 June 30, 2009, R\$4,096,572, Bank and R\$4,127,026, consolidated (R\$5,397,783 in 2008, Bank and R\$5,517,091, consolidated), 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 consolidated net assets, as of June 30, 2009, totaled R\$29,455,465 (R\$35,771,826 in 2008), of which R\$21,802,275 (R\$21,898,947 in 2008) refers to financial investment funds, R\$5,018,664 (R\$6,114,119 in 2008) to equity funds, and R\$2,634,526 (R\$7,758,760 in 2008) to other funds. Income from management of these funds, recorded under "Income from services rendered", amounts to R\$55,451 (R\$118,501 in 2008).
- 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.

25. SUBSEQUENT EVENT

On July 17, 2009, the Bank acquired the lease portfolio of Banco J. Safra, a subsidiary, with carrying amount of R\$1,723,629, for the amount stated in the market value appraisal report prepared by an independent company of R\$1,717,259.
