

BANK BRADESCO  
Form 6-K  
October 26, 2012

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the month of October, 2012  
Commission File Number 1-15250**

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**BANCO BRADESCO S.A.**  
(Exact name of registrant as specified in its charter)

**BANK BRADESCO**  
(Translation of Registrant's name into English)

**Cidade de Deus, s/n, Vila Yara  
06029-900 - Osasco - SP  
Federative Republic of Brazil**  
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.  
Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby  
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of  
1934.

Yes  No

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## ***Forward-Looking Statements***

This Report on Economic and Financial Analysis contains forward-looking statements relating to our business. Such statements are based on management's current expectations, estimates and projections about future events and financial trends, which could affect our business. Words such as: "believes," "anticipates," "plans," "expects," "intends," "aims," "evaluates," "predicts," "foresees," "projects," "guidelines," "should" and similar expressions are intended to identify forward-looking statements. These statements, however, do not guarantee future performance and involve risks and uncertainties, which could be beyond our control. Furthermore, certain forward-looking statements are based on assumptions that, depending on future events, may prove to be inaccurate. Therefore, actual results may differ materially from the plans, objectives, expectations, projections and intentions expressed or implied in such statements.

Factors which could modify actual results include, among others, changes in regional, national and international commercial and economic conditions; inflation rates; increase in customer delinquency on the account of borrowers in loan operations, with the consequent increase in the allowance for loan losses; loss of funding capacity; loss of customers or revenues; our capacity to sustain and improve performance; changes in interest rates which could, among other events, adversely affect our margins; competition in the banking sector, financial services, credit card services, insurance, asset management and other related sectors; government regulations and fiscal matters; disputes or adverse legal proceedings or rulings; as well as credit risks and other loan and investment activity risks.

Accordingly, the reader should not rely excessively on these forward-looking statements. These statements are valid only as of the date they were prepared. Except as required under applicable legislation, we assume no obligation whatsoever to update these statements, whether as a result of new information, future events or for any other reason.

Few numbers of this Report were submitted to rounding adjustments.  
Therefore, amounts indicated as total in certain charts may not correspond to the arithmetic  
sum of figures preceding them.





Press Release

## Highlights

The main figures obtained by Bradesco in the first nine months of 2012 are presented below:

1. Adjusted Net Income<sup>(1)</sup> in the first nine months of 2012 stood at R\$8.605 billion (a 2.1% increase compared to the R\$8.427 billion recorded in the same period last year), corresponding to earnings per share of R\$2.98 in the last 12 months and Return on Average Shareholders' Equity<sup>(2)</sup> of 19.9%.
2. Adjusted Net Income is composed of R\$5.982 billion from financial activities, representing 69.5% of the total, and R\$2.623 billion from insurance, pension plan and capitalization bond operations, which accounted for 30.5%.
3. On September 30, 2012, Bradesco's market capitalization stood at R\$113.102 billion<sup>(3)</sup>, up 17.0% over the same period in 2011.
4. Total Assets stood at R\$856.288 billion in September 2012, an 18.6% increase over the same period in 2011. Return on Total Average Assets was 1.4%.
5. The Expanded Loan Portfolio<sup>(4)</sup> stood at R\$371.674 billion in September 2012, up 11.8% on the same period in 2011. Operations with individuals totaled R\$114.536 billion (up 8.7%), while operations with companies totaled R\$257.138 billion (up 13.3%).
6. Assets under Management stood at R\$1.172 trillion, up 20.4% on September 2011.
7. Shareholders' Equity stood at R\$66.047 billion in September 2012, up 22.9% on September 2011. Capital Adequacy Ratio stood at 16.0% in September 2012, 11.3% of which fell under Tier I Capital.
9. Financial Margin stood at R\$32.684 billion, up 12.5% in comparison with the same period in 2011.
10. The Delinquency Ratio over 90 days stood at 4.1% on September 30, 2012 (3.8% on September 30, 2011).
11. The Efficiency Ratio<sup>(5)</sup> improved by 0.6 p.p. (from 42.7% in September 2011 to 42.1% in September 2012), whereas the "adjusted-to-risk" ratio stood at 53.1% (52.4% in September 2011).
12. Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income totaled R\$31.092 billion the first nine months of 2012, up 17.3% over the same period in 2011. Technical Reserves stood at R\$117.807 billion, up 21.3% on September 2011.
13. Investments in infrastructure, information technology and telecommunications amounted to R\$2.967 billion in the first nine months of 2012, a 5.3% increase on the previous year.
14. Taxes and contributions, including social security, paid or recorded in provision, amounted to R\$17.056 billion, of which R\$6.695 billion referred to taxes withheld and collected from third parties and R\$10.361 billion from Bradesco Organization activities, equivalent to 120.4% of Adjusted Net Income<sup>(1)</sup>.
15. Bradesco has an extensive customer service network in Brazil, comprising 8,439 service points (4,665 branches and 3,774 Service Branches - PAs). Customers can also use 1,456 PAEs - ATMs (Automatic Teller Machines) in companies, 41,713 Bradesco *Expresso* service points, 35,128 Bradesco *Dia & Noite* ATMs and 12,414 *Banco 24 Horas* ATMs.

8. Interest on Shareholders' Equity and Dividends were paid and recorded in provision to shareholders at the amount of R\$2.923 billion in the first nine months of 2012, of which R\$1.348 billion was paid as monthly and interim dividends and R\$1.575 billion was recorded in provision.

(1) According to non-recurring events described on page 8 of this Report on Economic and Financial Analysis; (2) Excludes mark-to-market effect of available-for-sale securities recorded under Shareholders' Equity; (3) R\$124.332 billion considering the closing price of preferred shares (most traded share); (4) Includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligation in loan assignment (receivables-backed investment funds and mortgage-backed receivables), co-obligation in rural loan assignment, and operations bearing credit risk – commercial portfolio, which includes debentures and promissory notes; and (5) In the last 12 months.



## Highlights

16. Payroll, plus charges and benefits, totaled R\$7.660 billion. Social benefits provided to the 104,100 employees of the Bradesco Organization and their dependents amounted to R\$1.840 billion, while investments in training and development programs totaled R\$100.219 million.

17. On August 30, the Organization inaugurated Bradesco Next – the bank of the future – a thoroughly modern space for the presentation and experimentation of new technologies, products and services.

18. On September 13, Bradesco was once again included in the Dow Jones Sustainability Index, a select NYSE trading list that includes only those companies with the best sustainable development practices.

19. Major Awards and Acknowledgments in the period:

- Bradesco was elected Company of the Year by the *Best of Dinheiro 2012* year book, as well as the Best Insurance Company, the Best Health Company and Best Human Resources Management Company (*IstoÉ Dinheiro* magazine, in association with KPMG, Trevisan and Economatica);
- For the second consecutive year, Bradesco is the most valuable brand Latin America (Latin America BrandFinance);
- Bradesco is the most innovative company in customer relations according to a survey conducted by the consultancy DOM Strategy Partners (*Consumidor Moderno* magazine);
- Bradesco is one of the 100 Best Companies to Work For in Brazil (*Época* magazine, evaluated by the Great Place to Work Institute);

- Bradesco was the only financial institution with a positive performance in the Stock Exchange in 2012 (*Valor Econômico* newspaper, data from BM&FBovespa and Economatica);

- For the sixth consecutive time, Grupo Bradesco Seguros ranked first in the Brazilian insurance company category (2012 *Valor 1000* list of *Valor Econômico* newspaper); and

- For the second consecutive year, Grupo Bradesco Seguros was the “Best and major insurance company in Latin America”, in the “Top 100 Insurers” ranking (*Latin Trademagazine*).

20. With regards to sustainability, Bradesco divides its actions into three pillars:

- (i) Sustainable Finances, focused on banking inclusion, social and environmental variables for loan approvals and product offering;
- (ii) Responsible Management, focused on valuing professionals, improving the workplace and adopting eco-efficient practices; and
- (iii) Social and Environmental Investments, focused on education, the environment, culture and sports. In this area, we point out Fundação Bradesco, which has a 55-year history of extensive social and educational work, with 40 schools in Brazil. In 2012, a projected budget of R\$385.473 million will benefit 111,170 students in its schools, in Basic Education (from Kindergarten to High School and Vocational Training - High School Level), Education for Youth and Adults; and Preliminary and Continuing Qualification focused on the creation of jobs and generation of income. The nearly 50 thousand students in Basic Education are guaranteed free, quality education, uniforms, school supplies, meals and medical and dental assistance. Fundação Bradesco also aided another 300,150 students

- Bradesco placed first in the financial segment “Stock Exchange’s Stars” ranking. The study analyzed the performance of all Brazilian companies’ shares listed on São Paulo Stock Exchange and indicated those that created more value to their shareholders (Boston Consulting Group); through its distance learning programs, found at its e-learning portal “Virtual School.” These students completed at least one of the many courses offered by the Virtual School. Furthermore, another 83,323 people will benefit from projects and actions in partnerships with Digital Inclusion Centers (CIDs), the *Educa+Ação* Program and Technology courses (*Educar e Aprender*– Teach and Learn).

Press Release

**Main Information**

	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11
Income Statement for the Period - R\$ million						
Book Net Income	2,862	2,833	2,793	2,726	2,815	2,793
Adjusted Net Income	2,893	2,867	2,845	2,771	2,864	2,845
Total Financial Margin	10,955	11,034	10,695	10,258	10,230	9,418
Gross Loan Financial Margin	7,460	7,362	7,181	7,162	6,928	6,511
Net Loan Financial Margin	4,157	3,955	4,087	4,501	4,149	4,111
Allowance for Loan Losses (ALL) Expenses	(3,303)	(3,407)	(3,094)	(2,661)	(2,779)	(2,433)
Fee and Commission Income	4,438	4,281	4,118	4,086	3,876	3,771
Administrative and Personnel Expenses	(6,684)	(6,488)	(6,279)	(6,822)	(6,285)	(5,788)
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	10,104	11,570	9,418	11,138	9,025	9,611
Balance Sheet - R\$ million						
Total Assets	856,288	830,520	789,550	761,533	722,289	689,333
Securities	319,537	322,507	294,959	265,723	244,622	231,411
Loan Operations <sup>(1)</sup>	371,674	364,963	350,831	345,724	332,335	319,811
- Individuals	114,536	112,235	109,651	108,671	105,389	102,911
- Corporate	257,138	252,728	241,181	237,053	226,946	216,899
Allowance for Loan Losses (ALL)	(20,915)	(20,682)	(20,117)	(19,540)	(19,091)	(17,366)
Total Deposits	212,869	217,070	213,877	217,424	224,664	213,511
Technical Reserves	117,807	111,789	106,953	103,653	97,099	93,911
Shareholders' Equity	66,047	63,920	58,060	55,582	53,742	52,811
Assets under Management	1,172,008	1,130,504	1,087,270	1,019,790	973,194	933,911
Performance Indicators (%) on Adjusted Net Income (unless otherwise stated)						
Adjusted Net Income per Share - R\$ <sup>(2)</sup>	2.98	2.97	2.96	2.93	2.91	2.89
Book Value per Common and Preferred Share - R\$	17.30	16.74	15.21	14.56	14.08	13.51
Annualized Return on Average Shareholders' Equity <sup>(3) (4)</sup>	19.9	20.6	21.4	21.3	22.4	23.1
Annualized Return on Average Assets <sup>(4)</sup>	1.4	1.4	1.5	1.6	1.7	1.7
Average Rate - Annualized (Adjusted Financial Margin / Total Average Assets - Purchase and Sale Commitments - Permanent Assets)						
Fixed Assets Ratio - Total Consolidated	19.0	18.2	19.9	21.0	16.7	17.1
Combined Ratio - Insurance <sup>(5)</sup>	86.5	85.0	85.6	83.6	86.2	85.5
Efficiency Ratio (ER) <sup>(2)</sup>	42.1	42.4	42.7	43.0	42.7	42.1
Coverage Ratio (Fee and Commission Income / Administrative and Personnel Expenses) <sup>(2)</sup>	64.4	63.2	62.9	62.2	62.7	63.1
Market Capitalization - R\$ million <sup>(6)</sup>	113,102	104,869	113,021	106,971	96,682	111,711
Loan Portfolio Quality % <sup>(7)</sup>						
ALL / Loan Portfolio	7.4	7.4	7.5	7.3	7.3	6.9
Non-Performing Loans (>60 days <sup>(8)</sup> / Loan Portfolio)	5.1	5.1	5.1	4.8	4.6	4.4
Delinquency Ratio (> 90 days <sup>(8)</sup> / Loan Portfolio)	4.1	4.2	4.1	3.9	3.8	3.8

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Coverage Ratio (> 90 days <sup>(8)</sup> )	179.0	177.4	181.7	184.4	194.0	189.0
Coverage Ratio (> 60 days <sup>(8)</sup> )	144.8	144.0	146.6	151.8	159.6	154.0
Operating Limits %						
Capital Adequacy Ratio - Total Consolidated	16.0	17.0	15.0	15.1	14.7	14.0
- Tier I	11.3	11.8	12.0	12.4	12.2	12.0
- Tier II	4.7	5.2	3.0	2.7	2.5	2.0
- Deductions	-	-	-	-	-	-

Report on Economic and Financial Analysis – September 2012

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Press Release

**Main Information**

	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11	Mar11	Dec10	Sept11 vs Jun11
<b>Structural Information - Units</b>									
Service Points	67,225	65,370	62,759	59,721	55,832	53,256	50,977	48,691	2
- Branches	4,665	4,650	4,636	4,634	3,945	3,676	3,651	3,628	0
- PAs <sup>(9)</sup>	3,774	3,243	2,986	2,962	2,990	2,982	2,978	2,933	16
- PAEs <sup>(9)</sup>	1,456	1,476	1,497	1,477	1,589	1,587	1,588	1,557	(1.4)
- Outplaced Bradesco Network ATMs <sup>(10)</sup>	3,954	3,992	3,974	3,913	3,953	3,962	3,921	3,891	(1.4)
- Banco24Horas Network ATMs <sup>(10)</sup>	10,464	10,459	10,583	10,753	10,815	10,856	10,326	9,765	0
- Bradesco Expresso (Correspondent Banks)	41,713	40,476	38,065	34,839	31,372	29,263	27,649	26,104	3
- Bradesco Promotora de Vendas	1,186	1,061	1,005	1,131	1,157	919	853	801	11
- Branches / Subsidiaries Abroad	13	13	13	12	11	11	11	12	
ATMs	47,542	47,484	47,330	46,971	45,596	45,103	44,263	43,072	0
- Bradesco Network	35,128	35,226	35,007	34,516	33,217	32,714	32,514	32,015	(0.3)
- Banco24Horas Network	12,414	12,258	12,323	12,455	12,379	12,389	11,749	11,057	1
Credit and Debit Cards - in millions	149.3	150.1	159.9	155.7	153.0	150.4	147.5	145.2	(0.3)
- Credit Cards <sup>(11)</sup>	93.0	95.3	93.8	91.4	90.1	89.0	87.4	86.5	(2.4)
- Debit Cards <sup>(12)</sup>	56.4	54.8	66.1	64.3	62.9	61.4	60.1	58.7	2
Employees	104,100	104,531	105,102	104,684	101,334	98,317	96,749	95,248	(0.3)
Outsourced Employees and Interns	13,013	12,661	12,659	11,699	10,731	10,563	10,321	9,999	2
Customers - in millions									
Checking accounts	25.6	25.6	25.4	25.1	24.7	24.0	23.5	23.1	
Savings Accounts <sup>(13)</sup>	48.3	45.2	41.3	43.4	40.6	39.7	39.4	41.1	6
Insurance Group	42.4	41.9	40.8	40.3	39.4	38.0	37.0	36.2	1
- Policyholders	36.7	36.3	35.4	35.0	34.3	33.0	32.1	31.5	1
- Pension Plan Participants	2.3	2.2	2.2	2.2	2.1	2.1	2.1	2.0	4
- Capitalization Bond Customers	3.4	3.4	3.2	3.1	3.0	2.9	2.8	2.7	
Bradesco Financiamentos	3.7	3.8	3.8	3.8	4.0	4.2	4.5	4.9	(2.4)

(1) Expanded Loan Portfolio: includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligation in loan assignment (receivables-backed investment funds and mortgage-backed receivables), co-obligation in rural loan assignment and operations bearing credit risk – commercial portfolio, covering debentures and promissory notes;

(2) In the last 12 months;

(3) Excluding mark-to-market effect of available-for-sale securities recorded under shareholders' equity;

- (4) Adjusted net income for the period;
- (5) Excludes additional reserves;
- (6) Number of shares (excluding treasury shares) multiplied by the closing price of common and preferred shares on the period's last trading day;
- (7) As defined by the Brazilian Central Bank (Bacen);
- (8) Credits overdue;
- (9) PA (Service Branch): a result from the consolidation of PAB (Banking Service Branch), PAA (Advanced Service Branch) and Exchange Branches, according to CMN Resolution 4,072 of April 26, 2012; and PAE: ATM located in the premises of a company;
- (10) Including overlapping ATMs within the Bank's own network and the *Banco24Horas* network: 2,039 in September 2012 ; 2,059 in June 2012; 2,050 in March 2012; 2,019 in December 2011; 2,040 in September 2011; 2,045 in June 2011; 2,024 in March 2011; and 1,999 in December 2010;
- (11) The decreased credit card base in 3Q12 is due to the exclusion of idle cards;
- (12) The decreased debit card base in 2Q12 is due to the exclusion of idle cards; and
- (13) Number of accounts.

Press Release

**Ratings**

**Main Ratings**

**Fitch Ratings**

Feasibility	Support	International Scale				Domestic Scale			
		Domestic Currency		Foreign Currency		Domestic		Domestic	
		Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
a -	2	A -	F1	BBB +	F2	AAA (bra)	F1 + (bra)		

**Moody's Investors Service**

**R&I Inc.**

**Financial Strength / Individual**

**Credit Risk**

**International Scale**

**Domestic Scale**

**International Scale**

**Profile**

C - / baa1	Foreign Currency Debt	Domestic Currency Deposit		Foreign Currency Deposit		Domestic Currency		Issuer Rating
		Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	
		Baa1	A3	P - 2	Baa2	P-2	Aaa.br	
								BBB

**Standard & Poor's**

**Austin Rating**

International Scale - Issuer's Credit Rating				Domestic Scale		Corporate Governance	Domestic Scale	
Foreign Currency		Domestic Currency		Issuer's Credit Rating			Long Term	Short Term
Long Term	Short Term	Long Term	Short Term	Long Term	Short Term			
BBB	A - 2	BBB	A - 2	brAAA	brA - 1	brAA+	brAAA	brA -1

**Book Net Income vs Adjusted Net Income**

The main non-recurring events that impacted book net income in the periods below are presented in the following comparative chart:

	9M12	9M11	3Q12	R\$ million 2Q12
<b>Book Net Income</b>	<b>8,488</b>	<b>8,302</b>	<b>2,862</b>	<b>2,833</b>
<b>Non-Recurring Events</b>	<b>117</b>	<b>125</b>	<b>31</b>	<b>34</b>
- Earnings from Extended Securities Terms <sup>(1)</sup>	(2,116)	-	(2,116)	-
- Additional Technical Reserve due to Real Interest Rate Reduction <sup>(1)</sup>	2,116	-	2,116	-
- Reversal of Provision for Tax Risks	-	(2,126)	-	-
- Additional ALL	-	1,006	-	-
- Labor Provision	-	501	-	-
- Other <sup>(2)</sup>	195	604	52	57
- Tax Effects	(78)	140	(21)	(23)
<b>Adjusted Net Income</b>	<b>8,605</b>	<b>8,427</b>	<b>2,893</b>	<b>2,867</b>
<b>ROAE % <sup>(3)</sup></b>	<b>19.6</b>	<b>22.0</b>	<b>20.2</b>	<b>20.6</b>
<b>ADJUSTED ROAE % <sup>(3)</sup></b>	<b>19.9</b>	<b>22.4</b>	<b>20.4</b>	<b>20.9</b>

(1) See page 17 – "Income from Insurance, Pension Plans and Capitalization Bonds – Non-Recurring Events."

(2) Includes civil provision, of which: R\$195 million in the first nine months of 2012, R\$52 million in the third quarter of 2012 and R\$57 million in the second quarter of 2012. The first nine months of 2011 include basically: (i) asset impairment, amounting to R\$152 million; and (ii) civil provision, amounting to R\$403 million.

(3) Annualized.



Press Release

**Summarized Analysis of Adjusted Income**

To provide for better understanding, comparison and analysis of Bradesco's results, we use the Adjusted Income Statement for analysis and comments contained in this Report on Economic and Financial Analysis, obtained from adjustments made to the Book Income Statement, detailed at the end of this

Press Release, which includes adjustments to non-recurring events shown on the previous page. Note that the Adjusted Income Statement serves as the basis for the analysis and comments made in Chapters 1 and 2 of this report.

R\$ million

	<b>Adjusted Income Statement</b>							
	9M12	9M11	Variation		3Q12	2Q12	Variation	
			9M12 x 9M11	%			3Q12 x 2Q12	%
	Amount			Amount		Amount		
<b>Financial Margin</b>	<b>32,684</b>	<b>29,063</b>	<b>3,621</b>	<b>12.5</b>	<b>10,955</b>	<b>11,034</b>	<b>(79)</b>	<b>(0.7)</b>
- Interest	31,343	27,685	3,658	13.2	10,603	10,518	85	0.8
- Non-interest	1,341	1,378	(37)	(2.7)	352	516	(164)	(31.8)
ALL	(9,804)	(7,576)	(2,228)	29.4	(3,303)	(3,407)	104	(3.1)
<b>Gross Income from Financial Intermediation</b>	<b>22,880</b>	<b>21,487</b>	<b>1,393</b>	<b>6.5</b>	<b>7,652</b>	<b>7,627</b>	<b>25</b>	<b>0.3</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(1)</sup>	2,859	2,437	422	17.3	1,029	953	76	8.0
Fee and Commission Income	12,837	11,137	1,700	15.3	4,438	4,281	157	3.7
Personnel Expenses	(9,044)	(7,921)	(1,123)	14.2	(3,119)	(3,047)	(72)	2.4
Other Administrative Expenses	(10,407)	(9,724)	(683)	7.0	(3,565)	(3,441)	(124)	3.6
Tax Expenses	(3,041)	(2,659)	(382)	14.4	(1,038)	(991)	(47)	4.7
Equity in the Earnings (Losses) of Unconsolidated Companies	104	91	13	14.3	45	19	26	136.8
Other Operating Income / (Expenses)	(3,085)	(2,593)	(492)	19.0	(1,054)	(1,035)	(19)	1.8
<b>Operating Result</b>	<b>13,103</b>	<b>12,255</b>	<b>848</b>	<b>6.9</b>	<b>4,388</b>	<b>4,366</b>	<b>22</b>	<b>0.5</b>
Non-Operating Income	(60)	(1)	(59)	-	(20)	(22)	2	(9.1)
Income Tax / Social Contribution	(4,384)	(3,713)	(671)	18.1	(1,455)	(1,461)	6	(0.4)

Non-controlling Interest	(54)	(114)	60	(52.6)	(20)	(16)	(4)	25.0
<b>Adjusted Net Income</b>	<b>8,605</b>	<b>8,427</b>	<b>178</b>	<b>2.1</b>	<b>2,893</b>	<b>2,867</b>	<b>26</b>	<b>0.9</b>

(1) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves of Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemptions –Insurance, Pension Plan and Capitalization Bond Selling Expenses.

Press Release

## **Summarized Analysis of Adjusted Income**

### **Adjusted Net income and Profitability**

In the third quarter of 2012, Bradesco posted adjusted net income of R\$2,893 million, up 0.9%, or R\$26 million, on the previous quarter, mainly driven by: (i) greater fee and commission income arising from the increase in business volume, (ii) lower allowance for loan losses, (iii) higher operating insurance income, offset by: (iv) higher personnel and administrative expenses, and (v) lower financial margin income, a result of lower income from non-interest portion.

In comparison with the same period a year earlier, adjusted net income increased by R\$178 million, or 2.1% in the first nine months of 2012, for Return on Average Shareholders' Equity (ROAE) of 19.9%.

Shareholders Equity stood at R\$66,047 million in September 2012, up 22.9% on the balance of September 2011. This increase is partially due to the surplus value of some securities reclassified from Held to Maturity to Available for Sale for adoption of CPCs 38 and 40 by the Insurance Group. The Capital Adequacy Ratio stood at 16.0%, 11.3% of which fell under Tier I Reference Shareholders' Equity.

Total Assets came to R\$856,288 million in September 2012, up 18.6% over September 2011, driven by the increase in operations and the expansion of business volume. Return on Average Assets (ROAA) reached 1.4%.

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Press Release

## Summarized Analysis of Adjusted Income

### Efficiency Ratio (ER)

The Efficiency Ratio in the last 12 months<sup>(1)</sup> improved by 0.3 p.p. for the third consecutive quarter, including the raise in salary levels as determined by the collective bargaining agreement, reaching 42.1% in the third quarter of 2012, lowest recorded in the last nine quarters. The improvement in ER was mainly driven by the growth in financial margin and fee and commission income, which was mainly due to an increase in average business volume, resulting from accelerated organic growth, which began in the second half of 2011, combined with the ongoing cost control efforts and the Efficiency Committee actions.

Quarterly ER was up 1.2 p.p. over the same period in the previous year, as a result of the aforementioned factors, combined with the 19.1% increase in income from insurance, pension plans and capitalization bonds.

The “adjusted to risk” ER, which reflects the impact of risk associated with loan operations<sup>(2)</sup>, remained stable over the previous quarter at 53.1%, thanks to the stable delinquency ratio in the period.

(1) ER = (Personnel Expenses – Employee Profit Sharing + Administrative Expenses) / (Financial Margin + Fee and Commission Income + Income from Insurance + Equity in the Earnings (Losses) of Unconsolidated Companies + Other Operating Income – Other Operating Expenses). Considering the ratio between: (i) total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation + Insurance Selling Expenses) and (ii) revenue net of related taxes (not considering Claims and Selling Expenses from the Insurance Group), our ER in the third quarter of 2012 would be 44.9%; and

(2) Including ALL expenses, adjusted for granted discounts, loan recovery and sale of foreclosed assets, among others.



Press Release

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## Summarized Analysis of Adjusted Income

### Financial Margin

The R\$79 million decrease between the third quarter of 2012 and the second quarter of 2012 was mainly due to:

- lower gains from the non-interest margin, in the amount of R\$164 million, as a result of lower treasury/security gains; and

offset by:

- a R\$85 million increase in interest-earning operations, mainly due to higher gains with: (i) “Loans”, due to increased volume of transactions in the period, and (ii) “Securities/Other” margins.

Financial margin posted a R\$3,621 million improvement between the first nine months of 2012 and the same period in 2011, for growth of 12.5%, mainly driven by:

- a R\$3,658 million increase in income from interest-earning operations due to an increase in business volume, mainly from: (i) “Loans”; and (ii) “Securities/Other;” and

offset by:

- lower income from the non-interest margin, in the amount of R\$37 million, due to lower “Treasury/Securities” gains.

Press Release

**Summarized Analysis of Adjusted Income****Interest Financial Margin – Annualized Average Rates**

	<b>9M12</b>		<b>9M11</b>		<b>R\$ million</b>	
	<b>Interest</b>	<b>Average</b>	<b>Average</b>	<b>Interest</b>		<b>Average</b>
	<b>Balance</b>	<b>Rate</b>	<b>Balance</b>	<b>Rate</b>		
Loans	22,003	280,666	10.6%	19,656	250,059	10.6%
Funding	3,228	333,543	1.3%	3,393	295,027	1.5%
Insurance	2,271	110,526	2.7%	2,618	92,422	3.8%
Securities/Other	3,841	288,773	1.8%	2,018	225,793	1.2%
<b>Financial Margin</b>	<b>31,343</b>	<b>-</b>	<b>7.4%</b>	<b>27,685</b>	<b>-</b>	<b>7.5%</b>

	<b>3Q12</b>		<b>2Q12</b>			
	<b>Interest</b>	<b>Average</b>	<b>Average</b>	<b>Interest</b>	<b>Average</b>	
	<b>Balance</b>	<b>Rate</b>	<b>Balance</b>	<b>Rate</b>		
Loans	7,460	287,987	10.8%	7,362	281,442	10.9%
Funding	1,019	332,488	1.2%	1,041	336,954	1.2%
Insurance	694	115,647	2.4%	726	110,120	2.7%
Securities/Other	1,430	298,905	1.9%	1,389	283,763	2.0%
<b>Financial Margin</b>	<b>10,603</b>	<b>-</b>	<b>7.4%</b>	<b>10,518</b>	<b>-</b>	<b>7.5%</b>

The annualized interest financial margin rate stood at 7.4% in the third quarter of 2012, down 0.1 p.p. on the previous quarter, mainly due to: (i) the reduction in the average “Loan” margin rate, which was impacted by the decrease in interest rates in effect and the change in the loan portfolio mix; and (ii) the shrinkage in the average “Insurance” margin rate, due to the increase of the IGPM in the period, which affected the adjustment for inflation of part of technical reserves.

Press Release

## **Summarized Analysis of Adjusted Income**

### **Expanded Loan Portfolio<sup>(1)</sup>**

In September 2012, Bradesco's loan operations totaled R\$371.7 billion. The 1.8% increase in the quarter was due to growth of: (i) 2.1% in Individuals; (ii) 2.0% in Small and Medium-sized Entities (SMEs); and (iii) 1.5% in Corporations.

Over the last 12 months, the expanded portfolio increased 11.8%, driven by: (i) 13.3% growth in Corporations; (ii) 13.3% growth in SMEs; and (iii) 8.7% growth in Individuals.

To the Individuals segment, the products that posted the strongest growth in the last 12 months were: (i) real estate financing; and (ii) payroll-deductible loans. In the Corporate segment, growth was led by: (i) real estate financing – corporate plan; and (ii) export financing.

(1) Includes sureties, guarantees, letters of credit, advances of credit card receivables, debentures, promissory notes, assignment of receivables-backed investment funds and mortgage-backed receivables and rural loan. For more information, see Chapter 2 of this Report.

### **Allowance for Loan Losses (ALL)**

In the third quarter of 2012, ALL expenses stood at R\$3,303 million, down 3.1% from the previous quarter, even considering the 1.9% growth in the loan portfolio – as defined by Bacen in the period. This was mainly due to change occurred only in the second quarter of 2012.

In comparison with the first nine months of 2011, ALL expenses in the same period in 2012 came to R\$9,804 million, a 29.4% increase, mainly due to: (i) a 9.2% growth in loan operations - as defined by Bacen; and (ii) greater delinquency ratio in the period.





Press Release

## Summarized Analysis of Adjusted Income

### Delinquency Ratio > 90 days<sup>(1)</sup>

The delinquency ratio over 90 days was down 0.1 p.p. in the quarter, despite the changes in mix of business. It is worth highlighting Corporations' lower delinquency ratio.

(1) As defined by Bacen.

### Coverage Ratios<sup>(1)</sup>

The following graph presents the changes in coverage ratio of the ALL for loans overdue for more than 60 and 90 days. In September 2012, these ratios stood at 144.8% and 179.0%, respectively, posting a slight improvement in the period and pointing to a comfortable level of provisioning.

The ALL, totaling R\$20.9 billion in September 2012, was made up of: (i) R\$16.9 billion required by Bacen; and (ii) R\$4.0 billion in excess provisions.

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Press Release

**Summarized Analysis of Adjusted Income****Income from Insurance, Pension Plans and Capitalization Bonds**

Net income for the third quarter of 2012 stood at R\$837 million (R\$881 million in the second quarter of 2012), with an annualized Return on Shareholders' Equity of 24.9%.

Net income totaled R\$2.623 billion, up 12.0% in the first nine months of 2012 in comparison with the same period a year earlier (R\$2.341 billion), with a 24.6% Return on Shareholders' Equity.

	R\$ million (unless otherwise stated)								Variation %	
	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10	3Q12 x 2Q12	3Q12 x 3Q11
Net Income	837	881	905	860	780	800	761	779	(5.0)	7.3
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	10,104	11,570	9,418	11,138	9,025	9,628	7,845	9,012	(12.7)	12.0
Technical Reserves Financial Assets <sup>(1)</sup>	117,807	111,789	106,953	103,653	97,099	93,938	89,980	87,177	5.4	21.3
Claims Ratio	70.4	71.3	71.9	68.6	71.5	72.2	72.0	71.1	(0.9) p.p.	(1.1) p.p.
Combined Ratio	86.5	85.0	85.6	83.6	86.2	85.8	86.1	85.1	1.5 p.p.	0.3 p.p.
Policyholders / Participants and Customers (in thousands)	42,363	41,898	40,785	40,304	39,434	37,972	37,012	36,233	1.1	7.4
Employees	7,545	7,478	7,574	7,608	7,571	7,594	7,544	7,459	0.9	(0.3)
Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income <sup>(2)</sup>	24.5	24.8	23.4	25.6	24.9	25.0	23.2	24.7	(0.3) p.p.	(0.4) p.p.

(1) As of the fourth quarter of 2010, held-to-maturity securities were reclassified to available for sale category, for adoption of CPCs 38 and 40; and

(2) The third quarter of 2012 includes the latest data released by Susep (August 12).

Note: For comparison purposes, the non-recurring effects arising from the additional technical reserve due to the real interest rate reduction were not considered in the third quarter ratio.

Press Release

## Summarized Analysis of Adjusted Income

Below we point out the main non-recurring events in the third quarter of 2012, which, however, had not an impact on Insurance Group's result:

(i) Financial Assets: Aiming at streamlining our Assets Liability Management – ALM, we extended the terms of some available-for-sale securities covering technical reserves. This resulted in a R\$2.1-billion gain in financial revenues; and

(ii) Technical Reserves: Based on economic and actuarial studies, the Insurance Group decided to adapt its long-term technical reserves to the current real interest rates. As a result, we had a R\$2.1 billion expense on additional technical reserves.

Note that, despite the R\$2.1 billion expense with available-for-sale securities, this portfolio's mark-to-market balance increased R\$189 million in the third quarter of 2012, totaling R\$5.8 billion in September 2012 (June 2012 – R\$5.6 billion).

Due to the excellent performance of the Life and Pension Plan segments in the second quarter of 2012 and the known seasonality of the insurance segment, the quarterly revenue stood at R\$10.1 billion, lower in a quarter-on-quarter comparison, but up 12.0% when compared to the previous year.

Net income for the third quarter of 2012 was down 5.0% over the previous quarter, mainly due to: (i) the 12.7% decrease in revenue; partially offset by: (ii) the 0.9 p.p. reduction in claims ratio; and (iii) the improved financial and equity income.

Year on year, quarterly net income was up 7.3%, due to: (i) the 12.0% increase in revenue; (ii) 1.1 p.p. drop in claims ratio; (iii) lower general and administrative expenses; partially offset by: (iv) a decreased financial income.

In the first nine months, total revenue increased by 17.3% over the same period in 2011, which was driven by the performance of all segments, that posted an over two-digit growth in the period.

Net income for the first nine months of 2012 was up 12.0% over the same period in 2011, due to: (i) a 17.3% increase in revenue; (ii) the focus on more profitable products; (iii) the 0.7 p.p. drop in claims ratio; (iv) improved equity income; and (v) lower general and administrative expenses, despite the sector's collective bargaining agreement in January 2012; partially offset by: (vi) a decreased financial income.

With regards to solvency, Grupo Bradesco de Seguros e Previdência complies with Susep and ANS rules, also complying with global standards (Solvency II), with a leverage of 2.3 times its Shareholders' Equity in the period.



Press Release

## **Summarized Analysis of Adjusted Income**

### **Fee and Commission Income**

In the third quarter of 2012, fee and commission income came to R\$4,438 million, up R\$157 million, or 3.7%, over the previous quarter, due to the increase in business volume. This result was due to: (i) an increase in income from cards; (ii) an increase in income from fund management; (iii) an increase in income from checking accounts; (iv) an increase in income from collections; and partially offset by: (v) lower gains from capital market operations (underwriting / financial advisory).

In comparison with the same period a year earlier, the increase of R\$1,700 million, or 15.3%, in fee and commission income in the first nine months of 2012 was mainly due to: (i) the performance of the credit card segment, driven by the growth in credit card base and revenue; (ii) higher income from checking accounts, which was a result of a better business volume and an increase in the checking account holder base, which posted net growth of 945 thousand accounts in the period; (iii) greater income from fund management; (iv) greater gains from capital market operations (underwriting / financial advisory); and (v) greater income from loan operations, resulting from an increase in volume of contracted operations and surety and guarantee operations.

Press Release

## Summarized Analysis of Adjusted Income

### Personnel Expenses

In the third quarter of 2012, the R\$72 million increase from the previous quarter was due to the following:

- structural expenses – up R\$112 million, mainly due to raise in salary levels, as determined by the collective bargaining agreement, and adjustments to labor obligations; and

- non-structural expenses – R\$40 million decrease, mainly due to lower expenses with: (i) provision for labor claims; and (ii) employee and management profit sharing.

In comparison with the same period in 2011, the R\$1,123 million increase in the first nine months of 2012 was mainly the result of:

- R\$951 million in structural expenses, resulting from: (i) increased expenses with salaries, social charges and benefits, due to raise in salary levels (2011 and 2012 collective bargaining agreements); and (ii) the net increase in the number of employees by 2,766 professionals, due to organic growth in the period; and

Note: Structural Expenses = Salaries + Social Charges + Benefits + Pension Plans. Non-Structural Expenses = Employee and Management Profit Sharing + Training + Labor Provision + Costs with Termination of Employment Contracts.

- R\$172 million in non-structural expenses, basically driven by greater expenses with employee and management profit sharing in the period.





Press Release

## **Summarized Analysis of Adjusted Income**

### **Administrative Expenses**

In the third quarter of 2012, the 3.6% increase in administrative expenses from the previous quarter was mainly the result of higher expenses with: (i) outsourced services, mainly due to Cards variable expenses; (ii) data processing; and (iii) marketing and advertising, mainly due to the actions taken during the 2012 London Olympic and Paralympic Games, regarding the 2016 Rio Olympics sponsorship rights.

In comparison with the nine months of 2012 and the same period a year earlier, the 7.0% increase in the third quarter of 2012 was mainly due to: (i) the increase in business and services volume; (ii) contractual adjustments; and (iii) the opening of 11,393 service points, mainly the increase to 720 branches and 10,341 Bradesco *Expresso* points, for a total of 67,225 service points on September 30, 2012; which was partially offset by lower expenses with: (iv) outsourced services; and (v) marketing and advertising.

### **Other Operating Income and Expenses**

Other operating expenses, net of other operating income, totaled R\$1,054 million in the third quarter of 2012, up R\$19 million over the previous quarter, and R\$492 million in comparison with the first nine months of 2012.

Compared with the same quarter last year and the previous quarter, the increase in other operating

expenses, net of other operating income, was mainly the result of greater expenses with: (i) operating provisions, particularly those for tax and civil contingencies; (ii) sundry losses; and (iii) amortization of intangible assets due to acquisition of banking rights.

Press Release

## **Summarized Analysis of Adjusted Income**

### **Income Tax and Social Contribution**

In the quarter-on-quarter comparison, income tax and social contribution expenses remained practically steady, mainly due to the fact that the taxable result remained the same in the period.

In the year-on-year comparison, the increase in these expenses is mainly the result of: (i) greater taxable result; and (ii) the termination of tax credits resulting from the increase in the social contribution rate from 9% to 15% in the first quarter of 2011.

### **Unrealized Gains**

Unrealized gains totaled R\$21,096 million in the third quarter of 2012, a R\$448 million decrease from the previous quarter. This was mainly due to: (i) the depreciation of investment in Cielo, whose share value decreased by 14.4% in the quarter; and partially offset by: (ii) the appreciation of fixed-income securities due to mark-to-market accounting.

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## Economic Outlook

The third quarter was marked by a new shift in the global scenario as the concerns that had increased in the previous three months began to abate. In an atypically proactive and decisive manner, the main central banks renewed or increased their commitment to injecting liquidity into the markets, which reacted positively. The ECB - European Central Bank signaled its intention of intervening in the sovereign debt markets, contingent upon the assumption of certain obligations by the beneficiaries. Even if this initiative does not solve the eurozone's current structural and non-structural problems, it has contributed substantially to reducing the risk of extreme events in the region. At the same time, the Federal Reserve gave the market a pleasant surprise when it inaugurated the third phase of its quantitative easing program (QE3). In addition to announcing a program to purchase mortgage-backed securities, with no definite closing date, it signaled the maintenance of zero interest until mid-2015 and undertook to continue its expansionist measures even after the U.S. economy shows signs of a sustainable recovery. The Japanese central bank also expanded its asset purchase program.

This series of initiatives should help the recovery of the global economy in the coming quarters, albeit moderately, although they have not eliminated all the existing fears. In particular, there is still a good deal of uncertainty regarding the end of the fiscal stimuli in the United States (the so-called "fiscal cliff"), the degree of commitment of the European nations to adjusting their public finances and, more recently, midterm growth in China, which will be undergoing a political transition in the fourth quarter and whose growth rates are approaching 7.5%.

In Brazil, there was also a shift in the third quarter, this time towards economic activity. The various

Looking forward, it would appear that the recovery is sustainable. The capital goods segment, in particular, should benefit from temporary measures, such as more attractive funding rates and accelerated depreciation, as well as the federal government's purchase program aimed at the segment. Looking further ahead, investments in general should also benefit from the recent infrastructure concessions. For the economy as a whole, the sector-specific tax breaks and the measures to trim production costs, such as the reduction in electricity tariffs, should make the country more competitive. It is also worth highlighting the excellent prospects for domestic agriculture and cattle-raising, which is already having a positive impact on growth, following the negative shock in the first quarter.

Bradesco is maintaining its positive long-term outlook for Brazil. The country's ample foreign reserves (US\$379 billion, versus US\$208 billion in September 2008) and the volume of reserve requirements (R\$365 billion, versus R\$272 billion four years ago) constitute lines of defense that can be called upon rapidly if necessary – such as the reduction in reserve requirements in September. Pre-salt oil exploration and the major global sporting events scheduled for the coming years constitute unique opportunities for a select group of nations. In addition, the ongoing and intense upward social mobility process has expanded the domestic consumer market, in turn generating excellent prospects for Brazil's banking system.

The Organization continues to believe that Brazil will achieve a higher potential growth pace more rapidly if fueled by bigger investments in education and infrastructure and by economic reforms that increase the efficiency of the productive sector. Action on these fronts would play a crucial role in

monetary and fiscal stimuli began to generate more positive results, including an upturn in business confidence. The auto sector measures were particularly effective in that they encouraged sales and reduced inventories to near-normal levels. There are also recent indications suggesting that industrial production is recovering in segments that are not directly related to the auto industry.

giving the private sector a more solid foundation in regard to facing global competition and continuing to grow and create jobs.

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**Main Economic Indicators**

<b>Main Indicators (%)</b>	<b>3Q12</b>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>	<b>3Q11</b>	<b>2Q11</b>	<b>1Q11</b>	<b>4Q10</b>	<b>9M12</b>	<b>9M11</b>
Interbank Deposit Certificate (CDI)	1.91	2.09	2.45	2.67	3.01	2.80	2.64	2.56	6.59	8.70
Ibovespa	8.87	(15.74)	13.67	8.47	(16.15)	(9.01)	(1.04)	(0.18)	4.27	(24.50)
USD – Commercial Rate	0.46	10.93	(2.86)	1.15	18.79	(4.15)	(2.25)	(1.65)	8.25	11.30
General Price Index - Market (IGP-M)	3.79	2.56	0.62	0.91	0.97	0.70	2.43	3.18	7.10	4.15
Extended Consumer Price Index (IPCA) –	1.42	1.08	1.22	1.46	1.06	1.40	2.44	2.23	3.77	4.97
Brazilian Institute of Geography and Statistics (IBGE)										
Federal Government Long-Term Interest Rate (TJLP)	1.36	1.48	1.48	1.48	1.48	1.48	1.48	1.48	4.37	4.50
Reference Interest Rate (TR)	0.03	0.07	0.19	0.22	0.43	0.31	0.25	0.22	0.29	0.99
Savings Account (Old Rule) <sup>(1)</sup>	1.53	1.58	1.70	1.73	1.95	1.82	1.76	1.73	4.89	5.62
Savings Account (New Rule) <sup>(1)</sup>	1.40	-	-	-	-	-	-	-	1.89	-
Business Days (number)	64	62	63	62	65	62	62	63	189	189
Indicators (Closing Rate)										
USD – Commercial Selling Rate - (R\$)	2.0306	2.0213	1.8221	1.8758	1.8544	1.5611	1.6287	1.6662	2.0306	1.8500
Euro - (R\$)	2.6109	2.5606	2.4300	2.4342	2.4938	2.2667	2.3129	2.2280	2.6109	2.4930
Country Risk (points)	166	208	177	223	275	148	173	189	166	275
Basic Selic Rate Copom (% p.a.)	7.50	8.50	9.75	11.00	12.00	12.25	11.75	10.75	7.50	12.00
BM&F Fixed Rate (% p.a.)	7.48	7.57	8.96	10.04	10.39	12.65	12.28	12.03	7.48	10.39

(1) The 3Q12 and 9M12 consider the new savings account remuneration rule, which defines that: (i) the existing deposits up to May 3, 2012 will continue to remunerate at TR + 6.17% p.a.; and (ii) for deposits made as of May 4, 2012, the new rules are:

(a) if the Selic rate is higher than 8.5% p.a., the TR + 6.17% p.a. remuneration will be maintained; and (b) when the Selic rate is equal to or lower than 8.5% p.a., the remuneration will be 70% of Selic rate + TR.

**Projections through 2014**

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%	<b>2012</b>	<b>2013</b>	<b>2014</b>
USD - Commercial Rate (year-end) - R\$	2.00	2.00	2.10
Extended Consumer Price Index (IPCA)	5.40	5.20	5.00
General Price Index - Market (IGP-M)	7.80	4.60	4.50
Selic (year-end)	7.25	8.25	8.25
Gross Domestic Product (GDP)	1.60	4.00	4.50

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Press Release

**Guidance****Bradesco's Outlook for 2012**

This guidance contains forward-looking statements that are subject to risks and uncertainties, as they are based on Management's expectations and assumptions and information available to the market to date.

<b>Loan Portfolio<sup>(1)</sup></b>	<b>14% to 18%</b>
Individuals	12% to 16%
Companies	14% to 18%
SMEs	16% to 20%
Corporations	13% to 17%
<b>Products</b>	
Vehicles	2% to 6%
Cards <sup>(2)</sup>	10% to 14%
Real Estate Financing (origination)	R\$ 14.0 bi
Payroll-Deductible Loans	26% to 30%
<b>Financial Margin<sup>(3)</sup></b>	<b>10% to 14%</b>
<b>Fee and Commission Income</b>	<b>10% to 14%</b>
<b>Operating Expenses<sup>(4)</sup></b>	<b>8% to 12%</b>
<b>Insurance Premiums</b>	<b>15% to 19%</b>

(1) Expanded Loan Portfolio;

(2) Does not include the "BNDES Cards" and "Discounts on Advances of Receivables" portfolios;

(3) Under current criterion, Guidance for Interest Financial Margin; and

(4) Administrative and Personnel Expenses.

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**Income Statement vs. Managerial Income vs. Adjusted Income****Analytical Breakdown of Income Statement vs. Managerial Income vs. Adjusted Income****Third Quarter of 2012**

R\$ million

	Book Income Statement	Reclassifications						3Q12		Non-Recurring Events <sup>(9)</sup>	Adjusted Statement of Income
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	Fiscal Hedge Income <sup>(8)</sup>		
<b>Financial Margin</b>	<b>13,842(290)</b>	<b>45</b>	<b>18(615)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>13,070</b>	<b>(2,116)</b>	<b>10,955</b>
ALL	(3,552)	-	-	-	348(99)	-	-	-	(3,303)	-	(3,303)
<b>Gross Income from Financial Intermediation</b>	<b>10,290(290)</b>	<b>45</b>	<b>18(267)(99)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>9,767</b>	<b>(2,116)</b>	<b>7,652</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(10)</sup>	(1,087)	-	-	-	-	-	-	-	(1,087)	2,116	1,029
Fee and Commission Income	4,332	-	-	-	-	107	-	-	4,438	-	4,438
Personnel Expenses	(3,119)	-	-	-	-	-	-	-	(3,119)	-	(3,119)
Other Administrative Expenses	(3,447)	-	-	-	-	-	(118)	-	(3,565)	-	(3,565)
Tax Expenses	(1,021)	-	-	-	(10)	-	-	(8)	(1,038)	-	(1,038)
Equity in the Earnings (Losses) of Unconsolidated Companies	45	-	-	-	-	-	-	-	45	-	45
Other Operating Income/Expenses	(1,639)	290(45)(18)	277	20(107)	118	-	-	-	(1,105)	52	(1,054)
<b>Operating Result</b>	<b>4,354</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-(79)</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>4,337</b>	<b>52</b>	<b>4,388</b>
Non-Operating Income	(99)	-	-	-	79	-	-	-	(20)	-	(20)
Income Tax / Social	(1,393)	-	-	-	-	-	-	(62)	(1,455)	(21)	(1,475)

Contribution and Non-controlling Interest													
<b>Net Income</b>	<b>2,862</b>	-	-	-	-	-	-	-	-	<b>2,862</b>	<b>31</b>	<b>2,893</b>	

- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (4) Income from Loan Recovery classified under the item "Financial Margin", Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses", and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "ALL Expenses - Allowance for Loan Losses", and Tax Expenses, classified as "Other Operating Expenses, were reclassified under the item "Tax Expenses;"
- (5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "ALL Expenses - Allowance for Loan Losses" / "Other Operating Income/Expenses;"
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income;"
- (7) Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses;"
- (8) Partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;
- (9) For more information see page 8 of this chapter; and
- (10) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption - Insurance, Pension Plan and Capitalization Bond Selling Expenses.

Press Release

**Income Statement vs. Managerial Income vs. Adjusted Income****Second Quarter of 2012**

	R\$ million											
	Book Income Statement	Reclassifications						2Q12 Fiscal Hedge (8)	Managerial Income Statement	Non-Recurring Events (9)	Adjusted Statement of Income	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)				
<b>Financial Margin</b>	<b>10,304</b>	<b>(271)</b>	<b>37</b>	<b>22</b>	<b>(618)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,560</b>	<b>11,034</b>	<b>-</b>	<b>11,034</b>
ALL	(3,650)	-	-	-	342	(98)	-	-	-	(3,407)	-	(3,407)
<b>Gross Income from Financial Intermediation</b>	<b>6,654</b>	<b>(271)</b>	<b>37</b>	<b>22</b>	<b>(276)</b>	<b>(98)</b>	<b>-</b>	<b>-</b>	<b>1,560</b>	<b>7,627</b>	<b>-</b>	<b>7,627</b>
Income from Insurance, Pension Plans and Capitalization Bonds (10)	953	-	-	-	-	-	-	-	-	953	-	953
Fee and Commission Income	4,174	-	-	-	-	-	107	-	-	4,281	-	4,281
Personnel Expenses	(3,047)	-	-	-	-	-	-	-	-	(3,047)	-	(3,047)
Other Administrative Expenses	(3,322)	-	-	-	-	-	-	(119)	-	(3,441)	-	(3,441)
Tax Expenses	(813)	-	-	-	(8)	-	-	-	(170)	(991)	-	(991)
Equity in the Earnings (Losses) of Unconsolidated Companies	19	-	-	-	-	-	-	-	-	19	-	19
Other Operating Income/Expenses	(1,620)	271	(37)	(22)	284	20	(107)	119	-	(1,092)	57	(1,035)
<b>Operating Result</b>	<b>2,998</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-(78)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,390</b>	<b>4,310</b>	<b>57</b>	<b>4,366</b>
Non-Operating Income	(100)	-	-	-	-	78	-	-	-	(22)	-	(22)
Income Tax / Social Contribution and Non-controlling Interest	(65)	-	-	-	-	-	-	-	(1,390)	(1,455)	(23)	(1,477)

<b>Net Income</b>	<b>2,833</b>	-	-	-	-	-	-	-	-	<b>2,833</b>	<b>34</b>	<b>2,867</b>
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- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item "Other Operating Expenses" to the item "Financial Margin;"
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (4) Income from Loan Recovery classified under the item "Financial Margin", Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses", and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "ALL Expenses - Allowance for Loan Losses", and Tax Expenses, classified as "Other Operating Expenses, were reclassified under the item "Tax Expenses;"
- (5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "ALL Expenses - Allowance for Loan Losses" / "Other Operating Income/Expenses;"
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income;"
- (7) Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses;"
- (8) Partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;
- (9) For more information see page 8 of this chapter; and
- (10) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption - Insurance, Pension Plan and Capitalization Bond Selling Expenses.

Press Release

**Income Statement vs. Managerial Income vs. Adjusted Income****Nine Months of 2012**

	R\$ million											
	Book	Reclassifications						9M12	Fiscal	Managerial	Non-Recurring	Adjusted
	Income	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Hedge	Income	Events <sup>(9)</sup>	Statement
	Statement								<sup>(8)</sup>	Statement		of Income
<b>Financial Margin</b>	<b>35,921</b>	<b>(747)</b>	<b>141</b>	<b>(30)</b>	<b>(1,748)</b>	<b>29</b>	-	-	<b>1,235</b>	<b>34,801</b>	<b>(2,116)</b>	<b>32,685</b>
ALL	(10,501)	-	-	-	955	(258)	-	-	-	(9,804)	-	(9,804)
<b>Gross Income from Financial Intermediation</b>	<b>25,420</b>	<b>(747)</b>	<b>141</b>	<b>(30)</b>	<b>(793)</b>	<b>(229)</b>	-	-	<b>1,235</b>	<b>24,997</b>	<b>(2,116)</b>	<b>22,881</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(10)</sup>	743	-	-	-	-	-	-	-	-	743	2,116	2,859
Fee and Commission Income	12,501	-	-	-	-	-	336	-	-	12,837	-	12,837
Personnel Expenses	(9,044)	-	-	-	-	-	-	-	-	(9,044)	-	(9,044)
Other Administrative Expenses	(10,060)	-	-	-	-	-	-(347)	-	-	(10,407)	-	(10,407)
Tax Expenses	(2,957)	-	-	-	50	-	-	-	(135)	(3,041)	-	(3,041)
Equity in the Earnings (Losses) of Unconsolidated Companies	104	-	-	-	-	-	-	-	-	104	-	104
Other Operating Income/Expenses	(4,746)	747	(141)	30	743	78	(336)	347	-	(3,279)	195	(3,084)
<b>Operating Result</b>	<b>11,961</b>	-	-	-	<b>-(151)</b>	-	-	<b>1,100</b>	<b>12,909</b>	<b>195</b>	<b>13,104</b>	
Non-Operating Income	(211)	-	-	-	-	151	-	-	-	(60)	-	(60)
Income Tax / Social	(3,262)	-	-	-	-	-	-	-(1,100)	-	(4,361)	(78)	(4,439)

Contribution and  
Non-controlling  
Interest

<b>Net Income</b>	<b>8,488</b>	-	-	-	-	-	-	-	-	<b>8,488</b>	<b>117</b>	<b>8,605</b>
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- (1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item “Other Operating Expenses” to the item “Financial Margin;”
- (2) Interest Income/Expenses from the insurance segment were reclassified from the item “Other Operating Income/Expenses” to the item “Financial Margin;”
- (3) Interest Income/Expenses from the financial segment were reclassified from the item “Other Operating Income/Expenses” to the item “Financial Margin;”
- (4) Income from Loan Recovery classified under the item “Financial Margin”, Expenses with Discounts Granted classified under the item “Other Operating Income/Expenses”, and Expenses with Write-offs of Leasing Operations classified under the item “Financial Margin” were reclassified to the item “ALL Expenses - Allowance for Loan Losses”, and Tax Expenses, classified as “Other Operating Expenses, were reclassified under the item “Tax Expenses;”
- (5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item “Non-Operating Result” were reclassified to items “ALL Expenses - Allowance for Loan Losses” / “Other Operating Income/Expenses;”
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item “Other Operating Income/Expenses” were reclassified to the item “Fee and Commission Income;”
- (7) Credit Card Operation Interchange Expenses classified under the item “Other Operating Income/Expenses” were reclassified to the item “Other Administrative Expenses;”
- (8) Partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy in terms of Net Income;
- (9) For more information see page 8 of this chapter; and
- (10) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption - Insurance, Pension Plan and Capitalization Bond Selling Expenses.

Press Release

**Income Statements vs. Managerial Income vs. Adjusted Income  
Nine Months of 2011**

	R\$ million											
	9M11											
	Book Income Statement	(1)	(2)	Reclassifications			(6)	(7)	Fiscal Hedge (8)	Managerial Income Statement	Non-Recurring Events (9)	Adjusted Statement of Income
	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Financial Margin</b>	<b>29,399</b>	<b>(344)</b>	<b>81</b>	<b>(282)</b>	<b>(1,266)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,475</b>	<b>29,063</b>	<b>-</b>	<b>29,063</b>
ALL	(9,125)	-	-	-	718	(175)	-	-	-	(8,582)	1,006	(7,576)
<b>Gross Income from Financial Intermediation</b>	<b>20,274</b>	<b>(344)</b>	<b>81</b>	<b>(282)</b>	<b>(548)</b>	<b>(175)</b>	<b>-</b>	<b>-</b>	<b>1,475</b>	<b>20,481</b>	<b>1,006</b>	<b>21,487</b>
Income from Insurance, Pension Plans and Capitalization Bonds (10)	2,437	-	-	-	-	-	-	-	-	2,437	-	2,437
Fee and Commission Income	10,815	-	-	-	-	-	322	-	-	11,137	-	11,137
Personnel Expenses	(8,421)	-	-	-	-	-	-	-	-	(8,421)	501	(7,920)
Other Administrative Expenses	(9,444)	-	-	-	-	-	-(280)	-	-	(9,724)	-	(9,724)
Tax Expenses	(2,618)	-	-	-	119	-	-	-	(160)	(2,659)	-	(2,659)
Equity in the Earnings (Losses) of Unconsolidated Companies	91	-	-	-	-	-	-	-	-	91	-	91
Other Operating Income/Expenses	(2,061)	344	(81)	282	429	-(322)	280	-	-	(1,129)	(1,464)	(2,593)
<b>Operating Result</b>	<b>11,073</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-(175)</b>	<b>-</b>	<b>-</b>	<b>1,315</b>	<b>12,213</b>	<b>43</b>	<b>12,256</b>	<b>12,256</b>
Non-Operating Income	(118)	-	-	-	-	175	-	-	-	57	(58)	(1)
Income Tax / Social	(2,653)	-	-	-	-	-	-	-	(1,315)	(3,968)	140	(3,828)



Contribution and  
Non-controlling  
Interest

<b>Net Income</b>	<b>8,302</b>	-	-	-	-	-	-	-	-	<b>8,302</b>	<b>125</b>	<b>8,427</b>
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- (2) Interest Income/Expenses from the insurance segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Income/Expenses" to the item "Financial Margin;"
- (4) Income from Loan Recovery classified under the item "Financial Margin", Expenses with Discounts Granted classified under the item "Other Operating Income/Expenses", and Expenses with Write-offs of Leasing Operations classified under the item "Financial Margin" were reclassified to the item "ALL Expenses - Allowance for Loan Losses", and Tax Expenses, classified as "Other Operating Expenses, were reclassified under the item "Tax Expenses;"
- (5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "ALL Expenses - Allowance for Loan Losses" / "Other Operating Income/Expenses;"
- (6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income;"
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- (10) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums - Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption - Insurance, Pension Plan and Capitalization Bond Selling Expenses.



## Economic and Financial Analysis

**Consolidated Statement of Financial Position and Adjusted Income Statement****Statement of Financial Position**

	R\$ million							
	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11	Mar11	Dec10
<b>Assets</b>								
<b>Current and Long-Term Assets</b>	<b>840,295</b>	<b>815,063</b>	<b>773,896</b>	<b>746,090</b>	<b>710,238</b>	<b>677,571</b>	<b>663,599</b>	<b>625,783</b>
Cash and Cash Equivalents	12,944	13,997	25,069	22,574	10,018	7,715	6,785	15,738
Interbank Investments	126,772	92,858	84,690	82,303	85,963	86,147	100,159	73,232
Securities and Derivative Financial Instruments	319,537	322,507	294,959	265,723	244,622	231,425	217,482	213,518
Interbank and Interdepartmental Accounts	56,276	62,510	61,576	72,906	71,951	67,033	67,292	66,326
Loan and Leasing Operations	262,748	258,242	250,201	248,719	241,812	231,862	222,404	213,532
Allowance for Loan Losses (ALL)	(20,915)	(20,682)	(20,117)	(19,540)	(19,091)	(17,365)	(16,740)	(16,290)
Other Receivables and Assets	82,933	85,631	77,518	73,405	74,963	70,754	66,217	59,727
<b>Permanent Assets</b>	<b>15,993</b>	<b>15,457</b>	<b>15,654</b>	<b>15,443</b>	<b>12,051</b>	<b>11,736</b>	<b>11,788</b>	<b>11,702</b>
Investments	1,907	1,889	2,076	2,052	1,721	1,699	1,675	1,577
Premises and Leased Assets	4,500	4,523	4,551	4,413	3,812	3,658	3,666	3,766
Intangible Assets	9,586	9,045	9,027	8,978	6,518	6,379	6,447	6,359
<b>Total</b>	<b>856,288</b>	<b>830,520</b>	<b>789,550</b>	<b>761,533</b>	<b>722,289</b>	<b>689,307</b>	<b>675,387</b>	<b>637,485</b>
<b>Liabilities</b>								
<b>Current and Long-Term Liabilities</b>	<b>789,036</b>	<b>765,398</b>	<b>730,214</b>	<b>704,664</b>	<b>667,312</b>	<b>635,360</b>	<b>623,069</b>	<b>588,610</b>
Deposits	212,869	217,070	213,877	217,424	224,664	213,561	203,822	193,201
Federal Funds Purchased and Securities Sold under	245,538	225,974	213,930	197,448	171,458	164,204	178,989	171,497
Agreements to Repurchase								
Funds from Issuance of Securities	53,810	51,158	48,482	41,522	32,879	29,044	21,701	17,674
Interbank and Interdepartmental Accounts	3,649	3,618	3,231	4,614	2,974	3,037	2,647	3,790
Borrowing and Onlending	45,399	47,895	47,112	53,247	49,057	45,207	41,501	38,196
Derivative Financial Instruments	4,148	3,568	2,703	735	1,724	1,221	2,358	730
Reserves for Insurance, Pension Plans and	117,807	111,789	106,953	103,653	97,099	93,938	89,980	87,177
Capitalization Bonds								
Other Liabilities	105,816	104,326	93,926	86,021	87,457	85,148	82,071	76,345
<b>Deferred Income</b>	<b>619</b>	<b>615</b>	<b>646</b>	<b>672</b>	<b>622</b>	<b>505</b>	<b>447</b>	<b>360</b>
<b>Non-controlling Interest in Subsidiaries</b>	<b>586</b>	<b>587</b>	<b>630</b>	<b>615</b>	<b>613</b>	<b>599</b>	<b>574</b>	<b>472</b>
<b>Shareholders' Equity</b>	<b>66,047</b>	<b>63,920</b>	<b>58,060</b>	<b>55,582</b>	<b>53,742</b>	<b>52,843</b>	<b>51,297</b>	<b>48,043</b>

**Total**

**856,288,830,520,789,550,761,533,722,289,689,307,675,387,637,485**

Report on Economic and Financial Analysis – September 2012

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**Consolidated Statement of Financial Position and Adjusted Income Statement****Adjusted Income Statement**

	R\$ million							
	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10
<b>Financial Margin</b>	<b>10,955</b>	<b>11,034</b>	<b>10,695</b>	<b>10,258</b>	<b>10,230</b>	<b>9,471</b>	<b>9,362</b>	<b>9,018</b>
- Interest	10,603	10,518	10,222	9,985	9,669	9,167	8,849	8,553
- Non-interest	352	516	473	273	561	304	513	465
ALL	(3,303)	(3,407)	(3,094)	(2,661)	(2,779)	(2,437)	(2,360)	(2,295)
<b>Gross Income from Financial Intermediation</b>	<b>7,652</b>	<b>7,627</b>	<b>7,601</b>	<b>7,597</b>	<b>7,451</b>	<b>7,034</b>	<b>7,002</b>	<b>6,723</b>
Income from Insurance, Pension Plans and Capitalization Bonds <sup>(1)</sup>	1,029	953	877	933	864	788	785	700
Fee and Commission Income	4,438	4,281	4,118	4,086	3,876	3,751	3,510	3,568
Personnel Expenses	(3,119)	(3,047)	(2,878)	(3,140)	(2,880)	(2,605)	(2,436)	(2,533)
Other Administrative Expenses	(3,565)	(3,441)	(3,401)	(3,682)	(3,405)	(3,179)	(3,140)	(3,257)
Tax Expenses	(1,038)	(991)	(1,012)	(1,005)	(866)	(913)	(880)	(858)
Equity in the Earnings (Losses) of Unconsolidated Companies	45	19	40	53	41	16	34	60
Other Operating Income / (Expenses)	(1,054)	(1,035)	(996)	(808)	(907)	(764)	(922)	(646)
<b>Operating Result</b>	<b>4,388</b>	<b>4,366</b>	<b>4,349</b>	<b>4,034</b>	<b>4,174</b>	<b>4,128</b>	<b>3,953</b>	<b>3,757</b>
Non-Operating Income	(20)	(22)	(18)	4	10	(7)	(4)	10
Income Tax and Social Contribution	(1,455)	(1,461)	(1,468)	(1,241)	(1,304)	(1,271)	(1,138)	(1,059)
Non-controlling Interest	(20)	(16)	(18)	(26)	(16)	(25)	(73)	(24)
<b>Adjusted Net Income</b>	<b>2,893</b>	<b>2,867</b>	<b>2,845</b>	<b>2,771</b>	<b>2,864</b>	<b>2,825</b>	<b>2,738</b>	<b>2,684</b>

(1) Income from Insurance, Pension Plan and Capitalization Bond Operations = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Variation in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Selling Expenses.

**Financial Margin - Interest and Non-Interest****Financial Margin Breakdown**



## Economic and Financial Analysis

**Financial Margin - Interest and Non-Interest****Average Financial Margin Rate**

					R\$ million	
	Financial Margin				Variation	
	9M12	9M11	3Q12	2Q12	YTD	Quarter
Interest - due to volume					3,982	261
Interest - due to spread					(324)	(176)
- Financial Margin - Interest	31,343	27,685	10,603	10,518	3,658	85
- Financial Margin - Non-Interest	1,341	1,378	352	516	(37)	(164)
<b>Financial Margin</b>	<b>32,684</b>	<b>29,063</b>	<b>10,955</b>	<b>11,034</b>	<b>3,621</b>	<b>(79)</b>
<b>Average Margin Rate <sup>(1)</sup></b>	<b>7.7%</b>	<b>7.9%</b>	<b>7.6%</b>	<b>7.9%</b>		

(1) Average Margin Rate = (Financial Margin / Average Assets – Purchase and Sale Commitments – Permanent Assets) Annualized

In the third quarter of 2012, financial margin was R\$10,955 million. Compared with the previous quarter there was a 0.7%, or R\$79 million, decrease. This variation was mainly due to: (i) lower non-interest margin, totaling R\$164 million, and partially offset by: (ii) higher interest margin, in the amount of R\$85 million.

When comparing the nine months of 2012 with the same period last year, financial margin grew by 12.5%, or R\$3,621 million as a result of (i) a R\$3,658 million increase in interest margin, of which: (a) R\$3,982 million corresponds to the increase in volume of operations; partially offset by: (b) a R\$324 million decrease in spread; and partially offset by: (ii) decrease in non-interest financial margin, in the amount of R\$37 million, due to lower Treasury / Securities gains.

**Financial Margin - Interest****Interest Financial Margin - Breakdown**

					R\$ million	
	Interest Financial Margin Breakdown				Variation	
	9M12	9M11	3Q12	2Q12	YTD	Quarter
Loans	22,003	19,656	7,460	7,362	2,347	98
Funding	3,228	3,393	1,019	1,041	(165)	(22)
Insurance	2,271	2,618	694	726	(347)	(32)

Securities/Other	3,841	2,018	1,430	1,389	1,823	41
<b>Financial Margin</b>	<b>31,343</b>	<b>27,685</b>	<b>10,603</b>	<b>10,518</b>	<b>3,658</b>	<b>85</b>

The interest financial margin in the third quarter of 2012 stood at R\$10,603 million, versus R\$10,518 million in the second quarter of 2012, for an R\$85 million increase. When comparing the nine months of 2012 and the same period in 2011, there was an increase of 13.2%, or R\$3,658 million.

The business lines that most contributed to the higher interest margin in quarter-on-quarter and year-on-year comparisons were (i) "Loan"; and (ii) and "Securities/Other."



## Economic and Financial Analysis

**Financial Margin - Interest and Non-Interest****Interest Financial Margin - Rates**

The annualized interest financial margin rate stood at 7.4% in the third quarter of 2012, posting a slight 0.1 p.p. decrease in relation to the previous quarter, mainly due to (i) the decrease in the Loan margin average rate, which was impacted by lower interest rates, coupled with the change in the mix of the loan portfolio, and (ii) the decrease occurred in the Insurance margin average rate, due to the increase of IGP-M, which impacted on the adjustment to inflation of part of the technical reserves in the period.

**Interest Financial Margin - Annualized Average Rates**

	9M12		9M11		R\$ million	
	Interest	Average	Average	Interest	Average	Average
		Balance	Rate		Balance	Rate
Loans	22,003	280,666	10.6%	19,656	250,059	10.6%
Funding	3,228	333,543	1.3%	3,393	295,027	1.5%
Insurance	2,271	110,526	2.7%	2,618	92,422	3.8%
Securities/Other	3,841	288,773	1.8%	2,018	225,793	1.2%
<b>Financial Margin</b>	<b>31,343</b>	<b>-</b>	<b>7.4%</b>	<b>27,685</b>	<b>-</b>	<b>7.5%</b>
	3Q12		2Q12			
	Interest	Average	Average	Interest	Average	Average
		Balance	Rate		Balance	Rate
Loans	7,460	287,987	10.8%	7,362	281,442	10.9%
Funding	1,019	332,488	1.2%	1,041	336,954	1.2%
Insurance	694	115,647	2.4%	726	110,120	2.7%
Securities/Other	1,430	298,905	1.9%	1,389	283,763	2.0%
<b>Financial Margin</b>	<b>10,603</b>	<b>-</b>	<b>7.4%</b>	<b>10,518</b>	<b>-</b>	<b>7.5%</b>



## Economic and Financial Analysis

**Loan Financial Margin - Interest****Loan Financial Margin - Breakdown**

	<b>Financial Margin - Loan</b>				<b>R\$ million</b>	
	<b>9M12</b>	<b>9M11</b>	<b>3Q12</b>	<b>2Q12</b>	<b>Variation YTD</b>	<b>Quarter</b>
Interest - due to volume					2,399	170
Interest - due to spread					(52)	(72)
<b>Interest Financial Margin</b>	<b>22,003</b>	<b>19,656</b>	<b>7,460</b>	<b>7,362</b>	<b>2,347</b>	<b>98</b>
Income	38,875	36,295	12,912	13,318	2,580	(406)
Expenses	(16,872)	(16,639)	(5,452)	(5,956)	(233)	504

In the third quarter of 2012, financial margin with loan operations reached R\$7,460 million, up R\$98 million or 1.3% over the previous quarter. The variation is the result of: (i) the R\$170 million increase in average business volume and offset by (ii) the R\$72 million decrease in the average spread, reflecting primarily lower interest rates.

Between the first nine months of 2012 and the same period in 2011, there was an increase of 11.9% or R\$2,347 million in the loan financial margin, resulting from: (i) a R\$2,399 million increase in the volume of operations; and partially offset by: (ii) the decrease in average spread, in the amount of R\$52 million, which was basically impacted by the change in the mix of the loan portfolio, due to greater share of the Corporate segment, which has lower margins, with an increase of 13.3% over the past 12 months compared to an 8.7% growth of the Individuals segment in the same period.

## **Loan Financial Margin - Interest**

### **Loan Financial Margin - Net Margin**

The graph above presents a summary of loan activity. The Gross Margin line refers to interest income from loans, net of opportunity cost (essentially the accrued Interbank Deposit Certificate - CDI over rate in the period).

The ALL curve shows delinquency costs, which are represented by Allowance for Loan Losses - ALL expenses, discounts granted in transactions net of loan recoveries and the result of the sale of foreclosed assets, among other items.

The net margin curve presents the result of loan interest income, net of ALL, which, in the third quarter of 2012, recorded a 5.1% increase compared to the second quarter of 2012, impacted mainly by: (i) the provisioning level adequacy made in the second quarter of 2012 in relation to the expected loss from certain corporate customers, who are in debt restructuring process, and (ii) the increase in business volume. When comparing the nine months of 2012 with the same period last year, net margin was practically stable, due to the increase in business volume, fully offset by the increase of delinquency level in the period.

## Economic and Financial Analysis

**Loan Financial Margin - Interest****Expanded Loan Portfolio <sup>(1)</sup>**

The expanded loan portfolio amounted to R\$371.7 billion in September 2012, recording a 1.8% growth in the quarter, led by Individuals and SMEs, both of which grew by 2.1% in the period. The expanded loan portfolio increased 11.8%, led by the Corporate portfolios (both Corporations and SMEs had a 13.3% growth).

(1) Including sureties, guarantees, letters of credit, advances of credit card receivables, debentures, promissory notes, receivables-backed investment funds - FIDC, mortgage-backed receivables - CRI and rural loans.

For further information, refer to page 42 herein.

**Expanded Loan Portfolio Breakdown by Product and Type of Customer (Individual and Corporate)**

A breakdown of loan risk products for individuals - expanded portfolio is presented below:

Individuals	R\$ million			Variation %	
	Sept12	Jun12	Sept11	Quarter	12M
CDC / Vehicle Leasing	31,860	32,195	32,565	(1.0)	(2.2)
Payroll-Deductible Loans <sup>(1)</sup>	19,956	19,243	17,509	3.7	14.0
Credit Card	18,850	18,545	17,454	1.6	8.0
Personal Loans	14,929	14,465	12,977	3.2	15.0
Real Estate Financing <sup>(2)</sup>	9,452	8,768	6,372	7.8	48.3
Rural Loans	6,528	6,367	6,414	2.5	1.8
BNDES/Finame Onlending	5,628	5,515	5,177	2.1	8.7
Overdraft Facilities	3,198	3,204	3,035	(0.2)	5.4
Sureties and Guarantees	685	650	690	5.4	(0.8)
Other <sup>(3)</sup>	3,450	3,282	3,196	5.1	7.9

<b>Total</b>	<b>114,536</b>	<b>112,235</b>	<b>105,389</b>	<b>2.1</b>	<b>8.7</b>
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Including:

(1) Loan assignment (FIDC): R\$265 million in September 2012, R\$339 million in June 2012 and R\$442 million in September 2011;

(2) Loan assignment (CRI): R\$165 million in September 2012, R\$182 million in June 2012 and R\$232 million in September 2011; and

(3) Loan assignment (FIDC) for the acquisition of assets: R\$1 million in September 2012, R\$2 million in June 2012 and R\$3 million in September 2011; and rural loan assignment: R\$111 in September 2012, R\$112 million in June 2012 and R\$122 million in September 2011.

Operations bearing loan risks for individuals – expanded portfolio grew by 2.1% in the quarter and 8.7% in the last 12 months, respectively. In both quarter and the last 12 months, we highlight these products: (i) real estate financing; and (ii) payroll-deductible loans.

## Economic and Financial Analysis

**Loan Financial Margin - Interest**

A breakdown of loan risk products in the corporate segment - expanded portfolio is presented below:

Corporate	R\$ million			Variation %	
	Sept12	Jun12	Sept11	Quarter	12M
Working Capital	42,416	42,533	38,590	(0.3)	9.9
BNDES/Finame Onlending	29,160	29,474	29,895	(1.1)	(2.5)
Operations Abroad	24,748	23,615	23,083	4.8	7.2
Credit Card	13,984	14,385	12,962	(2.8)	7.9
Export Financing	12,974	12,408	9,123	4.6	42.2
Real Estate Financing - Corporate Plan <sup>(1)</sup>	12,059	11,047	8,319	9.2	45.0
Overdraft Account	10,546	10,437	9,989	1.1	5.6
Leasing	6,416	6,722	7,530	(4.6)	(14.8)
Vehicles - CDC	6,677	6,245	5,092	6.9	31.1
Rural Loans	4,553	4,539	4,714	0.3	(3.4)
Sureties and Guarantees <sup>(2)</sup>	54,048	52,226	43,699	3.5	23.7
Operations bearing Credit Risk - Commercial Portfolio <sup>(3)</sup>	28,587	28,043	22,799	1.9	25.4
Other <sup>(4)</sup>	10,970	11,054	11,151	(0.8)	(1.6)
<b>Total</b>	<b>257,138</b>	<b>252,728</b>	<b>226,946</b>	<b>1.7</b>	<b>13.3</b>

Including:

(1) Loan assignment (CRI): R\$234 million in September 2012, R\$239 million in June 2012, R\$293 million in September 2011;

(2) A total of 91% of sureties and guarantees from corporate customers were contracted by corporations;

(3) Operations with debentures and promissory notes; and

(4) Letters of credit: R\$1,569 million in September 2012, R\$1,779 million in June 2012 and R\$1,946 million in September 2011.

Operations with loan risk for corporate customers - expanded portfolio, grew by 1.7% in the quarter and 13.3% in the last 12 months. The main highlights in both the quarter and in the last 12 months were: (i) real estate financing - corporate plan; and (ii) export financing.

**Expanded Loan Portfolio - Consumer Financing**

The graph below shows the types of credit related to Consumer Financing of Individual Customers (CDC/vehicle leasing, personal loans, financing of goods, revolving credit card and cash and installment purchases at merchants).

Consumer financing totaled R\$86.0 billion, up 1.4% in the quarter and 6.2% in the last 12 months. Growth was led by: (i) vehicle financing (CDC/Leasing) (R\$31.9 billion); and (ii) payroll-deductible loans (R\$20.0 billion), which together totaled R\$51.9 billion, accounting for 60.3% of the consumer financing balance. Given their guarantees and characteristics, these products provide a rather low level of credit risk to this group of operations.



## Economic and Financial Analysis

**Loan Financial Margin - Interest****Breakdown of the Vehicle Portfolio**

	R\$ million			Variation %	
	Sept12	Jun12	Sept11	Quarter	12M
<b>CDC Portfolio</b>	<b>36,217</b>	<b>35,569</b>	<b>32,646</b>	<b>1.8</b>	<b>10.9</b>
Individuals	29,540	29,324	27,554	0.7	7.2
Corporate	6,677	6,245	5,092	6.9	31.1
<b>Leasing Portfolio</b>	<b>5,492</b>	<b>6,305</b>	<b>9,238</b>	<b>(12.9)</b>	<b>(40.5)</b>
Individuals	2,320	2,871	5,011	(19.2)	(53.7)
Corporate	3,172	3,434	4,227	(7.6)	(25.0)
<b>Finame Portfolio</b>	<b>10,308</b>	<b>10,294</b>	<b>10,173</b>	<b>0.1</b>	<b>1.3</b>
Individuals	989	1,032	1,061	(4.2)	(6.8)
Corporate	9,319	9,262	9,112	0.6	2.3
<b>Total</b>	<b>52,017</b>	<b>52,168</b>	<b>52,057</b>	<b>(0.3)</b>	<b>(0.1)</b>
Individuals	32,849	33,227	33,626	(1.1)	(2.3)
Corporate	19,168	18,941	18,431	1.2	4.0

Vehicle financing operations (individual and corporate customers) totaled R\$52.0 billion in September 2012, remaining stable both in quarter-on-quarter and year-on-year comparisons. Of the total vehicle portfolio, 69.6% corresponds to CDC, 19.8% to Finame and 10.6% to Leasing. Individuals represented 63.2% of the portfolio, while corporate customers accounted for the remaining 36.8%.

**Expanded Loan Portfolio Concentration - by Sector**

The expanded loan portfolio by economic sector posted a slight variation. In the quarter, "Industry" posted greater shares, while "Services" posted the greatest growth in the last 12 months.

Activity Sector	R\$ million					
	Sept12	%	Jun12	%	Sept11	%
<b>Public Sector</b>	<b>1,086</b>	<b>0.3</b>	<b>1,770</b>	<b>0.5</b>	<b>1,894</b>	<b>0.6</b>
<b>Private Sector</b>	<b>370,588</b>	<b>99.7</b>	<b>363,193</b>	<b>99.5</b>	<b>330,441</b>	<b>99.4</b>
<b>Corporate</b>	<b>256,052</b>	<b>68.9</b>	<b>250,958</b>	<b>68.8</b>	<b>225,052</b>	<b>67.7</b>
Industry	82,531	22.2	78,798	21.6	75,620	22.8
Commerce	58,786	15.8	57,251	15.7	51,153	15.4
Financial Intermediaries	6,617	1.8	5,746	1.6	5,234	1.6
Services	104,200	28.0	105,188	28.8	88,964	26.8

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Agriculture, Cattle Raising, Fishing,	3,918	1.1	3,975	1.1	4,081	1.2
Forestry and Forest Exploration						
<b>Individuals</b>	<b>114,536</b>	<b>30.8</b>	<b>112,235</b>	<b>30.8</b>	<b>105,389</b>	<b>31.7</b>
<b>Total</b>	<b>371,674</b>	<b>100.0</b>	<b>364,963</b>	<b>100.0</b>	<b>332,335</b>	<b>100.0</b>

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## **Loan Financial Margin - Interest**

### **Changes in the Expanded Loan Portfolio**

Of the R\$39.3 billion growth in the loan portfolio over the last 12 months, new borrowers accounted for R\$34.3 billion, or 87.1%, representing 9.2% of the portfolio in September 2012.

(1) Including credits settled and subsequently renewed in the last 12 months.

## Economic and Financial Analysis

**Loan Financial Margin - Interest****Changes in the Expanded Loan Portfolio - By Rating**

The chart below shows that both new borrowers and remaining debtors from September 2011 (customers that remained in the loan portfolio for at least 12 months) presented a good level of credit quality (AA-C ratings), demonstrating the adequacy and consistency of the loan policy and processes, as well as the quality of guarantees and the credit ranking instruments used by Bradesco.

**Changes in the Extended Loan Portfolio by Rating from September 2011 to 2012**

Rating	Total Loans as of		New Customers from		Remaining Debtors as of	
	September 2012		October 2011 to		September 2011	
	R\$ million	%	R\$ million	%	R\$ million	%
AA - C	347,289	93.4	32,832	95.8	314,457	93.2
D	7,274	2.0	447	1.3	6,827	2.0
E - H	17,111	4.6	979	2.9	16,132	4.8
<b>Total</b>	<b>371,674</b>	<b>100.0</b>	<b>34,258</b>	<b>100.0</b>	<b>337,416</b>	<b>100.0</b>

**Expanded Loan Portfolio - By Customer Profile**

The table below presents the changes in the expanded loan portfolio by customer profile:

Type of Customer	R\$ million			Variation %	
	Sept12	Jun12	Sept11	Quarter	12M
Corporations	146,033	143,830	128,883	1.5	13.3
SMEs	111,106	108,898	98,063	2.0	13.3
Individuals	114,536	112,235	105,389	2.0	8.7
<b>Total Loan Operations</b>	<b>371,674</b>	<b>364,963</b>	<b>332,335</b>	<b>1.8</b>	<b>11.8</b>

**Expanded Loan Portfolio - By Customer Profile and Rating (%)**

AA-C rated loans remained steady in comparison with the previous quarter and slightly decreased in the year-on-year comparison.

Type of Customer	By Rating								
	Sept12			Jun12			Sept11		
	AA-C	D	E-H	AA-C	D	E-H	AA-C	D	E-H
Corporations	98.8	0.8	0.5	98.6	0.3	1.1	99.0	0.6	0.5
SMEs	91.2	3.1	5.7	91.3	3.0	5.7	92.1	2.5	5.4
Individuals	88.8	2.4	8.8	88.8	2.4	8.8	89.3	2.0	8.7
<b>Total</b>	<b>93.4</b>	<b>2.0</b>	<b>4.6</b>	<b>93.4</b>	<b>1.8</b>	<b>4.8</b>	<b>93.9</b>	<b>1.6</b>	<b>4.5</b>

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**Loan Financial Margin - Interest****Expanded Loan Portfolio - By Business Segment**

The table below shows growth in the expanded loan portfolio by business segment in the quarter, led by the Prime and Retail segments. Over the last 12 months, Prime, Middle Market and Retail posted the greatest gains.

Business Segments	R\$ million				Variation		
	Sept12	%	Jun12	%	Sept11	%	% 12M
Retail	104,405	28.1	100,538	27.5	91,412	27.5	14.2
Corporate <sup>(1)</sup>	152,850	41.1	151,847	41.6	139,899	42.1	9.3
Middle Market	46,693	12.6	45,447	12.5	40,225	12.1	16.1
Prime	14,718	4.0	13,768	3.8	11,432	3.4	28.7
Other / Non-account holders <sup>(2)</sup>	53,008	14.2	53,365	14.6	49,368	14.9	7.4
<b>Total</b>	<b>371,674</b>	<b>100.0</b>	<b>364,963</b>	<b>100.0</b>	<b>332,335</b>	<b>100.0</b>	<b>11.8</b>

(1) Including loans taken out with co-obligation. In the table on page 40, Loan Portfolio - by Customer Profile, these amounts are allocated to Individuals; and

**Expanded Loan Portfolio - By Currency**

The balance of foreign currency-indexed and/or denominated loan and onlending operations (excluding ACCs - Advances on Foreign Exchange Contracts) totaled US\$15.0 billion in September 2012 (US\$13.6 billion in June 2012 and US\$15.2 billion in September 2011), a 10.3% increase and 1.3% decrease, in dollars, in the quarter and in the last 12 months respectively. In reais, these same foreign currency operations totaled R\$30.4 billion in September 2012 (R\$27.5 billion in June 2012 and R\$28.1 billion in September 2011), a 10.5% growth in the quarter and 8.2% in the last 12 months.

In September 2012, total loan operations, in reais, stood at R\$341.3 billion (R\$337.4 billion in June 2012 and R\$304.2 billion in September 2011), up 1.2% on the previous quarter and 12.2% over the last 12 months.

## Economic and Financial Analysis

**Loan Financial Margin - Interest****Expanded Loan Portfolio - by Debtor**

The concentration of credit exposure levels among the 100 largest debtors was down from the previous year. In the quarter: (i) the 100 and 50 largest debtor concentration decreased; and (ii) the largest debtor and the 20 and 10 largest debtor concentration remained stable. The quality of the portfolio of the 100 largest debtors, when evaluated using AA and A ratings, remained stable in the quarter and increased in the last 12 onths.

**Loan Portfolio<sup>(1)</sup> - By Type**

The table below presents all operations bearing credit risk by type, in the amount of R\$394.6 billion, which increased by 1.9% in the quarter and 13.1% in the last 12 months.

	R\$ million			Variation %	
	Sept12	Jun12	Sept11	Quarter	12M
Loans and Discounted Securities Financing	138,417	135,873	125,883	1.9	10.0
Rural and Agribusiness Financing	99,631	97,156	87,952	2.5	13.3
Leasing Operations	15,968	15,624	15,435	2.2	3.5
Advances on Exchange Contracts	8,731	9,588	12,542	(8.9)	(30.4)
Other Loans	7,360	7,078	6,185	4.0	19.0
<b>Subtotal Loan Operations <sup>(2)</sup></b>	<b>284,367</b>	<b>279,166</b>	<b>260,471</b>	<b>1.9</b>	<b>9.2</b>
Sureties and Guarantees Granted (Memorandum Accounts)	54,732	52,876	44,389	3.5	23.3
Operations bearing Credit Risk - Commercial Portfolio <sup>(3)</sup>	28,587	28,043	22,799	1.9	25.4
Letters of Credit (Memorandum Accounts)	1,569	1,779	1,946	(11.8)	(19.4)
Advances from Credit Card Receivables	1,623	2,207	1,619	(26.5)	0.2
Co-obligation in Loan Assignment	666	761	969	(12.5)	(31.3)
FIDC/CRI (Memorandum Accounts)	130	131	142	(0.8)	(8.5)

Co-obligation in Rural Loan Assignment  
(Memorandum Accounts)

<b>Subtotal of Operations bearing Credit Risk - Expanded Portfolio</b>	<b>371,674</b>	<b>364,963</b>	<b>332,335</b>	<b>1.8</b>	<b>11.8</b>
Other Operations Bearing Credit Risk <sup>(4)</sup>	22,928	22,284	16,675	2.9	37.5
<b>Total Operations bearing Credit Risk</b>	<b>394,602</b>	<b>387,247</b>	<b>349,010</b>	<b>1.9</b>	<b>13.1</b>

(1) In addition to the Expanded Portfolio, it includes other operations bearing credit risk;

(2) As defined by Bacen;

(3) Including debenture and promissory note operations; and

(4) Including CDI operations, international treasury, swaps, forward currency contracts and investments in FIDC and CRI.



## **Loan Financial Margin - Interest**

The charts below refer to the Loan Portfolio, as defined by Bacen.

## **Loan Portfolio<sup>(1)</sup> - By Flow of Maturities**

In September 2012 versus September 2011 and June 2012, performing loan operations presented a longer debt maturity profile, mainly as a result of the increased volume of Brazilian Development Bank - BNDES and real-estate financing operations.

Note that these operations are subject to lower risk, given their guarantees and characteristics, in addition to providing favorable conditions to gain customer loyalty.

(1) As defined by Bacen.

Economic and Financial Analysis

**Loan Financial Margin - Interest**

**Loan Portfolio<sup>(1)</sup> - Delinquency over 90**

Total delinquency ratio over 90 days was down 0.1 p.p. in the quarter, despite the changes in mix of business. It is worth highlighting Corporations' lower delinquency ratio.

The graph below details that the total delinquency for operations overdue from 61 to 90 days remained practically stable in the quarter and posted a slight increase over the last twelve months. Loans to individual and corporate customers overdue from 61 to 90 days increased by a mere 0.1 p.p. in twelve months. In the Corporate sector, this index remained practically stable in the last nine months.

(1) As defined by Bacen.

## **Loan Financial Margin - Interest**

### **Renegotiated Portfolio - Delinquency over 90 days and ALL<sup>(1)</sup>**

The loan portfolio, excluding renegotiation, stood at R\$275.1 billion in September 2012, up 1.9% in the quarter. The graph below presents the behavior of the total portfolio and delinquency over 90 days, including and excluding renegotiation, both of which present similar trends, proof that renegotiation does not have a material effect on delinquency.

In September 2012, the renegotiated portfolio totaled R\$9.3 billion, a 1.5% increase in the quarter. The renegotiated share in the total loan portfolio<sup>(1)</sup> was 3.3% in September 2012 (3.3% in June 2012). Note that, in September 2011, for an existing provision of 62.3% of the portfolio, net loss over the subsequent 12 months was 27.6%, meaning that the existing provision exceeded the loss recorded in the following 12 months by over 125%. Furthermore, the Organization's provisions remained stable in the period.

(1) As defined by Bacen.

Economic and Financial Analysis

**Loan Financial Margin - Interest**

**Allowance for Loan Losses (ALL) x Delinquency x Losses <sup>(1)</sup>**

An ALL of R\$20.9 billion, representing 7.4% of the total portfolio, comprises the generic provision (customer and/or operation rating), the specific provision (non-performing loans) and the excess provision (internal criteria).

Bradesco has appropriate provisioning levels that, in our opinion, are also sufficient to support potential changes in scenarios, such as higher delinquency levels and/or changes in the loan portfolio profile.

(1) As defined by Bacen.

### **Loan Financial Margin - Interest**

It is worth mentioning the assertiveness of adopted provisioning criteria, which is proven by: (i) analyzing historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent twelve-month period. For instance, in September 2011, for an existing provision of 7.3% of the portfolio<sup>(1)</sup>, the effective gross loss in the subsequent twelve-month period was 4.5%, meaning the existing provision exceeded the loss over the subsequent twelve-month period by more than 64%, as shown in the graph below.

Analysis in terms of loss, net of recovery, shows a significant increase in the coverage margin. In September 2011, for an existing provision of 7.3% of the portfolio<sup>(1)</sup>, the net loss in the subsequent twelve-month period was 3.3%, meaning that the existing provision covered the loss in the subsequent 12 months by more than 119%.

(1) As defined by Bacen.

Economic and Financial Analysis

**Loan Financial Margin - Interest**

**Allowance for Loan Losses <sup>(1)</sup>**

The Non-Performing Loan ratio (operations overdue for over 60 days) remained stable in the quarter-on-quarter comparison. Coverage ratios for the allowance for loans overdue for over 60 and 90 days stood at very comfortable levels.

(1) As defined by Bacen; and

(2) Loan operations overdue for over 60 days and that do not generate revenue appropriation on an accrual basis.

**Loan Financial Margin - Interest****Loan Portfolio<sup>(1)</sup> - Portfolio Indicators**

To facilitate the monitoring of the quantitative and qualitative performance of Bradesco's loan portfolio, a comparative summary of the main figures and indicators is presented below:

	<b>R\$ million (except %)</b>		
	<b>Sept12</b>	<b>Jun12</b>	<b>Sept11</b>
<b>Total Loan Operations <sup>(1)</sup></b>	<b>284,367</b>	<b>279,166</b>	<b>260,471</b>
- Individuals	113,308	110,952	103,901
- Corporate	171,058	168,215	156,570
<b>Existing Provision</b>	<b>20,915</b>	<b>20,682</b>	<b>19,091</b>
- Specific	10,897	10,809	9,173
- Generic	6,007	5,862	5,909
- Excess	4,011	4,010	4,009
Specific Provision / Existing Provision (%)	52.1	52.3	48.1
Existing Provision / Loan Operations (%)	7.4	7.4	7.3
AA–C Rated Loan Operations / Loan Operations (%)	91.5	91.4	92.2
D Rated Operations under Risk Management / Loan Operations (%)	2.5	2.3	2.0
E–H Rated Loan Operations / Loan Operations (%)	6.0	6.3	5.8
D Rated Loan Operations	7,192	6,356	5,268
Existing Provision for D Rated Loan Operations	1,982	1,738	1,419
D Rated Provision / Loan Operations (%)	27.6	27.3	26.9
D–H Rated Non-Performing Loans	16,262	16,105	13,381
Existing Provision/D–H Rated Non-Performing Loans (%)	128.6	128.4	142.7
E–H Rated Loan Operations	17,032	17,519	14,967
Existing Provision for E–H Rated Loan Operations	14,999	15,084	13,142
E–H Rated Provision / Loan Operations (%)	88.1	86.1	87.8
E–H Rated Non-Performing Loans	13,017	13,166	11,020
Existing Provision/E–H Rated Non-Performing Loan (%)	160.7	157.1	173.2
Non-Performing Loans <sup>(2)</sup>	14,447	14,365	11,963
Non-Performing Loans <sup>(2)</sup> / Loan Operations (%)	5.1	5.1	4.6
Existing Provision / Non-Performing Loans <sup>(2)</sup> (%)	144.8	144.0	159.6
Loan Operations Overdue for over 90 days	11,684	11,662	9,839
Existing Provision/Operations Overdue for over 90 days (%)	179.0	177.4	194.0

(1) As defined by Bacen; and

(2) Loan operations overdue for over 60 days and that do not generate revenue appropriation on an accrual basis.





## Economic and Financial Analysis

**Funding Financial Margin- Interest****Funding Financial Margin - Breakdown**

	<b>Financial Margin - Funding</b>				<b>R\$ million</b>	
	<b>9M12</b>	<b>9M11</b>	<b>3Q12</b>	<b>2Q12</b>	<b>Variation YTD</b>	<b>Quarter</b>
Interest - due to volume					373	(14)
Interest - due to spread					(538)	(8)
<b>Interest Financial Margin</b>	<b>3,228</b>	<b>3,393</b>	<b>1,019</b>	<b>1,041</b>	<b>(165)</b>	<b>(22)</b>

Comparing the third quarter of 2012 with the second quarter of 2012, the interest funding financial margin decreased 2.1% or R\$22 million. The variation was due to: (i) the R\$14 million decrease in volume of operations; and (ii) the R\$8 million decrease in average spread, reflecting lower interest rate (Selic).

In the first nine months of 2012, the interest funding financial margin posted a result of R\$3,228 million against R\$3,393 million in the same period of 2011, decreasing by 4.9%, or R\$165 million, mainly driven by: (i) the R\$538 million decrease in average spread, impacted by lower interest rate (Selic), and partially offset by: (ii) gains from average business volume, totaling R\$373 million.

## Funding Financial Margin - Interest

### Loans x Funding

To analyze Loan Operations in relation to Funding, it is first necessary to deduct from total customer funding (i) the amount committed to compulsory deposits at Bacen and (ii) the amount of available funds held at customer service network units; as well as (iii) add funds from domestic and foreign lines of credit that finance loan needs.

Note that the use of funds provides a comfortable margin, which proves that Bradesco is capable of meeting demand for funds for loans using its own funding.

Bradesco depends little on interbank deposits and foreign lines of credit, given its capacity to effectively obtain funding from customers. This is a result of: (i) the outstanding position of its service points; (ii) the extensive diversity of products offered; and (iii) the market's confidence in the Bradesco brand.

Funding x Investments	R\$ million			Variation %	
	Sept12	Jun12	Sept11	Quarter	12M
Demand Deposits	33,627	32,529	31,862	3.4	5.5
Sundry Floating	4,735	4,122	3,660	14.9	29.4
Savings Deposits	65,540	62,308	56,584	5.2	15.8
Time Deposits + Debentures <sup>(1)</sup>	168,702	177,503	183,374	(5.0)	(8.0)
Financial Bills	31,234	31,124	19,285	0.4	62.0
Other	21,311	19,799	16,594	7.6	28.4
<b>Customer Funds</b>	<b>325,149</b>	<b>327,385</b>	<b>311,359</b>	<b>(0.7)</b>	<b>4.4</b>
(-) Compulsory Deposits/Available Funds <sup>(2)</sup>	(63,459)	(67,210)	(69,208)	(5.6)	(8.3)
<b>Customer Funds Net of Compulsory Deposits</b>	<b>261,690</b>	<b>260,175</b>	<b>242,151</b>	<b>0.6</b>	<b>8.1</b>
Onlending	31,832	32,122	32,930	(0.9)	(3.3)
Foreign Lines of Credit	16,360	17,018	12,412	(3.9)	31.8
Funding Abroad	45,057	51,411	46,237	(12.4)	(2.6)
<b>Total Funding (A)</b>	<b>354,939</b>	<b>360,726</b>	<b>333,730</b>	<b>(1.6)</b>	<b>6.4</b>
<b>Loan Portfolio/Leasing/Cards (Other Receivables)/Acquired CDI (B) <sup>(3)</sup></b>	<b>330,530</b>	<b>322,962</b>	<b>295,146</b>	<b>2.3</b>	<b>12.0</b>
<b>B/A (%)</b>	<b>93.1</b>	<b>89.5</b>	<b>88.4</b>	<b>3.6 p.p.</b>	<b>4.7 p.p.</b>

(1) Debentures mainly used to back purchase and sale commitments;

(2) Excluding government securities tied to savings accounts; and

(3) Comprising amounts relative to card operations (cash and installment purchases at merchants), amounts related to CDI to rebate from compulsory deposits and debentures.



## Economic and Financial Analysis

**Funding Financial Margin - Interest****Main Funding Sources**

The following table presents changes in main funding sources:

	R\$ million			Variation %	
	Sept12	Jun12	Sept11	Quarter	12M
Demand Deposits	33,627	32,529	31,862	3.4	5.5
Savings Deposits	65,540	62,308	56,584	5.2	15.8
Time Deposits	113,379	121,761	135,848	(6.9)	(16.5)
Debentures <sup>(1)</sup>	55,323	55,742	47,526	(0.8)	16.4
Borrowing and Onlending	45,399	47,895	49,057	(5.2)	(7.5)
Funds from Issuance of Securities <sup>(2)</sup>	53,810	51,158	32,879	5.2	63.7
Subordinated Debts	34,507	34,091	26,180	1.2	31.8
<b>Total</b>	<b>401,585</b>	<b>405,484</b>	<b>379,936</b>	<b>(1.0)</b>	<b>5.7</b>

(1) Considering only debentures used to back purchase and sale commitments; and

(2) Including: Financial Bills, on September 30, 2012, amounting to R\$31,234 million (R\$31,124 million on June 30, 2012 and R\$19,285 million on September 30, 2011).

**Demand Deposits**

Demand deposits amounted to R\$33,627 million in the third quarter of 2012, a 3.4% increase quarter on quarter and 5.5% on the same period in 2011, mainly due to the improved funding, in addition to the increased account holder base.

(1) Additional installment is not included.

**Savings Deposits**

Savings deposits increased 5.2% in the quarter-on-quarter comparison and 15.8% in the last 12 months, mainly as a result of: (i) greater funding volume; and (ii) the remuneration of savings account reserve.

(1) Additional installment is not included.

The new savings remuneration rule determines that:

- (i) the existing account savings up to May 3, 2012 will continue to remunerate at TR + 0.5% p.m.; and
- (ii) for deposits made as of May 4, 2012, the new rules are: (a) if the Selic rate is higher than 8.5% p.a., the TR + 0.5% p.m. remuneration will be maintained; and (b) when the Selic rate is equal to or lower than 8.5% p.a., the remuneration will be 70% of Selic rate + TR.

Bradesco is always increasing its savings accounts base and posted net growth of 7.7 million new savings accounts over the last 12 months.

## **Funding Financial Margin - Interest**

### **Time Deposits**

In the third quarter of 2012, time deposits totaled R\$113,379 million, decreasing by 6.9% quarter on quarter and 16.5% on same period of the previous year.

Such performance is basically due to the migration of funds to other funding sources, especially Financial Treasury Bills, thereby extending average funding terms, which offset the increase of new funding and the restatement of the deposit portfolio.

defined by Bacen.

(1) As

### **Debentures**

On September 30, 2012, Bradesco's debentures amounted to R\$55,323 million, a slight 0.8% decrease in the quarter-on-quarter comparison and a 16.4% increase over the last 12 months.

These variations are mainly due to the placement and maturity of the securities, which are also used to back purchase and sale commitments that are, in turn, impacted by the levels of economic activity.

### **Borrowing and Onlending**

The quarter-on-quarter R\$2,496 million reduction was mainly due to a decreased foreign-currency-denominated and/or indexed borrowing and onlending, from R\$12,517 million in June 2012 to R\$10,267 million in September 2012,

mainly driven by the settlement of operations.

Between the first nine months of 2012 and the same period in 2011, the balance fell 7.5%, or R\$3,658 million, due to: (i) a R\$621 million decrease in the volume of funds raised through loans and onlending in Brazil, especially through BNDES operations; and (ii) the R\$3,037 million decrease in foreign-currency-denominated and/or indexed borrowing and onlending, from R\$13,304 million in September 2011 to R\$10,267 million in September 2012, mainly due to: (a) the settlement of operations; partially offset by: (b) the exchange gain of 9.5% in the period.

Economic and Financial Analysis

## **Funding Financial Margin - Interest**

### **Funds for the Issuance of Securities**

Funds from issuance of securities totaled R\$53,810 million, a 5.2% or R\$2,652 million increase in the quarter is mainly due to: (i) the increased volume of securities issued abroad of R\$1,613 million; (ii) the greater volume of Mortgage Bonds, in the amount of R\$616 million; and (iii) growth in the volume of Letters of Credit for Agribusiness, in the amount of R\$491 million.

When compared to the same period in 2011, the first nine months of the year posted a growth of 63.7%, or R\$20,931 million, mainly the result of: (i) new issuances of Financial Bills, up by R\$11,949 million, from R\$19,285 million in September 2011 to R\$31,234 million in September 2012; (ii) the increase in volume of securities issued abroad, in the amount of R\$5,846 million, a result of exchange gains of 9.5% and new issuances carried out in the period; (iii) the higher volume of Mortgage Bonds, in the amount of R\$2,061 million; and (iv) the higher volume of Letters of Credit for Agribusiness, in the amount of R\$1,415 million.

(1) Considering Collateral Mortgage Notes, Mortgage Bonds, Letters of Credit for Agribusiness, Debentures, Medium Term Note - MTN Program Issues and the cost of issuances over funding.

### **Subordinated Debt**

Subordinated Debt totaled R\$34,507 million in September 2012 (R\$8,715 million abroad and R\$25,792 million in Brazil). In the last 12 months, Bradesco issued R\$10,675 million (R\$2,008 million abroad and R\$8,667 million in Brazil).

Additionally, note that, in the third quarter of 2012, the Brazilian Central Bank authorized the use of



Subordinated Financial Bills amounting to R\$273 million (R\$7,878 million in the second quarter of 2012) to compose Tier II of the Capital Adequacy Ratio, of which only R\$24,842 million of total subordinated debt is used to calculate the Capital Adequacy Ratio, given their maturity terms.

**Securities / Other Financial Margin - Interest****Securities / Other Financial Margin - Breakdown**

	<b>Financial Margin - Securities / Other</b>					<b>R\$ million</b>	
	<b>9M12</b>	<b>9M11</b>	<b>3Q12</b>	<b>2Q12</b>	<b>Variation</b>		
					<b>YTD</b>	<b>Quarter</b>	
Interest - due to volume					838	72	
Interest - due to spread					985	(31)	
<b>Interest Financial Margin</b>	<b>3,841</b>	<b>2,018</b>	<b>1,430</b>	<b>1,389</b>	<b>1,823</b>	<b>41</b>	
Income	24,758	25,723	7,110	9,049	(965)	(1,939)	
Expenses	(20,917)	(23,705)	(5,680)	(7,660)	2,788	1,980	

In the comparison between the third quarter of 2012 and the previous quarter, the interest financial margin from Securities/Other was up by R\$41 million, mainly due to: (i) the increase in volume, which accounted for R\$72 million, and offset by: (ii) R\$31 million decrease in average spread.

In the first nine months of 2012, the interest financial margin with Securities/Other stood at R\$3,841 million, versus R\$2,018 million recorded in the same period a year earlier, up 90.3% or R\$1,823 million. This result was due to: (i) a R\$985 million increase in the average spread, and (ii) an increase in the volume of operations which affected the result in R\$838 million.

**Insurance Financial Margin - Interest****Insurance Financial Margin - Breakdown**

	<b>Financial Margin - Insurance</b>					<b>R\$ million</b>	
	<b>9M12</b>	<b>9M11</b>	<b>3Q12</b>	<b>2Q12</b>	<b>Variation</b>		
					<b>YTD</b>	<b>Quarter</b>	
Interest - due to volume					372	33	
Interest - due to spread					(719)	(65)	
<b>Interest Financial Margin</b>	<b>2,271</b>	<b>2,618</b>	<b>694</b>	<b>726</b>	<b>(347)</b>	<b>(32)</b>	
Income	8,546	7,419	3,206	2,265	1,127	941	
Expenses	(6,275)	(4,801)	(2,512)	(1,539)	(1,474)	(973)	

In the quarter-on-quarter comparison, interest financial margin from insurance operations posted a

decrease of R\$32 million, or 4.4%, mainly due to: (i) a R\$65 million decrease in average spread, due to the increase of IGP-M, which impacted the adjustment of part of the period's technical reserves, and offset by: (ii) the increase in the volume of operations, amounting to R\$33 million.

Between the first nine months of 2012 and the same period of 2011, interest financial margin from insurance operations was down 13.3%, or R\$347 million, due to: (i) the R\$719 million loss in average spread, and (ii) the increase in volume of operations, amounting to R\$372 million.

## Economic and Financial Analysis

**Financial Margin - Non-Interest****Non-Interest Financial Margin - Breakdown**

	<b>Non-Interest Financial Margin</b>					<b>R\$ million</b>	
	<b>9M12</b>	<b>9M11</b>	<b>3Q12</b>	<b>2Q12</b>	<b>Variation</b>		
					<b>YTD</b>	<b>Quarter</b>	
Funding	(218)	(219)	(72)	(73)	1	1	
Insurance	266	142	84	19	124	65	
Securities/Other	1,293	1,455	340	570	(162)	(230)	
<b>Total</b>	<b>1,341</b>	<b>1,378</b>	<b>352</b>	<b>516</b>	<b>(37)</b>	<b>(164)</b>	

The non-interest financial margin in the third quarter of 2012 stood at R\$352 million versus R\$516 million in the second quarter of 2012. Margin was down R\$37 million in the first nine months of 2012 when compared to the same period a year earlier. Main variations in the non-interest financial margin were due to:

- “Insurance,” basically represented by gains/loss from equity securities, and the variations in the periods are associated with market conditions, which enable a greater/lower opportunity of obtaining gains; and
- “Securities / Other,” a R\$230 million decrease in the quarter-on-quarter comparison and a R\$162 million decrease in the year-on-year comparison, reflecting the lower gains from Treasury/Securities.

**Insurance, Pension Plans and Capitalization Bonds**

Below is the analysis of the Statement of Financial Position and Income Statement of Grupo Bradesco Seguros e Previdência:

**Consolidated Statement of Financial Position**

	Sept12	Jun12	R\$ million Sept11
<b>Assets</b>			
<b>Current and Long-Term Assets</b>	<b>142,288</b>	<b>137,008</b>	<b>117,988</b>
Securities	133,738	128,526	110,502
Insurance Premiums Receivable	1,995	2,009	1,748
Other Loans	6,555	6,473	5,738
<b>Permanent Assets</b>	<b>3,456</b>	<b>3,312</b>	<b>2,616</b>
<b>Total</b>	<b>145,744</b>	<b>140,320</b>	<b>120,604</b>
<b>Liabilities</b>			
<b>Current and Long-Term Liabilities</b>	<b>127,194</b>	<b>122,494</b>	<b>105,422</b>
Tax, Civil and Labor Contingencies	2,266	2,179	1,950
Payables on Insurance, Pension Plan and Capitalization Bond Operations	340	362	367
Other Liabilities	6,781	8,163	6,006
Insurance Technical Reserves	10,217	8,705	7,982
Life and Pension Plan Technical Reserves	102,425	98,199	84,788
Capitalization Bond Technical Reserves	5,165	4,886	4,329
<b>Non-controlling Interest</b>	<b>631</b>	<b>624</b>	<b>646</b>
<b>Shareholders' Equity</b>	<b>17,919</b>	<b>17,202</b>	<b>14,536</b>
<b>Total</b>	<b>145,744</b>	<b>140,320</b>	<b>120,604</b>

**Consolidated Income Statement**

Below we point out the main non-recurring events in the third quarter of 2012 which, however, had not an impact on Insurance Group's result: (i) Financial Assets: Aiming at streamlining our Assets Liability Management - ALM, we extended the terms of some available-for-sale securities covering technical reserves. This resulted in a R\$2.1-billion gain in financial revenues; and (ii) Technical Reserves: Based on economic and actuarial studies, the Insurance Group decided to adapt its long-term technical reserves for pension and health plans to the current real interest rates. As a result, we had a R\$2.1 billion expense on additional technical reserves. Note that, despite the R\$2.1 billion expense with available-for-sale securities, this portfolio's mark-to-market balance increased R\$189 million in the third quarter of 2012, totaling R\$5.8 billion in September 2012 (June 2012 - R\$5.6 billion).

	<b>9M12</b>	<b>9M11</b>	<b>3Q12</b>	<b>R\$ million 2Q12</b>
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	31,092	26,498	10,104	11,570
Premiums Earned from Insurance, Pension Plan Contribution and Capitalization Bond <sup>(1)</sup>	16,388	14,063	5,763	5,413
Financial Result from the Operation <sup>(1)</sup>	2,452	2,584	757	722
Sundry Operating Income	815	773	203	356
Retained Claims	(9,470)	(8,317)	(3,282)	(3,108)
Capitalization Bond Draws and Redemptions	(2,400)	(1,926)	(891)	(800)
Selling Expenses	(1,738)	(1,384)	(592)	(552)
General and Administrative Expenses	(1,441)	(1,559)	(519)	(498)
Other Operating Income/Expenses	(211)	(211)	(64)	(47)
Tax Expenses	(346)	(339)	(108)	(123)
<b>Operating Result</b>	<b>4,049</b>	<b>3,684</b>	<b>1,268</b>	<b>1,363</b>
Equity Result	313	186	127	90
Non-Operating Income	(29)	(27)	(10)	(10)
<b>Income before Taxes and Profit Sharing</b>	<b>4,333</b>	<b>3,843</b>	<b>1,385</b>	<b>1,443</b>
Income Tax and Contributions	(1,592)	(1,338)	(506)	(525)
Profit Sharing	(58)	(44)	(19)	(19)
Non-controlling Interest	(60)	(120)	(23)	(18)
<b>Net Income</b>	<b>2,623</b>	<b>2,341</b>	<b>837</b>	<b>881</b>

(1) For comparison purposes, 3Q12 non-recurring events were not considered.

## Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds****Income Distribution of Grupo Bradesco Seguros e Previdência**

	R\$ million							
	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10
Life and Pension Plans	493	494	493	535	486	470	442	485
Health	133	148	151	181	132	200	201	177
Capitalization Bonds	86	91	104	87	86	79	86	63
Basic Lines and Other	125	148	157	57	76	51	32	54
<b>Total</b>	<b>837</b>	<b>881</b>	<b>905</b>	<b>860</b>	<b>780</b>	<b>800</b>	<b>761</b>	<b>779</b>

**Performance Ratios**

	%							
	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10
Claims Ratio <sup>(1)</sup>	70.4	71.3	71.9	68.6	71.5	72.2	72.0	71.1
Expense Ratio <sup>(2)</sup>	11.3	11.1	11.1	11.1	10.5	10.8	10.0	10.8
Administrative Expenses Ratio <sup>(3)</sup>	5.0	4.3	5.0	4.5	5.8	5.4	6.1	5.8
Combined Ratio <sup>(4) (5)</sup>	86.5	85.0	85.6	83.6	86.2	85.8	86.1	85.1

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Written Premiums;

(4) (Retained Claims + Selling Expenses + Other Operating Income and Expenses) / Earned Premiums + (Administrative Expenses + Taxes) / Net Written Premiums; and

(5) Excluding additional reserves.

Note: For comparison purposes, the non-recurring effects arising from the additional technical reserve due to the real interest rate reduction were not considered in the third quarter ratio.

**Written Premiums, Pension Plan Contributions and Capitalization Bond Income**

In view of the excellent performance of "Life and Pension Plan" and "Capitalization Bond" products in the second quarter of 2012 and the insurance segment seasonality in the period, the R\$10.1 billion revenue in the third quarter of 2012 was lower than that of the previous quarter, but up 12.0% when compared to the third quarter of 2011.

Production in the first nine months of 2012 posted a 17.3% increase comparing to the same period in the previous year, mainly driven by the performance of all segments, which had more than a two-digit growth.



**Insurance, Pension Plans and Capitalization Bonds**

**Written Premiums, Pension Plan Contributions and Capitalization Bond Income**

Economic and Financial Analysis

**Insurance, Pension Plan and Capitalization Bonds**

**Retained Claims by Insurance Line**

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**Insurance, Pension Plan and Capitalization Bonds**

**Insurance Expense Ratio by Insurance Line**

Economic and Financial Analysis

**Insurance, Pension Plans and Capitalization Bonds**

**Efficiency Ratio**

General and Administrative Expenses/Revenue

Year on year, the efficiency ratio decreased 0.8 p.p. in the third quarter of 2012 due to: (i) the 12.0% increase in revenue for the period; and (ii) the 4.6% decrease in general and administrative expenses, even considering the collective bargaining agreement, which occurred in January 2012.

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**Insurance, Pension Plans and Capitalization Bonds**

**Insurance Technical Reserves**

## Economic and Financial Analysis

**Bradesco Vida e Previdência**

	<b>R\$ million (unless otherwise stated)</b>							
	<b>3Q12</b>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>	<b>3Q11</b>	<b>2Q11</b>	<b>1Q11</b>	<b>4Q10</b>
Net Income	493	494	493	535	486	470	442	485
Premium and Contribution Income <sup>(1)</sup>	5,002	6,737	5,009	6,886	4,708	5,493	4,059	5,385
- Income from Pension Plans and VGBL	3,988	5,816	4,090	5,926	3,829	4,713	3,317	4,617
- Income from Life/Personal Accidents Insurance Premiums	1,014	921	919	960	879	780	742	768
Technical Reserves	102,425	98,199	93,861	91,008	84,788	81,991	78,547	76,283
Investment Portfolio	110,182	106,102	100,366	96,047	91,806	88,255	85,182	82,786
Claims Ratio	34.6	43.5	41.3	38.3	44.4	47.4	43.6	44.1
Expense Ratio	21.2	19.2	21.3	19.1	18.5	19.2	19.2	19.5
Combined Ratio	60.8	68.4	70.8	66.1	71.3	75.4	71.9	74.7
Participants / Policyholders (in thousands)	25,295	25,257	24,534	24,582	24,051	23,109	22,698	22,186
Premium and Contribution Income Market Share (%) <sup>(2)</sup>	28.9	29.9	27.5	33.1	31.6	32.0	28.1	31.2
Life/AP Market Share - Insurance Premiums (%) <sup>(2)</sup>	17.7	17.4	17.3	17.6	16.9	16.3	16.0	17.3

(1) Life/VGBL/PGBL/Traditional; and

(2) 3Q12 includes the latest data released by Susep (August 2012).

Note: For comparison purposes, the non-recurring effects arising from the additional technical reserve due to the real interest rate reduction were not considered in the third quarter ratio.

Due to its solid structure, a policy of product innovation and customer trust, Bradesco Vida e Previdência leads the segment with a 28.9% market share in terms of pension plan and VGBL (Susep) income in the period.

Net income for the third quarter of 2012 remained stable when comparing to the previous quarter, influenced by: (i) the "Life/AP" product performance, with a 10.1% increase in sales in the period; (ii) the decreased claims ratio; and offset by: (iii) a decrease in the financial result.

Net income for the first nine months of 2012 was up 5.9% from that of the same period in 2011, mainly resulting from: (i) the 17.4% increase in revenue; (ii) a 5.6 p.p. decrease in "Life" product claims ratio; (iii) the decrease in general and administrative expenses, even when accounting for the collective bargaining agreement in January 2012; and partially offset by: (iv) a decrease in the financial result.

Report on Economic and Financial Analysis – September 2012

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## **Bradesco Vida e Previdência**

Bradesco Vida e Previdência's technical reserves stood at R\$102.4 billion in September 2012, made up of R\$97.4 billion from the "Pension Plans and VGBL" product and R\$5.0 billion from "Life," "Personal Accidents" and "Other Lines" products, up 20.8% over September 2011. The Pension Plan and VGBL Investment Portfolio totaled R\$105.1 billion in August 2012, equal to 33.6% of all market funds (source: Fenaprevi).

## **Growth of Participants and Life and Personal Accident Policyholders**

In September 2012, the number of Bradesco Vida e Previdência customers grew by 5.2% compared to September 2011, surpassing a total of 2.2 million pension plan and VGBL plan participants and 23.0 million personal accident participants. This impressive growth was fueled by the strength of the Bradesco brand and the improvement of selling and product management policies.



## Economic and Financial Analysis

**Bradesco Saúde and Mediservice**

	R\$ million (unless otherwise stated)							
	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10
Net Income	133	148	151	181	132	200	201	177
Net Written Premiums	2,498	2,338	2,251	2,170	2,114	2,016	1,940	1,808
Technical Reserves	5,466	4,128	4,072	3,984	3,942	3,848	3,708	3,481
Claims Ratio	86.9	86.1	86.4	83.4	87.3	87.7	87.6	84.0
Expense Ratio	5.0	4.9	4.8	4.7	4.4	4.3	4.2	4.2
Combined Ratio	99.9	96.9	97.9	96.1	98.9	99.6	100.0	100.2
Policyholders (in thousands)	3,873	3,707	3,627	3,458	3,384	3,244	3,144	3,100
Written Premiums Market Share (%) <sup>(1)</sup>	47.4	46.9	46.7	47.9	47.5	47.4	49.4	49.5

(1) 3Q12 considers the latest data released by ANS (August 2012).

Note: For comparison purposes, the non-recurring effects arising from the additional technical reserve due to the real interest rate reduction were not considered in the third quarter ratio.

Revenue posted a 6.8% growth comparing with the previous quarter. Net income for the third quarter of 2012 decreased 10.1% quarter on quarter, mainly due to: (i) the 0.8% p.p. increase in claims ratio, driven by: (a) the seasonality of medical and hospital expenses; and (b) more business days for claims payment.

The result for the first nine months of 2012 was down 18.9% over the same period of the previous year, due to: (i) the decrease in financial result, driven by the payment of dividends amounting to R\$900 million in December 2011; (ii) the decrease in equity income, partially offset by: (iii) the 16.8% increase in revenue; (iv) the 1.0 p.p. decrease in the claims ratio; and (v) lower general and administrative expenses.

In September 2012, Bradesco Saúde and Mediservice maintained strong market position in the corporate segment (source: ANS).

Approximately 50 thousand companies in Brazil have Bradesco Saúde insurance and Mediservice plans. Of the 100 largest companies in Brazil in terms of revenue, 50 are Bradesco Saúde and Mediservice customers (source: *Exame* magazine's Best and Major Companies (*Melhores e Maiores*) ranking, July 2012).

**Bradesco Saúde and Mediservice****Number of Policyholders at Bradesco Saúde and Mediservice**

Together, the two companies have over 3.8 million customers. The high share of corporate policies in the overall portfolio (94.9% in September 2012) shows the companies' high level of specialization and customization in the corporate segment, a major advantage in today's supplementary health insurance market.

**Bradesco Capitalização**

	R\$ million (unless otherwise stated)							
	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10
Net Income	86	91	104	87	86	79	86	63
Capitalization Bond Income	1,013	937	795	798	849	751	649	706
Technical Reserves	5,165	4,886	4,663	4,571	4,329	4,096	3,891	3,724
Customers (in thousands)	3,426	3,358	3,228	3,097	3,024	2,888	2,794	2,691
Premium Income Market Share (%) <sup>(1)</sup>	22.6	22.2	21.2	21.6	21.4	21.3	21.2	21.1

(1) 3Q12 considers the latest data released by Susep (August 2012).

Revenues from capitalization bonds for the third quarter of 2012 grew by 8.1% when compared to the previous quarter. Net income for the quarter was 5.5% lower than that of the second quarter of 2012, influenced by an increase in the reserve for redemptions/draws.

Net income for the first nine months of 2012 grew by 12.0% when compared to the same period of the previous year, mainly due to: (i) the 22.1% increase in revenues from capitalization bonds; (ii) an improved management efficiency ratio; and partially offset by: (iii) the decrease in the financial result, driven by the payment of dividends amounting to R\$300 million in December 2011.

Economic and Financial Analysis

## **Bradesco Capitalização**

Bradesco Capitalização ended the third quarter of 2012 leading the capitalization bond companies ranking, due to its policy of transparency and of adjusting its products based on potential consumer demand.

In order to offer the capitalization bond that best fits the profile and budget of each customer, Bradesco Capitalização has developed several products that vary in accordance with payment method (lump-sum or monthly), contribution term, frequency of draws and premium amounts. This phase was mainly marked by a closer relationship with the public by consolidating *Pé Quente Bradesco* products.

Among these products, it is worth pointing out the performance of the social and environmental products, from which a part of the profit is allocated to socially responsible projects, while also allowing the customer to create a financial reserve. Bradesco Capitalização currently has partnerships with the following social and environmental institutions: (i) Fundação SOS Mata Atlântica (contributes to the conservation of biological and cultural diversity of the Atlantic Forest, stimulating social and environmental citizenship); (ii) Instituto Ayrton Senna (contributes to education and human development, reducing illiteracy rates, school failure and drop-out rates); (iii) Fundação Amazonas Sustentável (contributes to the sustainable development, environmental preservation and improvement to the quality of life of communities that benefit from the preservation centers in the state of Amazonas); (iv) the Brazilian Cancer Control Institute (contributes to the development of projects for the prevention, early diagnosis and treatment of breast cancer in Brazil); and (v) Projeto Tamar (created to save sea turtles).

Bradesco Capitalização S.A. is the first capitalization bond company in Brazil to receive the ISO. In 2009, it was certified with the ISO 9001:2008 for Management of Bradesco Capitalization Bonds. This certification, granted by Fundação Vanzolini, attests to the quality of its internal processes and confirms the principle that underpins Bradesco Capitalization Bonds: good products, services and continuous growth.

The portfolio is composed of 21.2 million active bonds, of which: 38.3% are Traditional Bonds sold in the branch network and at Bradesco *Dia & Noite* service channels, up 17.1% over September 2011; and 61.7% are incentive bonds (assignment of drawing rights), such as partnerships with Bradesco Vida e Previdência and Bradesco Auto/RE, which were up 1.3% over September 2011. Given that the purpose of this type of capitalization bond is to add value to the associated company or even encourage the performance of its customers, bonds have reduced maturity and grace terms and a lower sale price.

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**Bradesco Auto/RE**

	R\$ million (unless otherwise stated)							
	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11	4Q10
Net Income	42	26	49	33	50	44	39	58
Net Written Premiums	1,239	1,208	967	983	1,042	1,061	871	865
Technical Reserves	4,508	4,345	4,148	3,920	3,853	3,828	3,688	3,554
Claims Ratio	63.9	64.2	64.7	65.9	61.3	61.0	68.1	69.3
Expense Ratio	18.7	18.8	18.4	18.2	17.4	17.6	17.2	17.6
Combined Ratio	105.8	104.1	107.4	108.2	104.1	97.9	110.2	106.9
Policyholders (in thousands)	3,968	3,826	3,801	3,694	3,632	3,567	3,330	3,337
Premium Income Market Share (%) <sup>(1)</sup>	10.6	10.5	9.8	10.1	10.4	10.5	9.7	10.6

(1) 3Q12 considers the latest data released by Susep (August 2012).

Net income for the third quarter of 2012 was up by 61.5% from the previous quarter, due to: (i) a 0.3 p.p. decrease in claims ratio, impacted by: (a) a 2.5 p.p. decrease in “Auto” segment, due to increased risk premium; and offset by (b) a 8.7 p.p. growth in “Basic Lines” segment, due to high claims ratio in transport and certain claims; (ii) an increase in the financial result; and (iii) higher equity result.

Net income for the first nine months of 2012 was 12.0% lower than that posted in the same period of 2011, due to: (i) a decrease in the financial result; (ii) the 0.8 p.p. increase in claims ratio, resulting from: (a) a 2.6 p.p. growth in “Auto” segment, boosted by higher average claims ratio and the increase in frequency of theft/robbery in Brazil’s main capital cities; and mitigated by: (b) a 4.6 p.p. decrease in “Basic Lines” segment, driven by the increase in “Residential” portfolio; partially offset by: (iii) the improved equity result; and (iv) lower general and administrative expenses, even with the raise in salary set out in the collective bargaining agreement in January 2012.

In the Property Insurance segment, the focus on “Bradesco Corporate” large brokers and customers was maintained. This results in renewal of the main accounts, whether in leadership or participation in co-insurance. Also note the excellent performance

In Aviation and Maritime Hull insurance, the increased exchange with Bradesco Corporate and Bradesco Empresas has been drawn on extensively, taking full advantage of the stronger sales of new aircraft and those of the maritime segment.

The transportation segment is still the primary focus, with essential investments made to leverage new business, especially in the renewal of reinsurance agreements, which gives insurers the power to assess and cover risk, and consequently increase competitiveness in more profitable businesses such as international transportation insurance for shipping companies involved in international trade.

Despite strong competition in the Auto/RCF line, the insurer has increased its customer base, mainly due to improvements to current products and the creation of products for a specific target-public. Among them, it is worth noting the launch of the First Vehicular Protection of Bradesco Seguro (*Bradesco Seguro Primeira Proteção Veicular*), an exclusive product to Bradesco’s account holders, which helps, through the Day and Night Support services, vehicles from 3 to 10 years of use.

For better service, Bradesco Auto/RE currently has 22 Bradesco Auto Centers (BAC), which offer

of “Engineering Risks” segment: the partnership with policyholders the greatest variety of services in a Banco Bradesco’s Real Estate Loan area has single place, including: auto claims services, reserve enabled new insurance contracts from its customer rental cars, installation of anti-theft equipment, base preventative maintenance checks, glass repairs or replacement and environmental vehicle inspections.

Bradesco

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Economic and Financial Analysis

**Bradesco Auto/RE**

**Number of Policyholders at Auto/RE**

Mass insurance targets individuals, self-employed professionals and SMEs. The launch of new products combined with the continuous improvement to methods and systems has contributed to growth in the customer base, which increased by 9.3% in the last 12 months, to a total of 4.0 million customers.

It is worth pointing out that we continued with a strong strategy for the Residential Insurance segment, with a 32% growth in premiums from January to August (higher than the market growth), totaling more than 2 million insured homes.

**Fee and Commission Income**

A breakdown of the variation in Fee and Commission Income for the respective periods is presented below:

<b>Fee and Commission Income</b>	<b>9M12</b>	<b>9M11</b>	<b>3Q12</b>	<b>2Q12</b>	<b>R\$ million</b>	
					<b>Variation YTD</b>	<b>Quarter</b>
Card Income	4,373	3,691	1,527	1,456	682	71
Checking Account	2,378	2,039	826	805	339	21
Fund Management	1,622	1,451	562	535	171	27
Loan Operations	1,563	1,455	538	524	108	14
Collection	974	893	338	322	81	16
Consortium Management	452	389	159	150	63	9
Custody and Brokerage Services	359	318	122	119	41	3
Underwriting / Financial Advisory Services	318	209	94	115	109	(21)
Payments	238	231	80	80	7	-
Other	561	462	193	175	99	18
<b>Total</b>	<b>12,837</b>	<b>11,137</b>	<b>4,438</b>	<b>4,281</b>	<b>1,700</b>	<b>157</b>

Explanations of the main items that influenced the variation in Fee and Commission Income between periods can be found below.



Economic and Financial Analysis

**Fee and Commission Income**

**Card Income**

Card income stood at R\$1,527 million in the third quarter of 2012, up 4.9% from the previous quarter, mainly due to the increase in the number of transactions in the period and growth of revenue.

In comparison with the same period a year earlier, card service revenues stood at R\$4,373 million, up 18.5% or R\$682 million in relation to the same period last year, mainly due to an increase in revenue from purchases and services, resulting from the increase in card revenue, active base and amount of transactions in the period.

In addition, the debit and credit card base decreased in the second and third quarters, respectively, due to the exclusion of idle cards.

## Fee and Commission Income

### Checking Account

In the third quarter of 2012, fee and commission income from checking accounts increased 2.6% in comparison with the previous quarter, mainly due to: (i) the net increase of 69 thousand new checking accounts (12 thousand individual accounts and 57 thousand corporate customer accounts); and (ii) the expansion of the portfolio of services provided to our customers.

In comparison with the same period a year earlier, income grew by R\$339 million, or 16.6%, in the first nine months of 2012, mainly due to: (i) the expansion of the checking account customer base, which posted a net increase of 945 thousand current accounts (796 thousand individual customers and 149 thousand corporate customers); and (ii) the expansion of the service portfolio to our customers.

### Loan Operations

In the third quarter of 2012, income from loan operations amounted to R\$538 million, up 2.7% in comparison with the previous quarter, mainly due to the greater volume of loan operations in the period, mainly "Sureties and Guarantees" operations, up 3.5% on the second quarter of 2012.

In comparison with the same period a year earlier, the 7.4% increase in the first nine months of the year was mainly the result of: (i) greater income from collateral, up 20.2%, mainly deriving from the 23.3% growth in the volume of Sureties and Guarantees; and (ii) an increase in volume of other operations in the period.

## Economic and Financial Analysis

**Fee and Commission Income****Fund Management**

In the third quarter of 2012, income from fund management stood at R\$562 million, up R\$27 million from the previous quarter, mainly due to a 5.4% growth in the volume of funds and portfolios raised and managed.

Year on year, the R\$171 million or 11.9% increase in the first nine months of 2012 was mainly due to: (i) increases in funds and portfolios, which grew by 26.6%; and (ii) the 13.1% increase in the Ibovespa index in the period, impacting income from managed funds and portfolios pegged to equities.

The highlight was the investments in fixed-rate funds, which grew by 25.2% in the period, followed by equity securities, up 20.4%.

<b>Shareholders' Equity</b>	<b>R\$ million</b>			<b>Variation %</b>	
	<b>Sept12</b>	<b>Jun12</b>	<b>Sept11</b>	<b>Quarter</b>	<b>12M</b>
Investment Funds	366,451	358,881	293,578	2.1	24.8
Managed Portfolios	29,924	17,691	17,633	69.1	69.7
Third-Party Fund Quotas	8,068	7,017	8,240	15.0	(2.1)
<b>Total</b>	<b>404,443</b>	<b>383,589</b>	<b>319,451</b>	<b>5.4</b>	<b>26.6</b>
<b>Asset Distribution</b>	<b>R\$ million</b>			<b>Variation %</b>	
	<b>Sept12</b>	<b>Jun12</b>	<b>Sept11</b>	<b>Quarter</b>	<b>12M</b>
Investment Funds – Fixed Income	338,495	331,421	270,354	2.1	25.2
Investment Funds – Equities	27,956	27,460	23,224	1.8	20.4
Investment Funds – Third-Party Funds	6,854	5,739	7,102	19.4	(3.5)
<b>Total - Investment Funds</b>	<b>373,305</b>	<b>364,620</b>	<b>300,680</b>	<b>2.4</b>	<b>24.2</b>
Managed Portfolios – Fixed Income	21,305	10,228	10,403	108.3	104.8
Managed Portfolios – Equities	8,619	7,463	7,230	15.5	19.2
Managed Portfolios – Third-Party Funds	1,214	1,278	1,138	(5.0)	6.7
<b>Total - Managed Funds</b>	<b>31,138</b>	<b>18,969</b>	<b>18,771</b>	<b>64.2</b>	<b>65.9</b>
x					
Total Fixed Income	359,800	341,649	280,757	5.3	28.2
Total Equities	36,575	34,923	30,454	4.7	20.1
Total Third-Party Funds	8,068	7,017	8,240	15.0	(2.1)
<b>Overall Total</b>	<b>404,443</b>	<b>383,589</b>	<b>319,451</b>	<b>5.4</b>	<b>26.6</b>



## Fee and Commission Income

### Cash Management Solutions (Payments and Collection)

In the third quarter of 2012, income from payments and collection was up 4.0% from the previous quarter, mainly due new businesses and increase in the number of processed documents in the period.

In comparison with the same period a year earlier, the 7.8% or R\$88 million increase in revenue from payments and collection in the first nine months of 2012 was mainly the result of the greater volume of processed documents, up from 1,297 million in the first nine months of 2011 to a total of 1,422 million in the first nine months 2012.

### Consortium Management

In the third quarter of 2012, income from consortium management increased by 6.0% over the previous quarter, mainly due to the segment expansion. On September 30, 2012, Bradesco had 707 thousand active quotas (676 thousand active quotas on June 30, 2012), ensuring a leading position in all the segments it operates (real estate, auto and trucks/tractors).

Year on year, there was a 16.2% increase in income in the first nine months of 2012, resulting from: (i) the growth in the volume of bids and advances; and (ii) the increase in sales of new quotas, from 548 thousand net quotas sold on September 30, 2011 to 707 thousand active quotas on September 30, 2012, an increase of 159 thousand net quotas.

Bradesco's purpose is to offer the most complete portfolio of products and services to its customers. Therefore, the Organization provides consortium

Bradesco remains being leader in the three segments due to planning and synergy with the Branch Network, together with stability and security of the Bradesco brand.

plans for all income groups, covering the different market demands, in real estate and automobile segments. To sell the consortium plans, Bradesco has the strength and expertise of several managers, who operate together with customers in all Brazilian cities.

Economic and Financial Analysis

## **Fee and Commission Income**

### **Custody and Brokerage Services**

In the third quarter of 2012, total custody and brokerage service income increased by R\$3 million, remaining virtually stable in relation to the previous quarter.

In comparison with the same period a year earlier, the 12.9% increase in income in the first nine months of 2012 was mainly due to the increase in custody services, with a R\$129 billion gain in assets under custody.

### **Underwriting / Financial Advisory Services**

The R\$21 million decrease in the quarter-on-quarter comparison mainly refers to increased gains with capital market operations in the second quarter of 2012, particularly underwriting operations. Furthermore, changes in this income are often the result of volatile performance of capital markets.

From the first nine months of 2011 to the same period in 2012, there was an increase of R\$109 million, mainly as a result of a higher business volume in underwriting and financial advisory operations.

**Personnel and Administrative Expenses**

Personnel and Administrative Expenses	9M12	9M11	3Q12	2Q12	R\$ million	
					Variation	
					YTD	Quarter
<b>Personnel Expenses</b>						
<b>Structural</b>	<b>7,335</b>	<b>6,384</b>	<b>2,548</b>	<b>2,436</b>	<b>951</b>	<b>112</b>
Payroll/Social Charges	5,509	4,821	1,916	1,824	688	92
Benefits	1,826	1,563	632	612	263	20
<b>Non-Structural</b>	<b>1,709</b>	<b>1,537</b>	<b>571</b>	<b>611</b>	<b>172</b>	<b>(40)</b>
Management and Employee Profit Sharing	993	822	328	341	171	(13)
Provision for Labor Claims	499	518	167	188	(19)	(21)
Training	100	108	38	41	(8)	(3)
Termination Costs	117	89	38	41	28	(3)
<b>Total</b>	<b>9,044</b>	<b>7,921</b>	<b>3,119</b>	<b>3,047</b>	<b>1,123</b>	<b>72</b>
<b>Administrative Expenses</b>						
Outsourced Services	2,561	2,649	897	832	(88)	65
Communication	1,241	1,177	416	415	64	1
Depreciation and Amortization	915	814	306	308	101	(2)
Data Processing	808	691	277	268	117	9
Transportation	641	560	215	215	81	-
Rental	571	490	192	196	81	(4)
Advertising and Marketing	523	607	208	162	(84)	46
Financial System Services	488	370	162	163	118	(1)
Asset Maintenance	439	400	148	145	39	3
Security and Surveillance	317	240	112	105	77	7
Leased Assets	284	259	87	96	25	(9)
Materials	245	281	75	77	(36)	(2)
Water, Electricity and Gas	188	168	58	65	20	(7)
Trips	101	113	34	33	(12)	1
Other	1,087	905	377	361	182	16
<b>Total</b>	<b>10,407</b>	<b>9,724</b>	<b>3,565</b>	<b>3,441</b>	<b>683</b>	<b>124</b>
<b>Total Personnel and Administrative Expenses</b>	<b>19,451</b>	<b>17,645</b>	<b>6,684</b>	<b>6,488</b>	<b>1,806</b>	<b>196</b>
<b>Employees</b>	<b>104,100</b>	<b>101,334</b>	<b>104,100</b>	<b>104,531</b>	<b>2,766</b>	<b>(431)</b>
<b>Service Points</b>	<b>67,225</b>	<b>55,832</b>	<b>67,225</b>	<b>65,370</b>	<b>11,393</b>	<b>1,855</b>

In the third quarter of 2012, total Personnel and Administrative Expenses came to R\$6,684 million, up 3.0% in comparison with the previous quarter. In the first nine months of 2012, Personnel and Administrative



Expenses amounted to R\$19,451 million, up 10.2% over the same period of the previous year.

## Personnel Expenses

In the third quarter of 2012, personnel expenses came to R\$3,119 million, a 2.4% variation, or R\$72 million, from the previous quarter.

The R\$112 million growth in the structural portion was mainly the result of raise in salaries, as determined by the collective bargaining agreement and labor adjustments, totaling R\$107 million, of which R\$38 million refer to monthly payroll increase as of September 2012.

The R\$40 million decrease in the non-structural portion was mainly due to lower expenses with: (i) provision for labor claims, amounting to R\$21 million; and (ii) management and employee profit sharing, in the amount of R\$13 million.

Economic and Financial Analysis

**Personnel and Administrative Expenses**

**Personnel Expenses**

In comparison with the same period a year earlier, the R\$1,123 million increase in the first nine months of 2012 reflects: (i) the structural expenses of R\$951 million related to: (a) the increase in expenses with payroll, social charges and benefits, impacted by salary increases (2011 and 2012 collective bargaining agreements); and (b) the net increase in staff, hiring 2,766 employees in the period, driven by investments to expand service points and improve business segmentation; and (ii) the R\$172 million gain in the non-structural expenses mainly due to higher expenses with management and employee profit sharing.

## Personnel and Administrative Expenses

### Administrative Expenses

In the third quarter of 2012, administrative expenses came to R\$3,565 million, up 3.6%, or R\$124 million from the previous quarter, mainly due to higher expenses with: (i) outsourcing, mainly “Cards” product variable; (ii) data processing; and (iii) marketing and advertising, mainly due to the actions taken during the 2012 London Olympic and Paralympic Games, regarding the 2016 Rio Olympics sponsorship rights.

In comparison with the same period a year earlier, the R\$683 million, or 7.0%, increase in the first nine months of 2012 was mainly due to higher expenses with: (i) increase in the volume of businesses and services;

(ii) contractual adjustments; and (iii) organic growth expenses, leading to an increase of 11,393 service points, mainly the increase of 720 Branches and 10,341 Bradesco Espresso points, totaling 67,225 service points on September 30, 2012; partially offset by lower expenses with: (iv) outsourcing, mainly related to the end of the partnership with Empresa Brasileira de Correios e Telégrafos - ECT in December 2011 (Postal Bank); and (v) marketing and advertising. In the last 12 months, the inflation rates Extended Consumer Price Index (IPCA) and General Market Price Index (IGP-M) stood at 5.3% and 8.1% respectively.

Economic and Financial Analysis

**Operating Coverage Ratio (1)**

In the quarter, the coverage ratio in the last 12 months maintained its improvement with a 1.2 p.p. growth, mainly due to an increase in fee and commission income, combined with ongoing cost control efforts, including actions of our Efficiency Committee in the period.

(1) Fee and Commission Income / Administrative and Personnel Expenses (over the last 12 months).

It is worth noting that 64.4% is the best rate over the last eight quarters.

**Tax Expenses**

The addition of R\$47 million to tax expenses, in comparison with the previous quarter, was mainly due to the increase in taxable income impacting the calculation basis of PIS/Cofins expenses.

In comparison with the same period a year earlier, the R\$382 million increase in the first nine months of 2012 was mainly the result of higher PIS/Cofins expenses, basically reflecting the increase in taxable income, especially financial margin and fee and commission income.

## Equity in the Earnings (Losses) of Unconsolidated Companies

In the third quarter of 2012, equity in the earnings (losses) of unconsolidated companies stood at R\$45 million. The R\$26 million increase from the previous quarter was mainly due to higher results from the unconsolidated company Integritas.

Year on year, the R\$13 million increase recorded in the first nine months of 2012 was mainly due to greater results from unconsolidated company “IRB - Brasil Resseguros,” partially mitigated by lower results with the unconsolidated company Integritas.

## Operating Income

Operating income in the third quarter of 2012 was R\$4,388 million, up R\$22 million, from the previous quarter, mainly impacted by (i) the increase in fee and commission income, amounting to R\$157 million; (ii) a decrease in the allowance for loan loss expenses, in the amount of R\$104 million; (iii) the increase in operating income from Insurance, Pension Plans and Capitalization Bonds in the amount of R\$76 million; offset by: (iv) the R\$196 million increase in personnel and administrative expenses; (v) lower financial margin, amounting to R\$79 million; and (vi) higher tax expenses, in the amount of R\$47 million.

In comparison with the same period a year earlier, the R\$848 million, or 6.9%, increase in the first nine months of 2012 is basically a result of: (i) the R\$3,621 million increase in financial margin; (ii) the R\$1,700 million increase in fee and commission income; (iii) the R\$422 million increase in operating income from Insurance, Pension Plans and Capitalization Bonds, partially offset by: (iv) a R\$2,228 million increase in allowance for loan loss expenses; (v) a R\$1,806 million increase in administrative and personnel expenses; (vi) a

R\$492 million increase in other operating expenses (net of other revenues); and (vii) a R\$382 million increase in tax expenses.

Economic and Financial Analysis

**Non-Operating Income**

In the third quarter of 2012, non-operating income posted a loss of R\$20 million, down R\$2 million from the previous quarter and down R\$59 million from the same period in 2011, due to greater non-operating expenses in the period.

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Return to Shareholders

## Sustainability

### Bradesco remains in the Dow Jones Sustainability World Index 2012/2013

For one more year, Bradesco was selected to join the Dow Jones Sustainability World Index, which considers the world companies' financial and environmental performance, such as corporate governance, risk management, climate change mitigation and management, human capital development and standards for the supply chain.

Since 1999, the capital market has recognized the Dow Jones Sustainability World Index as the first global index that assigns differentiated value to companies that consistently demonstrate their long-term initiatives and strategies towards corporate sustainability.

### *Época* magazine's 2012 Green Company Award

For the fifth consecutive year, Bradesco is one of the winners of the *Época's* Green Company Award for being an outstanding company in terms of Good Environmental Practices. Promoted by *Época* Magazine, the award aims to highlight companies' environmental strategy, such as

initiatives towards climate change, biodiversity impact, use of renewable raw materials, conscientious water usage, waste disposal, energy efficiency and innovative development of processes and products.

## Investor Relations (IR)

In the third quarter of 2012, as a sequence of the cycle of 2012 Apimec Meetings, Bradesco carried out seven events in the cities of Fortaleza, Belo Horizonte, Porto Alegre, Brasília, Rio de Janeiro, São Paulo and Recife. These meetings were attended by more than 2.3 thousand people including analysts, shareholders, customers and investors. All meetings were broadcast live over the internet with simultaneous translation into English and the participation of approximately 3.7 thousand internet users. São Paulo's event was also broadcasted in *Libras* (Brazilian sign language) to reinforce the democratization of information. The summary of all events and the full São Paulo's meeting can be watched at [www.bradesco.com.br/ri](http://www.bradesco.com.br/ri).

The Investor Relations Area, in partnership with Ágora and Bradesco Corretora, participated in the

ExpoMoneys in Brasília and São Paulo, where lectures on various topics were held, such as "Building Knowledge in Stocks," "Macroeconomic Scenario," "Personal Finance," "Diversifying Investments," "Be the Owner of Your Strategy", "Fundamental Analysis," among others. Also, visitors clarified their doubts and took a quiz on financial literacy, Bradesco numbers, sustainability practices and Olympics.

The area also attended eight conferences and road shows in Brazil and abroad, serving more than 240 analysts and investors. In this period, 37 meetings, 54 conference calls, 4 institutional presentations and 3 events were held in Brazil.

In addition, the Investor Relations team frequently keeps contact with shareholders, investors and analysts via telephone, email, or in person at Bradesco's headquarters.

## Corporate Governance

The Bank's Management is made up of the Board of Directors, which is composed of nine members (seven external members, one internal member and one independent member), and the Board of Executive Officers. Members of the Board of Directors are elected on an annual basis by the Annual Shareholders' Meeting, which elect members of the Board of Executive Officers internally.

Within its Corporate Governance structure, Bradesco's Board of Directors is supported by five Statutory Committees (Ethical Conduct, Audit, Internal Controls and Compliance, Compensation and Integrated Risk Management and Capital Allocation), in addition to 44 Executive Committees that assist the Board of Executive Officers in performing its duties.

Shareholders are entitled to 100% tag-along rights for common shares, 80% for preferred shares and to a minimum mandatory dividend of 30% of adjusted net income.

Preferred shares are also entitled to dividends 10% greater than those paid to common shares.

In 2001, Bradesco voluntarily adhered to Level 1 Corporate Governance of BM&FBovespa -Securities, Commodities and Futures Exchange.

In 2011, it also voluntarily adhered to the Code of Self-Regulation and Best Practices for Publicly-Held Companies, issued by the Brazilian Association of Publicly-Held Companies (Abrasca) based on the best corporate governance practices adopted in Brazil and abroad.

Bradesco ranked AA+ (Excellent Corporate Governance Practices) by Austin Rating.

On March 9, 2012, all of the matters proposed to the Shareholders' Meetings were approved.

For more information, visit [www.bradescori.com.br](http://www.bradescori.com.br) - Corporate Governance.

## Bradesco Shares

### Number of Shares - Common and Preferred Shares (1)

	In thousands		
	Sept12	Jun12	Sept11
Common Shares	1,909,762	1,909,839	1,909,911
Preferred Shares	1,907,611	1,907,931	1,907,931
<b>Subtotal – Outstanding Shares</b>	<b>3,817,373</b>	<b>3,817,770</b>	<b>3,817,842</b>
Treasury Shares	7,422	7,025	6,953
<b>Total</b>	<b>3,824,795</b>	<b>3,824,795</b>	<b>3,824,795</b>

(1) Stock bonus and splits during the periods were not included.

On September 30, 2012, Bradesco's capital stock stood at R\$30.1 billion, composed of 3,824,795 thousand no-par, book-entry shares, of which 1,912,398 thousand were common shares and 1,912,397 thousand were preferred shares. The largest shareholder is the holding company Cidade de Deus Cia. Comercial de Participações, which directly holds 48.7% of voting capital and 24.4% of total capital.

Cidade de Deus Cia. Comercial de Participações is controlled by the Aguiar Family, Fundação Bradesco and another holding company, Nova Cidade de Deus Participações S.A., which is in turn controlled by Fundação Bradesco and BBD Participações S.A., whose majority of shareholders are members of Bradesco's Board of Directors, Statutory Board of Executive Officers and management-level employees.



Return to Shareholders

**Bradesco Shares****Number of Shareholders - Domiciled in Brazil and Abroad**

	Sept12	%	Ownership of Capital (%)	Sept11	%	Ownership of Capital (%)
Individuals	329,141	89.77	23.22	338,462	89.90	23.75
Companies	36,558	9.97	46.01	37,147	9.87	46.85
<b>Subtotal Domiciled in Brazil</b>	<b>365,699</b>	<b>99.74</b>	<b>69.23</b>	<b>375,609</b>	<b>99.77</b>	<b>70.60</b>
Domiciled Abroad	969	0.26	30.77	867	0.23	29.40
<b>Total</b>	<b>366,668</b>	<b>100.00</b>	<b>100.00</b>	<b>376,476</b>	<b>100.00</b>	<b>100.00</b>

On September 30, 2012, there were 365,699 shareholders domiciled in Brazil, accounting for 99.74% of total shareholders and holding 69.23%

of all shares, while a total of 969 shareholders are domiciled abroad, accounting for 0.26% of shareholders and holding 30.77% of shares.

**Average Daily Trading Volume of Shares (1)**

Bradesco shares are traded on BM&FBovespa and NYSE. Since November 21, 2001, Bradesco trades its ADRs backed by preferred shares on NYSE. As of March 13, 2012, it has also traded ADRs backed by common shares.

representing 57.0% of the total average daily trading volume of Bradesco shares. In the same period, the average daily trading volume of common and preferred shares on BM&FBovespa reached R\$218 million, representing 43.0% of the total average daily trading volume of Bradesco shares.

In the first nine months of 2012, the average daily trading volume of ADRs was R\$288 million,

(1) Average daily trading volume of shares listed on BM&FBovespa (BBDC3-ON and BBDC4-PN) and NYSE (BBD-ADR PN and BBDO-ADR ON).

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## Bradesco Shares

### Appreciation of Preferred Shares - BBDC4 (1)

The graph shows the change in preferred shares due to Bradesco's dividend reinvestment, compared to the Ibovespa and the CDI - Interbank Deposit Rate. If R\$100 were invested in

December 2001, Bradesco shares would be worth R\$896 at the end of September 2012, an appreciation above Ibovespa and CDI rates in the same period.

(1) Dividend reinvestment is considered.

### Share and ADR Performance (1)

	In R\$ (unless otherwise stated)					
	3Q12	2Q12	Variation %	9M12	9M11	Variation %
Adjusted Net Income per Share	0.76	0.75	1.3	2.25	2.21	1.8
Dividends/Interest on Shareholders' Equity - Common Share (after Income Tax)	0.214	0.212	0.9	0.633	0.620	2.1
Dividends/Interest on Shareholders' Equity - Preferred Share (after Income Tax)	0.235	0.233	0.9	0.696	0.681	2.2

	In R\$ (unless otherwise stated)					
	Sept12	Jun12	Variation %	Sept12	Sept11	Variation %
Book Value per Common and Preferred Share	17.30	16.74	3.3	17.30	14.08	22.9
Last Trading Day Price - Common Shares	26.69	25.00	6.8	26.69	22.94	16.3
Last Trading Day Price - Preferred Shares	32.57	29.94	8.8	32.57	27.71	17.5
Last Trading Day Price - ADR ON (US\$) (2)	13.57	12.31	10.2	13.57	-	-
Last Trading Day Price - ADR PN (US\$)	16.07	14.87	8.1	16.07	14.79	8.7
Market Capitalization (R\$ million) (3)	113,102	104,869	7.9	113,102	96,682	17.0
Market Capitalization (R\$ million) - Most Traded Share (4)	124,332	114,304	8.8	124,332	105,792	17.5

(1) Adjusted for corporate events in the periods;

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(2) In March 2012, Bradesco launched a program of Level II ADRs backed by common shares;

(3) Number of shares (excluding treasury shares) x closing price for common and preferred shares on the last trading day of the period; and

(4) Number of shares (excluding treasury shares) x closing price for preferred shares on the last trading day of the period.

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Return to Shareholders

## Bradesco Shares

### Recommendation of Market Analysts - Target Price

Market analysts issue periodical recommendations on Bradesco preferred shares (BBDC4). We had access to ten reports prepared by these analysts on October 17, 2012. Below are recommendations and a consensus on the target price.

Recommendations %		Target Price in R\$ for Dec13	
Buy	50.0	Average	39.32
Keep	50.0	Standard Deviation	3.91
Sell	-	Higher	45.80
Under Analysis	-	Lower	33.00

For more information on target price and recommendation of each market analyst that monitors the performance of Bradesco shares,

visit the IR section at [www.bradescori.com.br](http://www.bradescori.com.br) > Information to Shareholders > Analysts' Consensus.

### Market Capitalization

On September 30, 2012, Bradesco's market capitalization, considering the closing prices of common and preferred shares, was R\$113.1 billion, up 7.9% over the previous quarter. Considering the closing price for preferred shares (most traded share), on the

same date, Bradesco's market capitalization was R\$124.3 billion, an increase of 8.8% over the previous quarter. In the quarter-on-quarter comparison, the Ibovespa increase was equivalent to the Bradesco's market capitalization (considering the most traded share), that is, 8.8%.

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## Main Indicators

**Market Capitalization (Common and Preferred Shares) / Net Income** <sup>(1)</sup>: indicates a possible number of years that the investor would recover the capital invested, based on the closing prices of common and preferred shares. (1) In the last 12 months.

**Market Capitalization (Common and Preferred Shares) / Shareholders' Equity**: indicates the multiple by which Bradesco's market capitalization exceeds its book shareholders' equity. (1) Note the increase of R\$4,105 million in shareholders' equity from the surplus value of some securities reclassified from "Held to Maturity" to "Available for Sale", due to the adoption of CPCs 38 and 40 by the Insurance Group.

**Dividend Yield**: the ratio between share price and dividends and/or interest on shareholders' equity paid to shareholders in the last 12 months, which indicates the return on investment represented by the allocation of net income.



## Return to Shareholders

**Dividends/Interest on Shareholders' Equity**

In the first nine months of 2012, a total of R\$2,923 million was allocated to shareholders as Interest on Shareholders' Equity and Dividends. In the last 12 months, total Interest on Shareholders' Equity

and Dividends allocated to shareholders corresponded to 35.9% of book net income, considering withholding income tax of 31.5% thereof.

(1) In the last 12 months.

**Weight on Main Stock Indexes**

Bradesco shares comprises Brazil's main stock indexes, including IBrX-50 (index that measures the total return of a theoretical portfolio comprising 50 shares selected among the most traded shares on BM&FBovespa), ISE (Corporate Sustainability Index), ITAG (Special Tag-Along Stock Index), IGC (Special Corporate Governance Stock Index), IFNC (Financial Index which comprises banks, insurance and financial companies), and ICO2 (index comprising shares of the companies that are part of the IBrX-50 index and that accepted

to take part in this initiative by adopting transparent greenhouse gas emission practices).

Abroad, Bradesco shares are listed on NYSE's Dow Jones Sustainability World Index and the FTSE Latibex Brasil Index of Madrid Stock Exchange.

	Sept12	In % (1)
Ibovespa		3.2
IBrX-50		7.6
IBrX		7.6
IFNC		21.0
ISE		5.2
IGC		6.1
ITAG		11.4
ICO2		11.8

(1) Represents Bradesco's weight on the portfolio of main Brazilian stock market indexes.



## Additional Information

**Market Share of Products and Services**

Market shares held by the Organization in the Banking and Insurance industries and in the Customer Service Network are presented below.

	Sept12	Jun12	Sept11	Jun11
<b>Banks - Source : Brazilian Central Bank (Bacen)</b>				
Demand Deposits	N/A	16.6	16.8	17.6
Savings Deposits	N/A	13.8	13.8	14.1
Time Deposits	N/A	12.8	14.7	14.3
Loan Operations	11.7 (1) (3)	11.8 (1)	12.3	12.6
Loan Operations - Vehicles Individuals (CDC + Leasing)	15.8 (1) (3)	15.9 (1)	16.3	16.8
Payroll-Deductible Loans	10.9 (1) (3)	11.0 (1)	11.2	11.3
Bradesco Collection (Balance)	N/A	25.7	26.3	26.7
Number of Branches	21.7	21.9	19.7	18.7
<b>Banks - Source: Federal Revenue Service / Brazilian Data Processing Service (Serpro)</b>				
Federal Revenue Collection Document (DARF)	N/A	20.6	22.0	21.8
Brazilian Unified Tax Collection System Document (DAS)	N/A	16.4	17.3	17.2
<b>Banks - Source: Social Security National Institute (INSS) / Dataprev</b>				
Social Pension Plan Voucher (GPS)	N/A	14.4	14.6	14.2
Benefit Payment to Retirees and Pensioners	24.4	24.1	23.4	22.9
<b>Banks - Source: Anbima</b>				
Investment Funds + Portfolios	18.3	18.0	16.7	16.6
<b>Insurance, Pension Plans and Capitalization Bonds – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)</b>				
Insurance, Pension Plan and Capitalization Bond Premiums	24.5 (3)	24.8	24.9	25.0
Insurance Premiums (including Long-Term Life Insurance - VGBL)	24.3 (3)	24.8	25.0	25.0
Life Insurance and Personal Accident Premiums	17.7 (3)	17.4	16.9	16.3
Auto/Basic Lines (RE) Insurance Premiums	10.6 (3)	10.5	10.4	10.5
Auto/Optional Third-Party Liability (RCF) Insurance Premiums	13.7 (3)	13.9	14.1	14.0
Health Insurance Premiums	47.4 (3)	46.9	47.5	47.4
Income from Pension Plan Contributions (excluding VGBL)	30.0 (3)	29.3	29.2	28.8
Capitalization Bond Income	22.6 (3)	22.2	21.4	21.3
Technical Reserves for Insurance, Pension Plans and Capitalization Bonds	29.6 (3)	29.5	30.1	30.2
<b>Insurance and Pension Plans - Source: National Federation of Life and Pension Plans (Fenaprevi)</b>				

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Income from VGBL Premiums	28.9 <sup>(3)</sup>	30.0	32.5	32.8
Income from Unrestricted Benefits Generating Plans (PGBL) Contributions	26.7 <sup>(3)</sup>	25.3	25.2	24.8
Pension Plan Investment Portfolios (including VGBL)	33.6 <sup>(3)</sup>	33.9	33.9	34.2
<b>Leasing - Source: Brazilian Association of Leasing Companies (ABEL)</b>				
Lending Operations	19.2 <sup>(3)</sup>	19.2	18.5	18.5
<b>Consortia - Source: Bacen</b>				
Real Estate	29.7 <sup>(2)</sup>	29.3	26.6	26.9
Auto	25.6 <sup>(2)</sup>	25.6	24.8	25.4
Trucks, Tractors and Agricultural Implements	18.0 <sup>(2)</sup>	17.7	16.5	16.9
<b>International Area - Source: Bacen</b>				
Export Market	19.7	19.3	20,9	22,1
Import Market	17.2	17.8	17.8	17.9

(1) Bacen data for June 2012 and August 2012 are preliminary;

(2) Reference date: July 2012; and

(3) Reference date: August 2012.

N/A - Not available.

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## Additional Information

**Market Share of Products and Services****Branch Network**

Region	Sept12		Market Share	Sept11		Market Share
	Bradesco	Market		Bradesco	Market	
North	279	1,028	27.1%	192	864	22.2%
Northeast	844	3,334	25.3%	586	2,884	20.3%
Midw est	346	1,641	21.1%	318	1,523	20.9%
Southeast	2,417	11,320	21.4%	2,191	10,848	20.2%
South	779	4,130	18.9%	658	3,859	17.1%
<b>Total</b>	<b>4,665</b>	<b>21,453</b>	<b>21.7%</b>	<b>3,945</b>	<b>19,978</b>	<b>19.7%</b>

**Compulsory Deposits/Liabilities**

%	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11	Mar11	Dec10
<b>Demand Deposits</b>								
Rate <sup>(2)</sup> <sup>(6)</sup>	44	43	43	43	43	43	43	43
Additional <sup>(3)</sup>	-	12	12	12	12	12	12	12
Liabilities <sup>(1)</sup>	34	28	28	28	28	29	29	29
Liabilities (Microfinance)	2	2	2	2	2	2	2	2
Free	20	15	15	15	15	14	14	14
<b>Savings Deposits</b>								
Rate <sup>(4)</sup>	20	20	20	20	20	20	20	20
Additional <sup>(3)</sup>	10	10	10	10	10	10	10	10
Liabilities	65	65	65	65	65	65	65	65
Free	5	5	5	5	5	5	5	5
<b>Time Deposits</b>								
Rate <sup>(3)</sup> <sup>(5)</sup>	20	20	20	20	20	20	20	20
Additional <sup>(3)</sup>	12	12	12	12	12	12	12	12
Free	68	68	68	68	68	68	68	68

(1) Liabilities are applied to Rural Loans;

(2) Collected in cash and not remunerated;

(3) Collected in cash with the Special Clearance and Custody System (Selic) rate;

(4) Collected in cash with the Reference Interest rate (TR) + interest of 6.17% p.a. for deposits made until May 3, 2012. For deposits made as from

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May 4, 2012, the Bank will collect (i) TR + interest of 6.17% p.a., if the Selic rate is higher than 8.5% p.a., or (ii) TR + 70% of the Selic rate, when the Selic rate is equal to or lower than 8.5% p.a.;

(5) As of the calculation period from March 29, 2010 to April 1, 2010, with compliance on April 9, 2010, liabilities are now exclusively in cash, and may be paid with credits acquired as provided for by legislation in force; and

(6) FGC was prepaid 60 times in August 2008, as of the calculation period from October 20, 2008 to October 31, 2008, with compliance as of October 29, 2008.

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## Additional Information

**Investments in Infrastructure, Information Technology and Telecommunication**

Bradesco is one of the Brazilian banks that invest the most in Information Technology, in order to provide its customers increasingly convenience and easiness through services that meet their needs and, more than that, their desires.

In addition to owning one of the largest banking service networks, the Bank offers its customers various electronic media, thereby strengthening the relationship between them and the Bank.

Among the channels, we highlight the F.Banking, the first Brazilian application and one of the first in the world to provide access to bank account through Facebook, Brazil's largest social network. With this application customers can view account information and carry out payment of bills. We ensure total security; data are not at risk of being accessed by third parties, because the system used to access the account is the same as Internet Banking, which is hosted in a secure Bradesco environment.

Besides social networks, we also launched the mobile version of the *Bradesco Universitários* website, which offers convenience and fast browsing among content available and designed specifically for university students. It features information about products and services, interviews with personalities and renowned professionals, audio podcasts, Bradesco Radio, and internship and resumé tips.

Another highlight in the period is Bradesco Next. The "Bank of the Future" is a conceptual agency unveiled at the JK Iguatemi Mall in São Paulo. The environment, where technology fits customer needs and not the other way round, provides a unique experience with the Bank's products and services through innovative solutions such as biometric wall, in which customers and non-customers can know and experience in practice the use of biometrics through an on-site registration, which allows interaction with agency's other tools. It also features *Bradesco Dia & Noite* equipment, or ATMs Next, which have touchscreen and allow some transactions without card. In the "Bank of the Future" you can use an

interactive table called "Life Cycles," also exclusive to Bradesco customers. A series of cards bring purchase goals, such as buying a house, a car or a trip. By placing a card on the table, it automatically analyzes your account holder profile and tells you what to do to reach the goal.

Concerning IT Improvements, a total of 80% of the Systems Architecture is already developed, bringing significant results, such as a 25% reduction in business processes and back-office activities, greater agility in the design and development of new products, around 50%, and a 10% reduction in development costs with component reuse.

For these and other pioneering initiatives and avant-garde attitude, Bradesco was considered the most innovative company in customer relationship according to a study by DOM Strategy Partners, a consultancy, which was published in the *Consumidor Moderno* magazine. Moreover, Bradesco won in the Banking & Insurance category the 100+ Innovative Companies in IT Award promoted by IT Media.

We have an up-to-date technological environment, duly controlled and prepared to meet the demands of the growing volume of our customers' business transactions. In 2012, Bradesco's processing capacity increased by 7.2% in view of the daily volume of 265 million transactions. Data storage capacity increased by 16%, allowing the Bank to offer more services and information to its customers.

As a prerequisite for its continuous expansion, Bradesco invested R\$2,967 million in Infrastructure, Information Technology and Telecommunications up to the third quarter of 2012. The total amount invested over recent years, including infrastructure (facilities, restorations, improvements, furniture and fixtures), can be found below.

	9M12	2011	2010	2009	R\$ million 2008
Infrastructure	421	1,087	716	630	667
Information Technology and Telecommunication	2,546	3,241	3,204	2,827	2,003
<b>Total</b>	<b>2,967</b>	<b>4,328</b>	<b>3,920</b>	<b>3,457</b>	<b>2,670</b>





## Risk Management

Risk management is a strategic activity due to the increasing complexity of products and services offered and the globalization of the Organization's business. Therefore, Bradesco is constantly enhancing its process.

The Organization's decisions are based on factors that combine return on previously identified, measured and assessed risks, providing the conditions required to meet strategic goals while working to strengthen the Organization.

The Organization exercises the corporate control of risks in an integrated and independent manner,

unifying policies, processes, criteria and methodology for risk control through a statutory body, the Integrated Risk Management and Capital Allocation Committee, which is supported by specific committees and risk management policies approved by the Board of Directors.

Detailed information on the risk management process, reference shareholders' equity and required reference shareholders' equity, as well as the Organization's risk exposure, can be found in the Risk Management Report on the Investor Relations website, at [www.bradesco.com.br](http://www.bradesco.com.br).

## Capital Adequacy Ratio

In September 2012, Bradesco's Reference Shareholders' Equity amounted to R\$91,149 million, versus a Required Reference Shareholders' Equity of R\$62,851 million, resulting in a R\$28,298 million capital margin. This figure was mostly impacted by the credit risk portion (PEPR), representing 86.3% of the risk-weighted assets.

The Capital Adequacy Ratio decreased by 1.0 p.p., from 17.0% in June 2012 to 16.0% in September 2012, mainly due to: (i) the decrease due to maturity of subordinated debts eligible to Tier II capital; (ii) the increase in credit risk, partially caused by the loan portfolio expansion; and (iii) the increase in market risk, partially caused by the effects of Bacen Circular Letter No. 3,568/11.

Calculation Basis	R\$ million							
	Sept12	Jun12	Mar12	Dec11	Sept11	Jun11	Mar11	Dec10
<b>Reference Shareholders' Equity</b>	<b>91,149</b>	<b>90,201</b>	<b>75,705</b>	<b>71,476</b>	<b>68,806</b>	<b>62,524</b>	<b>59,923</b>	<b>56,147</b>
<b>Tier I</b>	<b>64,265</b>	<b>62,418</b>	<b>60,580</b>	<b>58,714</b>	<b>56,876</b>	<b>55,110</b>	<b>53,240</b>	<b>49,897</b>
Shareholders' Equity	66,047	63,920	58,059	55,582	53,742	52,843	51,297	48,043
Mark-to-Market Adjustments	(2,150)	(1,865)	2,126	2,765	2,781	1,947	1,660	1,678
Reduction of Deferred Assets	(218)	(224)	(235)	(248)	(260)	(279)	(291)	(296)
Non-controlling Interest/Other	586	587	630	615	613	599	574	472
<b>Tier II</b>	<b>26,992</b>	<b>27,890</b>	<b>15,231</b>	<b>12,865</b>	<b>12,063</b>	<b>7,544</b>	<b>6,809</b>	<b>6,373</b>
Mark-to-Market Adjustments	2,150	1,865	(2,126)	(2,765)	(2,781)	(1,947)	(1,660)	(1,678)
Subordinated Debt	24,842	26,025	17,357	15,630	14,844	9,491	8,469	8,051
<b>Deduction of Funding Instruments</b>	<b>(108)</b>	<b>(107)</b>	<b>(107)</b>	<b>(103)</b>	<b>(134)</b>	<b>(130)</b>	<b>(126)</b>	<b>(123)</b>
<b>Risk-weighted Assets</b>	<b>571,377</b>	<b>531,871</b>	<b>505,934</b>	<b>474,173</b>	<b>467,206</b>	<b>426,007</b>	<b>398,443</b>	<b>380,844</b>
<b>Required Reference Shareholders' Equity</b>	<b>62,851</b>	<b>58,506</b>	<b>55,653</b>	<b>52,159</b>	<b>51,393</b>	<b>46,861</b>	<b>43,829</b>	<b>41,892</b>
Credit Risk	54,213	52,050	48,718	47,422	47,183	43,324	40,775	38,938
Operating Risk	3,432	3,313	3,313	2,810	2,810	2,690	2,690	2,574

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Market Risk	5,207	3,143	3,622	1,927	1,400	847	364	380
<b>Margin (Excess/ Reference Shareholders' Equity Insufficiency)</b>	<b>28,298</b>	<b>31,695</b>	<b>20,052</b>	<b>19,317</b>	<b>17,413</b>	<b>15,663</b>	<b>16,094</b>	<b>14,255</b>
<b>Leverage Margin</b>	<b>257,255</b>	<b>288,136</b>	<b>182,293</b>	<b>175,609</b>	<b>158,303</b>	<b>142,393</b>	<b>146,309</b>	<b>129,591</b>
<b>Capital Adequacy Ratio</b>	<b>16.0%</b>	<b>17.0%</b>	<b>15.0%</b>	<b>15.1%</b>	<b>14.7%</b>	<b>14.7%</b>	<b>15.0%</b>	<b>14.7%</b>

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Independent Auditors' Report

**Limited assurance report from independent auditor on the supplementary accounting information**

To the Directors of  
Banco Bradesco S.A.  
Osasco -SP

**Introduction**

We were engaged to apply limited assurance procedures for the supplementary accounting information included in the Economic and Financial Analysis Report of Banco Bradesco S.A. ("Bradesco") as of and for the three and nine month periods ended September 30, 2012. Management is responsible for the preparation and fair presentation of this supplementary accounting information. Our responsibility is to issue a Limited Assurance Report on such supplementary accounting information.

**Scope, procedures applied and limitations**

The limited assurance procedures were performed in accordance with standard NBC TO 3000 –Assurance Engagement Other than Audit and Review, issued by the Brazilian Federal Accounting Council (CFC –Conselho Federal de Contabilidade) and the ISAE 3000 -International Standard on Assurance Engagements issued by the International Auditing and Assurance Standards Board - IASB, both for assurance engagements other than audits or reviews of historical financial information.

The limited assurance procedures comprised: (a) the planning of the work, considering the relevance of the supplementary financial information and the internal controls systems that served as a basis for the preparation of the Economic and Financial Analysis Report of Bradesco, (b) the understanding of the calculation methodology and the consolidation of indicators through interviews with the management responsible for the preparation of the supplementary accounting information, and (c) the comparison of the financial and accounting indicators with the interim information disclosed at this date and.

The procedures that were applied do not constitute an audit or review in accordance with Brazilian and international auditing and review standards, as well as these procedures and the obtained evidence are more limited than for reasonable assurance procedures. Additionally, our report does not offer limited assurance on the scope of future information (such as goals, expectations and ambitions) and descriptive information that is subject to subjective assessment.

**Criteria for preparation of the supplementary accounting information**

The additional accounting information disclosed in the Economic and Financial Analysis Report as of and for the three and nine month periods ended September 30, 2012 were prepared by Management of Bradesco, based on the consolidated financial information contained in the interim financial information and on the criteria described in the Economic and Financial Analysis Report, in order to provide additional analysis, but without being part of the interim financial information available in this date.

**Limited assurance report from independent auditor on the supplementary accounting information**

**Conclusion**

Based on our review, we are not aware of any facts that would lead us to believe that the supplementary accounting information in the Economic and Financial Analysis Report as of and for the three and nine month periods ended September 30, 2012 is inconsistent, in all material respects, with regard to interim accounting information referred to in the paragraph of criteria for the preparation of supplementary accounting information.

Osasco, October 19, 2012

*Original report in Portuguese signed by*  
KPMG Auditores Independentes  
CRC 2SP014428/O-6

Cláudio Rogélio Sertório  
Accountant CRC 1SP212059/O-0

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Financial Statements, Independent Auditors' Report and Fiscal Council's Report

## Management Report

Dear Shareholders,

We hereby present the consolidated financial statements of Banco Bradesco S.A. for the period ended September 30, 2012, pursuant to the accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Brazilian Central Bank.

The main central banks have adopted and reinforced measures to prevent exceptional events in the international scenario. The wider-scale injection of liquidity and the maintenance of expansionist initiatives should contribute to the recovery of the global economy. This outlook is likely to heighten the effects of the domestic economic policy stimuli, strengthening the perception that Brazil's economy has entered into a sustained period of higher growth.

The Bradesco Organization's third-quarter highlights are listed below:

- **On August 30, the Organization inaugurated Bradesco Next—the bank of the future—thoroughly modern space for the presentation and experimentation of new products and services.** In Bradesco Next, technology and innovation are adapted to the needs of its customers, who can take advantage of a fully digital and multi-touch environment, financial advisory services with an interactive panel, and an ATM that sends transaction receipts via email and enables customers to withdraw money using biometric technology (using the palm of their hand only, with no recourse to cards), among other benefits; and
- **On September 13, Bradesco was once again included in the Dow Jones**

R\$6.695 billion corresponded to taxes withheld and collected from third parties, and R\$10.361 billion to taxes levied on the activities of Bradesco Organization, equivalent to 122.07% of Net Income.

Paid-in Capital Stock totaled R\$30.100 billion at the end of the quarter. Together with Equity Reserves of R\$35.947 billion, Shareholders Equity came to R\$66.047 billion, 22.90% up on the same period in 2011 and equivalent to a book value of R\$17.30 per share.

On September 30, 2012, Bradesco's Market Capitalization, calculated based on its stock price, came to R\$113.102 billion, equivalent to 1.71 times Shareholders Equity.

Managed Shareholders Equity represents 7.78% of consolidated Assets, which came to R\$856.288 billion, 18.55% more than in September 2011. Thus the Capital Adequacy Ratio came to 15.87% in the consolidated financial result and 15.95% in the consolidated economic and financial result, higher than the 11% minimum established by National Monetary Council Resolution 2,099/94, in compliance with the Basel Committee. At the close of the quarter, the fixed asset ratio in relation to Consolidated Reference Assets was 45.02% in the consolidated financial result and 18.95% in the consolidated economic and financial result, well within the 50% limit.

In compliance with Article 8 of Brazilian Central Bank Circular Letter 3,068/01, Bradesco declares that it has the financial capacity and the intention of holding to maturity those securities classified under "held-to-maturity securities". Bradesco further declares that the operations of Banco Bradesco S.A., the current name of Banco Ibi S.A., its subsidiary, are sufficient to cover the strategic goals defined in the business plan, in compliance with Article 11 of National Monetary Council Resolution 4,122/12.

On September 30, 2012, total funding and assets under management came to R\$1.172 trillion, 20.43% up on the same period in 2011, broken down as follows:

**Sustainability Index**, a select NYSE trading list that includes only those companies with the best sustainable development practices.

From January 1 to September 30, 2012, Bradesco posted Net Income of R\$8.488 billion, corresponding to earnings per share of R\$2.22 and a return on average Shareholders Equity(\*) of 19.59%. The annualized return on average Total Assets stood at 1.40%.

R\$458.407

billion in demand deposits, time deposits, interbank deposits, open market and savings accounts, up by 15.72%;

A total of R\$2.923 billion was allocated to shareholders as Dividends and Interest on Shareholders Equity, of which R\$1.348 billion was paid as monthly and interim dividends and R\$1.575 billion was provisioned.

R\$404.443

billion in assets under management, comprising investment funds, managed portfolios and third-party fund quotas, a 26.61% improvement;

In the first nine months, taxes and contributions, including social security contributions, paid or provisioned, totaled R\$17.056 billion, of which



**Management Report**

R\$168.639	billion in the exchange portfolio, borrowings and onlendings, working capital, payment and collection of taxes and related charges, funds from security and subordinated debt issues in Brazil and other funding operations, a 15.69% increase;	led the semi-annual M&A, fixed income and equities rankings. In the first nine months of 2012, it executed operations worth over R\$96.401 billion.  On September 30, 2012, Grupo Bradesco Seguros e Previdência, one of the leaders in the insurance, pension plan and capitalization bond segments, posted Net Income of R\$2.623 billion and Shareholders Equity of R\$17.919 billion. Net written insurance premiums, pension contributions and capitalization bond income came to R\$31.092 billion, up 17.34% on the same period in 2011.
R\$117.807	billion in technical reserves for insurance, pension plans and capitalization bonds, a 21.33% expansion; and	On September 30, 2012, Bradesco Organization's Customer Service Network, which is at the disposal of customers and users, comprised 55,575 service points, as well as 35,128 terminals in the <i>Bradesco Dia &amp; Noite</i> Network, 34,619 of which also operating on weekends and holidays, in addition to 12,414 terminals in the <i>Banco24Horas</i> network, available to Bradesco's customers to make withdrawals, obtain statements, check balances, solicit loans, and make payments and transfers. In the payroll-deductible loan segment, the network had 1,186 Bradesco Promotora correspondent branches and, in the vehicles segment, 16,674 Bradesco Financiamento points of sale:
R\$22.712	billion in foreign funding, through public and private issues, subordinated debt and the securitization of future financial flows, equivalent to US\$11.185 billion.	
At the end of the period, consolidated loans stood at R\$371.674 billion, 11.84% higher than in September 2011, broken down as follows:		
R\$7.361	billion in advances on exchange contracts, giving a total export financing portfolio of US\$14.346 billion;	
US\$3.758	billion in import financing in foreign currency;	8,439
R\$8.731	billion in leasing;	
R\$15.968	billion in rural lending;	
R\$85.987	billion in consumer financing, including R\$11.571 billion in credit card receivables;	3
R\$54.732	billion in sureties and guarantees; and	10
R\$30.416	billion in operations involving the onlending of foreign and domestic funds, mainly from the BNDES Brazilian development Bank, operating as one of the country's main onlending agents.	Overseas Branches, in New York and All Canada; and PAs: 3,774);  Overseas Subsidiaries (Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Europa S.A. in Luxembourg, Bradesco North America LLC and Bradesco Securities Inc. in New York, Bradesco Securities UK Limited in London, Bradesco Securities Hong Kong Limited and Bradesco

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In the real estate segment, between January and September 2012, Bradesco Organization allocated R\$11.152 billion to the construction and acquisition of homes, comprising 58,083 properties.

Bradesco BBI, Bradesco Organization's investment bank, advises customers on share issues, mergers and acquisitions and the structuring and distribution of debt instruments, including debentures, promissory notes, CRIs, mortgage-backed investment funds, receivables-backed investment funds (FIDCs) and bonds in Brazil and abroad, in addition to structured financing operations for companies and project finance. In a survey conducted by the Brazilian Association of Financial and Capital Market Entities (Anbima), Bradesco BBI

41,713  
1,456  
3,954

Trade Services Limited in Hong Kong, Bradesco Services Co. Ltd. in Tokyo, Cidade Capital Markets Ltd., in Grand Cayman, and Bradescard México, Sociedad de Responsabilidad Limitada in Mexico); Bradesco Expresso service points; PAEs - in-company electronic service branches; and

External terminals in the *Bradesco Dia & Noite* ATM network and 10,464 ATMs in the *Banco24Horas* network, with terminals shared by both networks.

## Management Report

In accordance with CVM Rule 381/03, in the period the Bradesco Organization did not contract nor was provided services unrelated to the external audit by KPMG Auditores Independentes that exceeded 5% of the total external auditing fees. The additional services provided by the external auditors comprised previously agreed upon procedures for revising financial and control information and providing support for complying with fiscal requirements, diagnosis of processes and technology and trainings.

In the Human Resources Area, Bradesco maintained its strategy of promoting the professional development of its employees by investing heavily in training programs, seeking to increase the quality and efficiency of its services. Between January and September 2012, 2,249 courses were administered to 1,665,778 employees. Benefits aimed at promoting the quality of life, well-being and security of its staff and their dependents covered 207,852 employees at the end of the period.

Most of the Organization's social initiatives are handled by Fundação Bradesco, which maintains 40 schools located in all Brazilian states and the Federal District, with a special emphasis on socially and economically underprivileged regions. The budget of R\$385,473 million will provide free, high-quality education to: a) 111,170 students enrolled in the following levels: basic education (kindergarten to high school and vocational training/high-school), youth and adult education, and preliminary and continuing vocational training, which focuses on creating jobs and income; b)

Bradesco received the following important honors in the period:

- Elected the most valuable brand in Latin America, for the second consecutive year, by a survey conducted by *Latin America Brand Finance*;
- Elected the Best Bank in Latin America, according to study prepared by *América Economia* magazine;
- Elected Company of the Year by the *Best of Dinheiro 2012* year book in a survey conducted by *IstoÉ Dinheiro* magazine in association with KPMG, Trevisan and Economatica. The Bradesco Organization was also elected Best Insurance Company, Best Health Company and Best Human Resources Management Company;
- Ranked first in the Banks category by the *Best of Brazil 2012* year book, promoted by *Brasil Econômico* newspaper, in a survey by the consulting firm, Austin Rating;
- Elected the most innovative company in customer relations, according to a survey conducted by DOM Strategy Partners, published in *Consumidor Moderno* magazine;

around 300 thousand students who will conclude at least one of the various distance-learning courses (EaD) available on the e-learning portal; and c) 83 thousand beneficiaries in partnership projects and initiatives, including the Digital Inclusion Centers (CIDs), the Educa+Ação Program and technology courses (Educar e Aprender). The more than 50 thousand basic education students receive meals, medical and dental assistance, school supplies and uniforms free of charge.

The Bradesco Sports and Education Program maintains 17 Training and Specialist Centers in the city of Osasco, SP, for teaching women's volleyball and basketball in its Sports Development Center, Fundação Bradesco schools, schools in the city's public school system, private schools and sports centers. Currently around 2 thousand girls, aged between 8 and 18, are taking part in the program, reinforcing Bradesco's social commitment to defending a country that is giving increasing value to recognizing talent, effort and the full exercise of citizenship, combining health, sports and education.

- Elected one of the *100 Best Companies to Work For in Brazil*, according to a survey by *Época* magazine, evaluated by the Great Place to Work Institute;
- Elected one of the 150 Best Companies to Work For, according to *Guia 2012 Você S/A* in, in a study conducted by Management Institute Foundation - FIA;
- Highlighted by the *Valor 1000* year book, published by *Valor Econômico* newspaper, which elected Grupo Bradesco Seguros e Previdência as Brazil's best insurance company;
- Granted the Best Relations with Financial Sector Investors Award, promoted by *IR magazine* together with *Revista RI* and the Brazilian Investor Relations Institute (IBRI); and
- Granted the 2012 Brazil Ombudsman Award, based on a survey by the Brazilian Ombudsmans Association,

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the Brazilian Corporate-Customer  
Relations Association and  
*Consumidor Moderno* magazine.

Report on Economic and Financial Analysis – September 2012

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## ***Management Report***

These results are confirmation of the Bradesco Organization's efforts and strategies for meeting and exceeding customers' expectations, with efficiency and first-class products and services. For these achievements and for all our other advances, we would like to thank our shareholders and customers for their support and confidence and our employees and other personnel for their efficient and dedicated efforts.

Cidade de Deus, October 19, 2012

**Board of Directors and Board of Executive Officers**

(\*) Excludes the mark-to-market effect of available-for-sale securities recorded under shareholders equity.

Financial Statements, Independent Auditors' Report and Fiscal  
Council's Report

**Consolidated Statement of Financial Position - R\$ thousand**

<b>Assets</b>	<b>2012</b>		<b>2011</b>
	<b>September</b>	<b>June</b>	<b>September</b>
<b>Current assets</b>	<b>612,443,567</b>	<b>600,201,144</b>	<b>523,934,140</b>
<b>Cash and due from banks (Note 6)</b>	<b>12,943,991</b>	<b>13,997,224</b>	<b>10,018,083</b>
<b>Interbank investments (Notes 3d and 7)</b>	<b>125,892,805</b>	<b>90,879,341</b>	<b>84,183,100</b>
Investments in federal funds purchased and securities sold under agreements to repurchase	117,856,744	82,255,293	76,028,087
Interbank deposits	8,037,180	8,624,548	8,156,717
Allowance for loan losses	(1,119)	(500)	(1,704)
<b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b>	<b>241,899,736</b>	<b>254,725,288</b>	<b>194,946,379</b>
Own portfolio	176,499,275	177,386,354	125,507,723
Subject to repurchase agreements	57,957,328	69,663,742	64,860,406
Derivative financial instruments (Notes 3f, 8e II and 32b)	2,585,305	2,790,138	2,630,271
Subject to the Brazilian Central Bank	-	-	1,901
Underlying guarantee provided	4,008,664	3,310,813	1,887,281
Securities subject to unrestricted repurchase agreements	849,164	1,574,241	58,797
<b>Interbank accounts</b>	<b>55,071,776</b>	<b>61,081,583</b>	<b>70,741,214</b>
Unsettled payments and receipts	768,037	643,934	976,599
Restricted credit (Note 9):			
- Compulsory deposits - Brazilian Central Bank	54,222,409	60,369,358	69,707,946
- National treasury - rural loans	578	578	578
- National Housing System (SFH)	2,243	4,738	1,763
Correspondent banks	78,509	62,975	54,328
<b>Interdepartmental accounts</b>	<b>654,931</b>	<b>886,060</b>	<b>688,693</b>
Internal transfer of funds	654,931	886,060	688,693
<b>Loans (Notes 3g, 10 and 32b)</b>	<b>121,870,197</b>	<b>119,765,169</b>	<b>109,423,126</b>
Loans:			
- Public sector	338,055	321,422	959,838
- Private sector	134,108,179	131,898,333	119,643,000
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(12,576,037)	(12,454,586)	(11,179,712)
<b>Leasing (Notes 2, 3g, 10 and 32b)</b>	<b>4,370,926</b>	<b>4,771,440</b>	<b>5,840,364</b>
Leasing receivables:			
- Public sector	-	1,379	6,810
- Private sector	8,516,508	9,223,613	11,146,582
Unearned income from leasing	(3,663,648)	(3,941,539)	(4,675,714)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(481,934)	(512,013)	(637,314)
<b>Other receivables</b>	<b>47,273,435</b>	<b>51,278,262</b>	<b>46,523,599</b>
Receivables on sureties and guarantees honored (Note 10a-3)	7,230	8,553	8,944
Foreign exchange portfolio (Note 11a)	11,243,408	14,026,676	13,999,732
Receivables	678,519	645,354	608,478
Securities trading	3,309,379	4,003,933	1,861,361

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Specific loans	2,503	2,429	2,226
Insurance premiums receivable	2,780,945	2,766,572	2,347,850
Sundry (Note 11b)	29,976,066	30,535,432	28,321,699
Allowance for other loan losses (Notes 3g, 10f, 10g and 10h)	(724,615)	(710,687)	(626,691)
<b>Other assets (Note 12)</b>	<b>2,465,770</b>	<b>2,816,777</b>	<b>1,569,582</b>
Other assets	1,259,762	1,162,736	676,040
Provision for losses	(621,824)	(580,793)	(221,693)
Prepaid expenses (Notes 3i and 12b)	1,827,832	2,234,834	1,115,235
<b>Long-term receivables</b>	<b>227,852,187</b>	<b>214,861,717</b>	<b>186,303,873</b>
<b>Interbank investments (Notes 3d and 7)</b>	<b>879,572</b>	<b>1,978,788</b>	<b>1,779,775</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Report on Economic and Financial Analysis – September 2012

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**Consolidated Statement of Financial Position - R\$ thousand**

<b>Assets</b>	<b>2012</b>		<b>2011</b>
	<b>September</b>	<b>June</b>	<b>September</b>
Interbank investments	879,572	1,978,788	1,779,775
<b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b>	<b>77,637,517</b>	<b>67,781,988</b>	<b>49,675,235</b>
Own portfolio	51,751,401	38,744,376	28,992,647
Subject to repurchase agreements	24,498,921	27,790,998	19,836,301
Derivative financial instruments (Notes 3f, 8e II and 32b)	514,354	361,803	173,735
Privatization currencies	75,222	77,905	82,397
Underlying guarantees provided	797,619	641,690	590,155
Securities subject to unrestricted repurchase agreements	-	165,216	-
<b>Interbank accounts</b>	<b>549,063</b>	<b>542,574</b>	<b>521,249</b>
Restricted credits (Note 9):			
- SFH	549,063	542,574	521,249
<b>Loans (Notes 3g, 10 and 32b)</b>	<b>112,785,040</b>	<b>109,806,071</b>	<b>102,441,369</b>
Loans:			
- Public sector	138,620	161,514	440,743
- Private sector	119,431,942	116,272,505	108,226,547
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(6,785,522)	(6,627,948)	(6,225,921)
<b>Leasing (Notes 2, 3g, 10 and 32b)</b>	<b>3,537,135</b>	<b>3,933,203</b>	<b>5,645,598</b>
Leasing receivables:			
- Private sector	7,865,903	8,644,461	11,625,666
Unearned income from leasing	(3,987,493)	(4,339,656)	(5,561,638)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(341,275)	(371,602)	(418,430)
<b>Other receivables</b>	<b>30,832,996</b>	<b>29,588,352</b>	<b>25,470,895</b>
Receivables	39,265	40,177	27,085
Securities trading	131,178	227,419	333,316
Sundry (Note 11b)	30,668,041	29,325,945	25,113,336
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(5,488)	(5,189)	(2,842)
<b>Other assets (Note 12)</b>	<b>1,630,864</b>	<b>1,230,741</b>	<b>769,752</b>
Other assets	164	392	565
Prepaid expenses (Notes 3i and 12b)	1,630,700	1,230,349	769,187
<b>Permanent assets</b>	<b>15,992,229</b>	<b>15,457,567</b>	<b>12,051,355</b>
<b>Investments (Notes 3j, 13 and 32b)</b>	<b>1,907,178</b>	<b>1,889,084</b>	<b>1,721,028</b>
Equity interest in unconsolidated companies - In Brazil	1,415,539	1,392,154	1,192,374
Other investments	765,592	771,421	791,664
Allowance for losses	(273,953)	(274,491)	(263,010)
<b>Premises and equipment (Notes 3k and 14)</b>	<b>4,499,596</b>	<b>4,523,337</b>	<b>3,811,582</b>
Premises	1,289,384	1,268,346	1,179,256
Other assets	9,252,973	9,061,663	7,927,748
Accumulated depreciation	(6,042,761)	(5,806,672)	(5,295,422)
<b>Leased assets (Note 14)</b>	<b>-</b>	<b>-</b>	<b>1,058</b>
Leased assets	-	-	8,946
Accumulated depreciation	-	-	(7,888)

<b>Intangible assets (Notes 3I and 15)</b>	<b>9,585,455</b>	<b>9,045,146</b>	<b>6,517,687</b>
Intangible assets	16,094,453	15,275,328	11,932,227
Accumulated amortization	(6,508,998)	(6,230,182)	(5,414,540)
<b>Total</b>	<b>856,287,983</b>	<b>830,520,428</b>	<b>722,289,368</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Financial Statements, Independent Auditors' Report and Fiscal  
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**Consolidated Statement of Financial Position - R\$ thousand**

Liabilities	2012		2011
	September	June	September
<b>Current liabilities</b>	<b>565,085,672</b>	<b>535,059,752</b>	<b>433,890,594</b>
<b>Deposits (Notes 3n and 16a)</b>	<b>140,689,185</b>	<b>139,504,779</b>	<b>139,898,063</b>
Demand deposits	33,627,630	32,529,401	31,861,863
Savings deposits	65,540,064	62,308,096	56,583,682
Interbank deposits	252,806	412,796	367,653
Time deposits (Notes 16a and 32b)	41,268,685	44,254,486	51,084,865
<b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b>	<b>222,559,493</b>	<b>200,285,905</b>	<b>135,493,085</b>
Own portfolio	113,035,061	126,572,857	95,349,584
Third-party portfolio	97,004,669	65,861,245	36,250,448
Unrestricted portfolio	12,519,763	7,851,803	3,893,053
<b>Funds from issuance of securities (Notes 16c and 32b)</b>	<b>28,364,747</b>	<b>25,103,651</b>	<b>9,942,359</b>
Mortgage and real estate notes, letters of credit and others	23,388,301	21,651,406	9,403,322
Securities issued abroad	4,976,446	3,452,245	539,037
<b>Interbank accounts</b>	<b>902,062</b>	<b>699,350</b>	<b>479,448</b>
Correspondent banks	902,062	699,350	479,448
<b>Interdepartmental accounts</b>	<b>2,747,108</b>	<b>2,919,179</b>	<b>2,494,774</b>
Third-party funds in transit	2,747,108	2,919,179	2,494,774
<b>Borrowing (Notes 17a and 32b)</b>	<b>9,248,622</b>	<b>11,312,452</b>	<b>11,724,375</b>
Borrowing in Brazil - other institutions	2,140	6,063	88
Borrowing abroad	9,246,482	11,306,389	11,724,287
<b>Onlending in Brazil - official institutions (Notes 17b and 32b)</b>	<b>13,792,651</b>	<b>12,983,528</b>	<b>11,709,671</b>
National treasury	116,773	117,484	67,642
Brazilian Development Bank (BNDES)	5,093,958	6,019,023	5,011,301
Caixa Econômica Federal - Federal savings bank (CEF)	19,789	19,156	17,529
Fund for financing the acquisition of industrial machinery and equipment (Finame)	8,560,879	6,826,614	6,613,199
Other institutions	1,252	1,251	-
<b>Onlending abroad (Notes 17b and 32b)</b>	<b>124,399</b>	<b>131,540</b>	<b>64,292</b>
Onlending abroad	124,399	131,540	64,292
<b>Derivative financial instruments (Notes 3f, 8e II and 32b)</b>	<b>3,418,049</b>	<b>2,928,294</b>	<b>1,581,784</b>
Derivative financial instruments	3,418,049	2,928,294	1,581,784
<b>Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)</b>	<b>93,179,728</b>	<b>89,472,808</b>	<b>75,871,532</b>
<b>Other liabilities</b>	<b>50,059,628</b>	<b>49,718,266</b>	<b>44,631,211</b>
Collection of taxes and other contributions	3,228,428	3,155,094	3,021,262
Foreign exchange portfolio (Note 11a)	3,765,147	6,733,556	7,091,181
Social and statutory	1,748,713	1,727,091	1,920,747
Tax and social security (Note 20a)	5,857,307	5,536,874	5,193,410
Securities trading	4,880,677	4,231,607	2,532,060

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Financial and development funds	1,230	1,671	323
Subordinated debts (Notes 19 and 32b)	4,397,055	3,961,648	3,081,126
Sundry (Note 20b)	26,181,071	24,370,725	21,791,102
<b>Long-term liabilities</b>	<b>223,949,769</b>	<b>230,338,330</b>	<b>233,420,961</b>
<b>Deposits (Notes 3n and 16a)</b>	<b>72,180,416</b>	<b>77,565,155</b>	<b>84,765,897</b>
Interbank deposits	69,878	58,765	2,269
Time deposits (Notes 16a and 32b)	72,110,538	77,506,390	84,763,628
<b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b>	<b>22,978,124</b>	<b>25,688,347</b>	<b>35,964,490</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Report on Economic and Financial Analysis – September 2012

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**Consolidated Statement of Financial Position - R\$ thousand**

<b>Liabilities</b>	<b>2012</b>		<b>2011</b>
	<b>September</b>	<b>June</b>	<b>September</b>
Own portfolio	22,978,124	25,683,210	35,948,008
Unrestricted portfolio	-	5,137	16,482
<b>Funds from issuance of securities (Notes 16c and 32b)</b>	<b>25,445,465</b>	<b>26,054,278</b>	<b>22,936,291</b>
Mortgage and real estate notes, letters of credit and others	16,424,785	17,122,483	15,323,987
Securities issued abroad	9,020,680	8,931,795	7,612,304
<b>Borrowing (Notes 17a and 32b)</b>	<b>902,896</b>	<b>1,072,206</b>	<b>1,515,502</b>
Borrowing in Brazil - other institutions	7,277	2,011	678
Borrowing abroad	895,619	1,070,195	1,514,824
<b>Onlending in Brazil - official institutions (Notes 17b and 32b)</b>	<b>21,329,874</b>	<b>22,394,552</b>	<b>24,043,635</b>
BNDES	7,124,721	6,665,410	8,467,336
CEF	40,962	44,381	53,622
FINAME	14,163,607	15,684,180	15,522,046
Other institutions	584	581	631
<b>Derivative financial instruments (Notes 3f, 8e II and 32b)</b>	<b>729,662</b>	<b>639,791</b>	<b>142,661</b>
Derivative financial instruments	729,662	639,791	142,661
<b>Technical reserves for insurance, pension plans and capitalization bonds (Notes 3o and 21)</b>	<b>24,627,726</b>	<b>22,316,296</b>	<b>21,227,239</b>
<b>Other liabilities</b>	<b>55,755,606</b>	<b>54,607,705</b>	<b>42,825,246</b>
Tax and social security (Note 20a)	20,199,624	19,302,197	14,970,770
Subordinated debts (Notes 19 and 32b)	30,109,686	30,129,473	23,099,334
Sundry (Note 20b)	5,446,296	5,176,035	4,755,142
<b>Deferred income</b>	<b>619,391</b>	<b>615,363</b>	<b>622,272</b>
Deferred income	619,391	615,363	622,272
<b>Non-controlling interests in subsidiaries (Note 22)</b>	<b>586,073</b>	<b>586,895</b>	<b>613,440</b>
<b>Shareholders' equity (Note 23)</b>	<b>66,047,078</b>	<b>63,920,088</b>	<b>53,742,101</b>
Capital:			
- Domiciled in Brazil	29,721,739	29,721,761	29,696,304
- Domiciled abroad	378,261	378,239	403,696
Capital reserves	11,441	11,441	11,441
Profit reserves	32,297,034	30,442,327	24,908,925
Asset valuation adjustments	3,835,904	3,551,255	(1,095,156)
Treasury shares (Notes 23d and 32b)	(197,301)	(184,935)	(183,109)
<b>Attributable to equity holders of the Parent Company</b>	<b>66,633,151</b>	<b>64,506,983</b>	<b>54,355,541</b>
<b>Total</b>	<b>856,287,983</b>	<b>830,520,428</b>	<b>722,289,368</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.



Financial Statements, Independent Auditors' Report and Fiscal  
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**Consolidated Income Statement - R\$ thousand**

	<b>3<sup>rd</sup> Quarter</b>	<b>2012 2<sup>nd</sup> Quarter</b>	<b>September</b>	<b>2011 September</b>
<b>Revenue from financial intermediation</b>	<b>25,956,186</b>	<b>23,807,426</b>	<b>73,910,239</b>	<b>67,457,397</b>
Loans (Note 10j)	12,681,584	12,803,365	37,656,167	34,047,731
Leasing (Note 10j)	292,705	294,714	949,731	1,199,608
Operations with securities (Note 8h)	6,956,975	8,192,519	22,679,170	19,630,435
Financial income from insurance, pension plans and capitalization bonds (Note 8h)	5,329,082	2,202,039	10,682,664	7,346,667
Derivative financial instruments (Note 8h)	(371,606)	(1,239,251)	(2,222,182)	(468,783)
Foreign exchange operations (Note 11a)	136,219	513,472	919,606	1,056,034
Compulsory deposits (Note 9b)	893,897	1,021,987	3,170,405	4,581,711
Sale or transfer of financial assets	37,330	18,581	74,678	63,994
<b>Financial intermediation expenses</b>	<b>15,665,742</b>	<b>17,153,234</b>	<b>48,489,992</b>	<b>47,184,073</b>
Federal funds purchased and securities sold under agreements to repurchase (Note 16e)	8,968,770	9,221,738	27,911,151	29,905,506
Adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds (Note 16e)	2,479,917	1,496,462	6,173,700	4,667,434
Borrowing and onlending (Note 17c)	665,198	2,784,628	3,904,454	3,483,085
Leasing (Note 10j)	-	-	150	2,933
Allowance for loan losses (Notes 3g, 10g and 10h)	3,551,857	3,650,406	10,500,537	9,125,115
<b>Gross income from financial intermediation</b>	<b>10,290,444</b>	<b>6,654,192</b>	<b>25,420,247</b>	<b>20,273,324</b>
<b>Other operating income (expenses)</b>	<b>(5,936,204)</b>	<b>(3,656,379)</b>	<b>(13,458,920)</b>	<b>(9,200,290)</b>
Fee and commission income (Note 24)	4,331,544	4,174,080	12,500,913	10,815,721
- Other fee and commission income	3,362,954	3,205,187	9,656,513	8,377,029
- Income from banking fees	968,590	968,893	2,844,400	2,438,692
Insurance, pension plan and capitalization bond retained premiums (Notes 3o and 21d)	10,029,124	11,492,157	30,870,015	26,305,969
- Net premiums written	10,104,104	11,570,205	31,091,862	26,497,919
- Reinsurance premiums	(74,980)	(78,048)	(221,847)	(191,950)
Variation in technical reserves for insurance, pension plans and capitalization bonds (Note 3o)	(6,203,858)	(6,078,714)	(16,419,439)	(12,242,315)
Retained claims (Note 3o)	(3,462,263)	(3,109,635)	(9,652,124)	(8,317,284)
Capitalization bond draws and redemptions (Note 3o)	(891,488)	(799,815)	(2,399,993)	(1,926,422)

Insurance, pension plan and capitalization bond selling expenses (Note 3o)	(559,255)	(551,293)	(1,656,432)	(1,383,748)
Payroll and related benefits (Note 25)	(3,118,878)	(3,047,277)	(9,044,412)	(8,419,094)
Other administrative expenses (Note 26)	(3,447,141)	(3,321,881)	(10,059,508)	(9,443,921)
Tax expenses (Note 27)	(1,021,103)	(813,295)	(2,956,775)	(2,618,659)
Equity in the earnings (losses) of unconsolidated companies (Note 13b)	44,590	18,610	103,367	90,732
Other operating income (Note 28)	801,042	767,200	2,453,998	7,261,592
Other operating expenses (Note 29)	(2,438,518)	(2,386,516)	(7,198,530)	(9,322,861)
<b>Operating income</b>	<b>4,354,240</b>	<b>2,997,813</b>	<b>11,961,327</b>	<b>11,073,034</b>
<b>Non-operating income (Note 30)</b>	<b>(99,349)</b>	<b>(99,600)</b>	<b>(211,585)</b>	<b>(119,751)</b>
<b>Income before income tax and social contribution and non-controlling interests</b>	<b>4,254,891</b>	<b>2,898,213</b>	<b>11,749,742</b>	<b>10,953,283</b>
<b>Income tax and social contribution (Notes 34a and 34b)</b>	<b>(1,372,221)</b>	<b>(49,196)</b>	<b>(3,207,801)</b>	<b>(2,537,269)</b>
<b>Non-controlling interests in subsidiaries</b>	<b>(20,293)</b>	<b>(16,049)</b>	<b>(54,060)</b>	<b>(113,431)</b>
<b>Net income</b>	<b>2,862,377</b>	<b>2,832,968</b>	<b>8,487,881</b>	<b>8,302,583</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.



**Statement of Changes in Shareholders' Equity - R\$ thousand**

Events	Paid-in Capital		Capital reserves		Profit reserves		Asset valuation adjustment		Tr s
	Capital stock	Unpaid capital	Share premium	Other	Legal	Statutory	Bradesco	Subsidiaries	
<b>Balances on December 31, 2010</b>	<b>30,000,000</b>	<b>(1,500,000)</b>	<b>56,465</b>	<b>6,149</b>	<b>2,755,385</b>	<b>16,726,601</b>	<b>172,294</b>	<b>(163,995)</b>	(
Capital increase through reserves	100,000	-	(56,465)	(6,149)	(37,386)	-	-	-	-
Capital increase through share subscription	-	1,500,000	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-(1
Share premium	-	-	11,441	-	-	-	-	-	-
Asset valuation adjustments	-	-	-	-	-	-	(377,797)	(725,658)	-
Net income	-	-	-	-	-	-	-	-	-
Allocations: Reserves	-	-	-	-	415,129	5,049,196	-	-	-
Interest on shareholders' equity paid	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
<b>Balances on September 30, 2011</b>	<b>30,100,000</b>	<b>-</b>	<b>11,441</b>	<b>-</b>	<b>-3,133,128</b>	<b>21,775,797</b>	<b>(205,503)</b>	<b>(889,653)</b>	(1
<b>Balances on March 31, 2012</b>	<b>30,100,000</b>	<b>-</b>	<b>11,441</b>	<b>-</b>	<b>-3,409,039</b>	<b>25,163,748</b>	<b>(4,362)</b>	<b>(435,872)</b>	(1
Asset valuation adjustments	-	-	-	-	-	-	244,836	3,746,653	-
Net income	-	-	-	-	-	-	-	-	-
Allocations: Reserves	-	-	-	-	141,648	1,727,892	-	-	-
Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
<b>Balances on June 30, 2012</b>	<b>30,100,000</b>	<b>-</b>	<b>11,441</b>	<b>-</b>	<b>-3,550,687</b>	<b>26,891,640</b>	<b>240,474</b>	<b>3,310,781</b>	(1
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	46,222	238,427	(

Asset valuation adjustments								
Net income	-	-	-	-	-	-	-	-
Allocations: Reserves	-	-	-	-	143,119	1,711,588	-	-
Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	-	-
<b>Balances on September 30, 2012</b>	<b>30,100,000</b>	<b>-</b>	<b>11,441</b>	<b>-3,693,806</b>	<b>28,603,228</b>	<b>286,696</b>	<b>3,549,208</b>	<b>(1)</b>
<b>Balances on December 31, 2011</b>	<b>30,100,000</b>	<b>-</b>	<b>11,441</b>	<b>-3,269,412</b>	<b>23,463,119</b>	<b>(328,343)</b>	<b>(750,856)</b>	<b>(1)</b>
Acquisition of treasury shares	-	-	-	-	-	-	-	-
Asset valuation adjustments	-	-	-	-	-	-	615,039	4,300,064
Net income	-	-	-	-	-	-	-	-
Allocations: Reserves	-	-	-	-	424,394	5,140,109	-	-
Interest on shareholders' equity paid and/or provisioned	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
<b>Balances on September 30, 2012</b>	<b>30,100,000</b>	<b>-</b>	<b>11,441</b>	<b>-3,693,806</b>	<b>28,603,228</b>	<b>286,696</b>	<b>3,549,208</b>	<b>(1)</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Financial Statements, Independent Auditors' Report and Fiscal  
Council's Report

**Value Added Statement - R\$ thousand**

Description	2012				
	3 <sup>rd</sup> Quarter	%	2 <sup>nd</sup> Quarter	%	Septemb
<b>1) Revenue</b>	<b>24,208,317</b>	<b>281.8</b>	<b>23,836,763</b>	<b>342.6</b>	<b>72,521,</b>
1.1) Financial intermediation	25,956,186	302.2	23,807,426	342.2	73,910,
1.2) Fees and commissions	4,331,544	50.4	4,174,080	60.0	12,500,
1.3) Allowance for loan losses	(3,551,857)	(41.4)	(3,650,406)	(52.5)	(10,500,5
1.4) Other	(2,527,556)	(29.4)	(494,337)	(7.1)	(3,388,9
<b>2) Financial intermediation expenses</b>	<b>(12,113,885)</b>	<b>(141.0)</b>	<b>(13,502,828)</b>	<b>(194.1)</b>	<b>(37,989,4</b>
<b>3) Inputs acquired from third-parties</b>	<b>(2,849,203)</b>	<b>(33.1)</b>	<b>(2,721,217)</b>	<b>(39.1)</b>	<b>(8,277,5</b>
Material, water, electricity and gas	(133,301)	(1.6)	(141,518)	(2.0)	(432,1
Outsourced services	(896,884)	(10.4)	(832,281)	(12.0)	(2,561,5
Communication	(416,444)	(4.8)	(415,221)	(6.0)	(1,241,1
Financial system services	(161,728)	(1.9)	(162,944)	(2.3)	(488,0
Advertising and marketing	(208,268)	(2.4)	(162,191)	(2.3)	(522,9
Transport	(214,615)	(2.5)	(214,702)	(3.1)	(641,6
Data processing	(277,484)	(3.2)	(267,944)	(3.9)	(807,6
Maintenance and repairs	(148,196)	(1.7)	(145,141)	(2.1)	(438,9
Security and surveillance	(111,999)	(1.3)	(104,772)	(1.5)	(317,0
Travel	(34,050)	(0.4)	(33,566)	(0.5)	(100,5
Other	(246,234)	(2.9)	(240,937)	(3.4)	(725,7
<b>4) Gross value added (1-2-3)</b>	<b>9,245,229</b>	<b>107.7</b>	<b>7,612,718</b>	<b>109.4</b>	<b>26,254,</b>
<b>5) Depreciation and amortization</b>	<b>(700,276)</b>	<b>(8.2)</b>	<b>(673,855)</b>	<b>(9.7)</b>	<b>(2,028,8</b>
<b>6) Net value added produced by the entity (4-5)</b>	<b>8,544,953</b>	<b>99.5</b>	<b>6,938,863</b>	<b>99.7</b>	<b>24,225,</b>
<b>7) Value added received through transfer</b>	<b>44,590</b>	<b>0.5</b>	<b>18,610</b>	<b>0.3</b>	<b>103,</b>
Equity in the earnings (losses) of unconsolidated companies	44,590	0.5	18,610	0.3	103,
<b>8) Value added to distribute (6+7)</b>	<b>8,589,543</b>	<b>100.0</b>	<b>6,957,473</b>	<b>100.0</b>	<b>24,329,</b>
<b>9) Value added distributed</b>	<b>8,589,543</b>	<b>100.0</b>	<b>6,957,473</b>	<b>100.0</b>	<b>24,329,</b>
<b>9.1) Personnel</b>	<b>2,696,417</b>	<b>31.6</b>	<b>2,641,467</b>	<b>38.0</b>	<b>7,828,</b>
Payroll	1,464,803	17.1	1,401,945	20.2	4,220,
Benefits	637,108	7.4	616,593	8.9	1,839,
Government Severance Indemnity Fund for Employees (FGTS)	133,319	1.6	129,744	1.9	384,
Other	461,187	5.5	493,185	7.0	1,384,
<b>9.2) Tax, fees and contributions</b>	<b>2,815,785</b>	<b>32.7</b>	<b>1,268,301</b>	<b>18.2</b>	<b>7,380,</b>
Federal	2,672,710	31.1	1,132,576	16.3	6,962,
State	4,088	-	1,947	-	7,
Municipal	138,987	1.6	133,778	1.9	410,
<b>9.3) Value distributed to providers of capital</b>	<b>194,671</b>	<b>2.2</b>	<b>198,688</b>	<b>2.8</b>	<b>578,</b>
Rentals	191,955	2.2	195,702	2.8	570,
Asset leasing	2,716	-	2,986	-	8,
<b>9.4) Value distributed to shareholders</b>	<b>2,882,670</b>	<b>33.5</b>	<b>2,849,017</b>	<b>41.0</b>	<b>8,541,</b>
Interest on shareholders' equity	1,007,670	11.7	771,080	11.1	2,556,

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Dividends	-	-	192,348	2.8	367,
Retained earnings	1,854,707	21.6	1,869,540	26.9	5,564,
Non-controlling interests in retained earnings	20,293	0.2	16,049	0.2	54,

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Report on Economic and Financial Analysis – September 2012

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**Consolidated Statement of Cash Flows - R\$ thousand**

	3 <sup>rd</sup> Quarter	2012 2 <sup>nd</sup> Quarter	September	2011 September
<b>Cash flow from operating activities:</b>				
<b>Net Income before income tax and social contribution</b>	<b>4,254,891</b>	<b>2,898,213</b>	<b>11,749,742</b>	<b>10,953,283</b>
<b>Adjustments to net income before income tax and social contribution</b>	<b>7,692,437</b>	<b>6,823,546</b>	<b>21,728,025</b>	<b>20,103,456</b>
Allowance for loan losses	3,551,857	3,650,406	10,500,537	9,125,115
Depreciation and amortization	700,276	673,855	2,028,827	1,781,210
Losses from/provisions for asset impairment	-	-	-	152,881
Expenses with civil, labor and tax provisions	916,845	878,092	2,846,728	4,320,572
Expenses with adjustment for inflation and interest on technical reserves for insurance, pension plans and capitalization bonds	2,479,917	1,496,462	6,173,700	4,667,434
Equity in the earnings (losses) of unconsolidated companies	(44,590)	(18,610)	(103,367)	(90,732)
(Gain)/loss on sale of investments	1,147	(5,361)	(33,419)	(55,999)
(Gain)/loss on sale of fixed assets	454	1,892	6,992	4,190
(Gain)/loss on sale of foreclosed assets	50,412	45,114	145,881	179,605
Other	36,119	101,696	162,146	19,180
<b>Adjusted net income before taxes</b>	<b>11,947,328</b>	<b>9,721,759</b>	<b>33,477,767</b>	<b>31,056,739</b>
(Increase)/decrease in interbank investments	(13,864,897)	10,146,122	13,081,022	(13,138,115)
(Increase) in trading securities and derivative financial instruments	(18,500,401)	(12,613,127)	(5,515,055)	(37,117,025)
(Increase)/decrease in interbank and interdepartmental accounts	118,140	444,067	(1,323,538)	(1,929,324)
(Increase) in loan and leasing	(7,819,043)	(11,121,829)	(23,144,554)	(34,577,257)
(Increase) in insurance premiums receivable	(14,373)	(273,531)	(455,829)	(430,788)
Increase in technical reserves for insurance, pension plans and capitalization bonds	3,538,433	3,339,510	7,980,762	5,254,246
Increase/(decrease) in deferred income	4,028	(30,743)	(51,938)	261,917
(Increase)/decrease in other receivables and other assets	3,785,847	(6,209,857)	(5,677,072)	(12,063,767)
(Increase)/decrease in compulsory deposits in the Brazilian Central Bank	6,146,949	(990,407)	16,988,347	(4,510,927)
Increase/(decrease) in deposits	(4,200,333)	3,193,384	(4,554,626)	31,463,361
	19,563,366	12,044,214	48,089,391	(39,585)

Increase/(decrease) in federal funds purchased and securities sold under agreements to repurchase				
Increase in funds from issuance of securities	2,652,282	2,675,581	12,288,049	15,204,699
Increase/(decrease) in borrowings and onlending	(2,495,836)	782,034	(7,848,496)	10,861,250
Increase/(decrease) in other liabilities	(1,483,802)	3,949,169	8,719,902	6,565,696
Income tax and social contribution paid	(814,075)	(746,093)	(5,241,759)	(4,858,173)
<b>Net cash provided by/(used in) operating activities</b>	<b>(1,436,387)</b>	<b>14,310,253</b>	<b>86,812,373</b>	<b>(7,997,053)</b>
<b>Cash flow from investing activities:</b>				
(Purchases)/proceeds from available-for-sale securities	22,333,285	(9,379,757)	(39,329,988)	7,606,152
(Purchases)/proceeds from held-to-maturity securities	26,388	(666,064)	(592,086)	(1,557,592)
Proceeds from sale of foreclosed assets	83,343	6,061	140,562	160,916
Sale of investments	14,748	83,120	130,964	7,836
Proceeds from the sale of premises and equipment and operating leased assets	63,521	96,629	328,133	16,060
Foreclosed asset acquisitions	(230,253)	(211,634)	(592,276)	(461,296)
Investment acquisitions	(7,247)	(824)	(9,480)	(132,620)
Premise and equipment and operating leased asset acquisitions	(314,015)	(348,391)	(1,209,325)	(878,261)
Intangible asset acquisitions	(966,638)	(414,618)	(1,809,198)	(1,105,271)
Dividends and interest on shareholders' equity received	17,179	44,732	71,511	65,656
<b>Net cash provided by/(used in) investing activities</b>	<b>21,020,311</b>	<b>(10,790,746)</b>	<b>(42,871,183)</b>	<b>3,721,580</b>
<b>Cash flow from financing activities:</b>				
Increase/(decrease) in subordinated debts	415,621	3,968,869	7,596,650	(134,486)
Capital increase in cash and share premium	-	-	-	1,511,441
Dividends and interest on shareholders' equity paid	(969,327)	(186,518)	(3,520,120)	(3,083,649)
Non-controlling interest	(21,115)	(59,418)	(83,245)	28,473
Acquisition of own shares	(12,366)	-	(14,192)	(173,060)
<b>Net cash provided by/(used in) financing activities</b>	<b>(587,187)</b>	<b>3,722,933</b>	<b>3,979,093</b>	<b>(1,851,281)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>18,996,737</b>	<b>7,242,440</b>	<b>47,920,283</b>	<b>(6,126,754)</b>
Cash and cash equivalents - at the beginning of the period	65,783,698	58,541,258	36,860,152	36,240,382
Cash and cash equivalents - at the end of the period	84,780,435	65,783,698	84,780,435	30,113,628
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>18,996,737</b>	<b>7,242,440</b>	<b>47,920,283</b>	<b>(6,126,754)</b>

The accompanying Notes are an integral part of these Consolidated Financial Statements.



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**Notes to the Consolidated Financial Statements****1) OPERATIONS**

Banco Bradesco S.A. (Bradesco) is a private-sector publicly traded company and Universal Bank that carries out all types of banking activities that it is authorized to do so through its commercial, foreign exchange, consumer financing and housing loan portfolios. The Bank has a number of other activities, either directly or indirectly, through its subsidiaries, particularly in leasing, investment banking, brokerage, consortium management, credit cards, real estate projects, insurance, pension plans and capitalization bonds. Operations are conducted within the context of the companies within the Bradesco Organization, working together in the market.

**2) PRESENTATION OF THE FINANCIAL STATEMENTS**

Bradesco's consolidated financial statements include the financial statements for Banco Bradesco, its foreign branches, subsidiaries and jointly-controlled entities, in Brazil and abroad, including SPEs (Special Purpose Entities). They were prepared based on accounting practices issued by Laws 4,595/64 (Brazilian Financial System Law) and 6,404/76 (Brazilian Corporate Law), along with amendments introduced by Laws 11,638/07 and 11,941/09 relating to the accounting of operations, associated with rules and instructions of the National Monetary Council (CMN) and the Brazilian Central Bank (Bacen), Brazilian Securities and Exchange Commission (CVM), where applicable, National Private Insurance Council (CNSP), Insurance Superintendence (Susep) and National Supplementary Healthcare Agency (ANS), and consider the financial statements of leasing companies classified as financial leases, whereby leased fixed assets are classified as operating leases less the residual value paid in advance.

In the preparation of these consolidated financial statements, intercompany transactions, including investments, assets and liabilities, revenue, expenses and unrealized profit were eliminated and net income and shareholders equity attributable to the non-controlling interests were accounted for on a separate line. For jointly-controlled investments with other shareholders, assets, liabilities and income and loss were proportionally consolidated in the consolidated financial statements according to the Interest on shareholders equity of each investee. Goodwill calculated on the acquisition of investments in the subsidiary/unconsolidated companies or jointly-controlled entity is included in investments and intangible assets (Note 15a). The foreign exchange variation from foreign branch or subsidy transactions is presented in the income statement accounts together with changes in the value of the derivative financial instrument, borrowing or onlending operation to eliminate the effect of these investment hedge instruments.

The financial statements include estimates and assumptions, such as: the calculation of estimated loan losses; fair value estimates of certain financial instruments; civil, tax and labor provisions; impairment losses of securities classified as available-for-sale and held-to-maturity and non-financial assets; other provisions; the calculation of technical reserves for insurance, pension plans and capitalization bonds; and the determination of the useful life of specific assets. Actual results may differ from those established by estimates and assumptions.

Bradesco's consolidated financial statements were approved by the Board of Directors on October 19, 2012.

Financial Statements, Independent Auditors' Report and Fiscal  
Council's Report

## Notes to the Consolidated Financial Statements

Below are the main direct or indirectly owned companies in consolidation:

	Activity	Equity interest		2012
		September 30	June 30	
<b>Financial Area - Brazil</b>				
Alvorada Cartões, Crédito, Financiamento e Investimento S.A.	Banking	100.00%	100.00%	100.00%
Banco Alvorada S.A.	Banking	99.95%	99.95%	99.95%
Banco Bradesco Financiamentos S.A.	Banking	100.00%	100.00%	100.00%
Banco Bankpar S.A.	Banking	100.00%	100.00%	100.00%
Banco Bradesco BBI S.A.	Investment bank	98.35%	98.35%	98.35%
Banco Boavista Interatlântico S.A.	Banking	100.00%	100.00%	100.00%
Bankpar Arrendamento Mercantil S.A.	Leasing	100.00%	100.00%	100.00%
Banco Bradesco Cartões S.A.	Cards	100.00%	100.00%	100.00%
Bradesco Administradora de Consórcios Ltda.	Consortium management	100.00%	100.00%	100.00%
Banco BERJ S.A. (1)	Banking	100.00%	100.00%	100.00%
Bradesco Leasing S.A. Arrendamento Mercantil	Leasing	100.00%	100.00%	100.00%
Bradesco S.A. Corretora de Títulos e Valores Mobiliários	Brokerage	100.00%	100.00%	100.00%
BRAM - Bradesco Asset Management S.A. DTVM	Asset management	100.00%	100.00%	100.00%
Ágora Corretora de Títulos e Valores Mobiliários S.A.	Brokerage	100.00%	100.00%	100.00%
Banco Bradescard S.A. (2)	Cards	100.00%	100.00%	100.00%
Cielo S.A. (3)	Services	28.65%	28.65%	28.65%
Cia. Brasileira de Soluções e Serviços - Alelo (3)	Services	50.01%	50.01%	50.01%
Tempo Serviços Ltda.	Services	100.00%	100.00%	100.00%
<b>Financial Area - Abroad</b>				
Banco Bradesco Argentina S.A.	Banking	99.99%	99.99%	99.99%
Banco Bradesco Europa S.A.	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (4)	Banking	100.00%	100.00%	100.00%
Banco Bradesco New York Branch	Banking	100.00%	100.00%	100.00%
Bradesco Securities, Inc.	Brokerage	100.00%	100.00%	100.00%
Bradesco Securities, UK.	Brokerage	100.00%	100.00%	100.00%
<b>Insurance, Pension Plan and Capitalization Bond Area</b>				
Atlântica Capitalização S.A.	Capitalization bonds	100.00%	100.00%	100.00%
Bradesco Argentina de Seguros S.A.	Insurance	99.90%	99.90%	99.90%
Bradesco Auto/RE Companhia de Seguros	Insurance	100.00%	100.00%	100.00%
Bradesco Capitalização S.A.	Capitalization bonds	100.00%	100.00%	100.00%
Bradesco Saúde S.A.	Insurance/health	100.00%	100.00%	100.00%
Odontoprev S.A.	Dental care	43.50%	43.50%	43.50%
Bradesco Seguros S.A.	Insurance	100.00%	100.00%	100.00%
Bradesco Vida e Previdência S.A.	Pension plan/insurance	100.00%	100.00%	100.00%
Atlântica Companhia de Seguros	Insurance	100.00%	100.00%	100.00%
<b>Other Activities</b>				
Andorra Holdings S.A.	Holding	100.00%	100.00%	100.00%
Bradseg Participações S.A.	Holding	100.00%	100.00%	100.00%

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Bradescor Corretora de Seguros Ltda.	Insurance brokerage	100.00%	100.00%	10
Bradesplan Participações Ltda.	Holding	100.00%	100.00%	10
BSP Empreendimentos Imobiliários S.A. (5)	Real estate	100.00%	100.00%	
Cia. Securitizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%	100.00%	10
Columbus Holdings S.A.	Holding	100.00%	100.00%	10
Nova Paiol Participações Ltda.	Holding	100.00%	100.00%	10
Scopus Tecnologia Ltda.	Information technology	100.00%	100.00%	10
União Participações Ltda.	Holding	100.00%	100.00%	10

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### **Notes to the Consolidated Financial Statements**

- (1) Company acquired at a Rio de Janeiro State Government auction in May 2011 and consolidated from November 2011, after approval by Bacen;
- (2) Current name of Banco Ibi S.A;
- (3) Company proportionally consolidated, pursuant to CMN Resolution 2,723/00 and CVM Rule 247/96;
- (4) The special purpose entity International Diversified Payment Rights Company is being consolidated. The company takes part in the securitization operation of future flow of payment orders received from overseas (Note 16d); and
- (5) Company incorporated in October 2011.

### **3) SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Functional and Presentation Currencies**

Consolidated financial statements are presented in Brazilian reais, which is also Bradesco's functional currency. Foreign branches and subsidiaries are mainly a continuation of activities in Brazil, and therefore, assets, liabilities and income or losses are translated into Brazilian reais using the appropriate currency exchange rate to comply with accounting practices adopted in Brazil. Foreign currency translation gains and losses arising are reclassified to the period's income statement under items "Derivative Financial Instruments" and "Borrowing and Onlending."

#### **b) Income and Expense Recognition**

Income and expenses are recognized on an accrual basis together to determine the net income for the period to which they relate, regardless of receipt or payment of funds.

Fixed rate transactions are recorded at their redemption value with the income or expense relating to future periods being recorded as a deduction from the corresponding asset or liability. Finance income and costs are prorated daily and calculated based on the exponential method, except when they relate to discounted notes or to foreign transactions which are calculated using the straight-line method.

Floating rate or foreign-currency-indexed transactions are adjusted for inflation at the end of the reporting period.

Insurance and coinsurance premiums, net of premiums assigned to coinsurance and reinsurance and corresponding commissions, are recognized as income after the corresponding insurance policies and invoices have been issued, and recognized on a straight-line basis during the policies' effective period through accrual and reversal of the unearned premium reserve and deferred selling expense (deferred acquisition costs). Revenues from premiums and the corresponding selling expense (deferred acquisition costs), relating to existing risk but with no policy issued, are recorded in the income statement at the

beginning of the risk coverage, based on estimated figures.

Income and expenses arising from DPVAT insurance operations are recorded based on information provided by the Seguradora Líder dos Consórcios do Seguro DPVAT S.A.

Accepted coinsurance and retrocession operations are recorded based on the information received from other companies and IRB - Brasil Resseguros S.A., respectively. Reinsurance operations with IRB are recorded based on operating and financial transactions sent by IRB whereas operations with other reinsurance companies are recorded based on their financial records. Deferral of reinsurance premiums granted is consistent to the corresponding reinsurance premium and/or reinsurance contract.

Brokerage and obtainment of new insurance operations are deferred and recorded in the income statement over a 12-month period on a straight-line basis.

Pension plan contributions and life insurance premiums with life cover are recognized in the income statement as they are received. Income from management fees paid by special-purpose investment funds are recognized on the accrual basis at agreed taxes.

Income from capitalization bonds are recognized when they are effectively received. Income from expired capitalization plans are recorded after the statute of limitation, under Article 206 of the Brazilian Civil Code. The expenses for placement of capitalization bonds, classified as "Acquisition Costs," are recognized when they are incurred. Payments of prize draw amounts are recorded as expenses in the month they are made.

The expenses for technical reserves for pension plans and capitalization bonds are recorded when the corresponding revenues are recognized.

## ***Notes to the Consolidated Financial Statements***

### **c) Cash and cash equivalents**

Cash and cash equivalents include: cash in domestic and foreign currency, investments in gold, investments in federal funds purchases and securities sold under agreements to repurchase and interest-earning deposits in other banks, maturing in 90 days or less and present an insignificant risk of change in fair value, that are used by Bradesco to manage its short-term commitments.

A breakdown of liquidity and investments in cash and cash equivalents is shown in Note 6.

### **d) Interbank investments**

Unrestricted purchase and sale commitments are stated at their fair value. Other investments are stated at cost, plus income earned up to the end of the reporting period, net of any devaluation allowance if applicable.

The breakdown, terms and proceeds relating to interbank investments are presented in Note 7.

### **e) Securities - Classification**

- Trading securities - securities acquired for the purpose of being actively and frequently traded. They are stated at cost, plus income earned and adjusted to market value in the income statement for the period;
- Available-for-sale securities - securities that are not specifically intended for trading purposes or to be held to maturity. They are stated at cost, plus income earned, which is recorded in profit or loss in the period and adjusted to market value within shareholders' equity, net of tax, which will be recognized in profit or loss only when effectively disposed; and
- Held-to-maturity securities - securities intended and for the financial capacity to be held in the portfolio up to maturity. They are stated at cost, plus earnings recognized in profit or loss for the period.

Securities classified as trading or available-for-sale, as well as derivative financial instruments, are stated at their estimated fair value in the consolidated statement of financial position. The fair value is generally based on market prices or quotations for assets or liabilities with similar characteristics. If market prices are not available, fair values are based on traders' quotations, pricing models, discounted cash flows or similar techniques to determine the fair value and may require judgment or significant estimates by the Management.

Classification, breakdown and segmentation of securities are presented in Note 8 (a to d).

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**Notes to the Consolidated Financial Statements****f) Derivative financial instruments (assets and liabilities)**

Classified according to intended use by Management, on the date that the operation was entered into and considering if it was intended for hedging purposes or not.

Operations involving derivative financial instruments are designed to meet the Bank's own needs in order to manage overall exposure, as well as to meet customer requests to manage their positions. Gains and losses are recorded in income or expenses accounts of the respective financial instruments.

Derivative financial instruments used to mitigate risk deriving from exposure to variations in the market value of financial assets and liabilities are designated as hedges and are classified according to their nature:

- Market risk hedge: for financial instruments classified in this category as well as the hedge-related financial assets and liabilities, gains and losses, realized or not, are recorded in the income statement; and
- Cash flow hedge: the effective portion of valuation or devaluation of financial instruments classified in this category is recorded, net of tax, in a specific account in shareholders' equity. The ineffective portion of the respective hedge is directly recognized in the income statement.

A breakdown of amounts included in derivative financial instruments, in balance sheet and memorandum accounts, is disclosed in Note 8 (e to h).

**g) Loans and leasing, advances on foreign exchange contracts, other receivables with credit characteristics and allowance for loan losses**

Loans and leasing, advances on foreign exchange contracts and other receivables with credit characteristics are classified according to their corresponding levels of risk in compliance with: (i) the parameters established by CMN Resolution 2,682/99, with nine levels of risk from "AA" (minimum risk) to "H" (maximum risk); and (ii) Management's level of risk assessment. This assessment, which is carried out regularly, considers current economic conditions and past experience with loan losses, as well as specific and general risks relating to operations, debtors and guarantors. Moreover, the period of late payment defined in CMN Resolution 2,682/99 is also considered to rate customer risk as follows:

<b>Past-due period (1)</b>	<b>Customer rating</b>
from 15 to 30 days	B
from 31 to 60 days	C
from 61 to 90 days	D
from 91 to 120 days	E
from 121 to 150 days	F
from 151 to 180 days	G
more than 180 days	H

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(1) For operations with terms of more than 36 months, past-due periods are doubled, as allowed under CMN Resolution 2,682/99. Interest and inflation adjustments on past-due transactions are only recognized up to the 59<sup>th</sup> day that they are past due. As from the 60<sup>th</sup> day, they are recognized in deferred income.

H-rated past-due operations remain at this level for six months, after which they are written-off against the existing allowance and controlled in memorandum accounts for at least five years.

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## ***Notes to the Consolidated Financial Statements***

Renegotiated operations are maintained at least at the same level as previously classified. Renegotiations already written-off against the allowance and that were recorded in memorandum accounts, are rated as level "H" and any possible gains derived from their renegotiation are recognized only when they are effectively received. When there is a significant payment on the operation or when new material facts justify a change in the level of risk, the operation may be reclassified to a lower risk category.

The estimated allowance for loan losses is calculated to sufficiently cover probable losses, considering CMN and Bacen standards and instructions, together with Management assessment to determine credit risk.

Type, values, terms, levels of risk, concentration, economic sector of the activity, renegotiation and income from loans, as well as the breakdown of expenses and balance sheet accounts for the allowance for loan losses are presented in Note 10.

### **h) Income tax and social contribution (assets and liabilities)**

Deductible income tax and social contribution, calculated on income tax losses, social contribution losses and temporary additions are recorded in "Other Receivables - Sundry" and the provisions for deferred tax liabilities on tax differences in leasing depreciation and mark-to-market adjustments on securities are recorded in "Other Liabilities - Tax and Social Security". The income tax rate only applies to tax differences in leasing depreciation.

Deductible tax on temporary additions are used and/or reversed against the corresponding provision. Deductible tax on tax and social contribution losses are used when taxable income is generated, under the 30% limit of the taxable profit for the period. Such deductible taxes are recorded based on current expectations on when the deduction can be used, considering technical studies and analyses carried out by the Management.

The provision for income tax is calculated at 15% of taxable income plus a 10% surcharge. Social contribution on net income is calculated at 15% for financial institutions and insurance companies and at 9% for other companies.

Provisions were recorded for other income tax and social contribution in accordance with specific applicable legislation.

Pursuant to Law 11,941/09, changes in the criteria to recognize for revenue, costs and expenses included in the net income for the period, enacted by Law 11,638/07 and by Articles 37 and 38 of Law 11,941/09, shall not affect taxable income, and, for tax purposes, accounting methods and criteria in force on December 31, 2007 are considered. For accounting purposes, the tax effects of adopting the aforementioned laws are recorded in the corresponding deferred tax assets and liabilities.

The breakdown of income tax and social contribution, showing the calculations, the origin and expected use of deductible taxes, as well as unrecorded deductible taxes, are presented in Note 34.

**i) Prepaid expenses**

Prepaid expenses are represented by use of funds for future benefits or services, which are recognized in the profit or loss on an accrual basis.

Incurred costs relating to corresponding assets that will generate revenue in subsequent periods are recorded in the profit or loss according to the terms and the amount of expected benefits and directly written-off in the profit or loss when the corresponding assets or rights are no longer part of the institution's assets or expected future benefits may no longer be realized.

Prepaid expenses are shown in details in Note 12b.

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## **Notes to the Consolidated Financial Statements**

### **j) Investments**

Investments in unconsolidated companies, with significant influence over the investee or has at least 20% of the voting rights, under the equity method of accounting.

Tax incentives and other investments are stated at cost, less allowance for losses/impairment, where applicable.

Subsidiaries' and jointly-controlled companies are consolidated , and a list of the main companies can be found in Note 2. A list of the unconsolidated companies, as well as other investments, is shown in Note 13.

### **k) Premises and equipment**

Relates to the tangible assets used by the Bank in its activities or used for that purpose, including those transactions which transfer risks, benefits and controls of the assets to the entity.

Fixed assets are stated at cost, net of the accumulated depreciation, calculated using the straight-line method according to the estimated economic useful life of the asset, as follows: premises - 4% p.a.; furniture and fixtures, machinery and equipment - 10% p.a.; transport systems - 20% p.a.; and data processing systems - 20% to 50% p.a., and adjusted for impairment, where applicable.

The breakdown of asset costs and their corresponding depreciation, including those arising from operating leases, as well as the unrecorded surplus value for real estate and fixed asset ratios, is presented in Note 14.

### **l) Intangible assets**

Relates to the right over that intangible asset used by the Bank in its activities or used for that purpose.

Intangible assets comprise:

- Future profitability/customer portfolio acquired and acquiring the right to provide banking services: is recorded and amortized, as applicable, over the period in which the asset will directly and indirectly contribute to future cash flows and adjusted through impairment , where applicable; and
- Software: stated at cost less amortization calculated on a straight-line basis over the estimated useful life (20% to 50% p.a.), from the date it is available for use and adjusted through impairment, where applicable. Internal software development costs are recognized as an intangible asset when it is possible to show the intention and ability to complete such development, as well as reliably measure costs directly attributable to the software, which will be amortized during its estimated useful life, considering the future economic benefits generated.

Goodwill and other intangible assets, including their changes by class, are broken down in Note 15.

**m) Impairment**

Securities classified as available-for-sale and held-to-maturity, as well as non-financial assets, except other assets and deductible tax are tested at least once a year for impairment. If an impairment loss is detected, it must be recognized in the profit or loss for the period when the book value of an asset exceeds its recoverable value calculated by: (i) the potential sale value or realization value less the respective expenses or (ii) the value in use calculated by the cash generating unit, whichever is highest.

A cash generating unit is the smallest identifiable group of assets that generates cash flows substantially independent from other assets and groups.

Impairment losses, when applicable, are presented in Note 15 (b and c).

## **Notes to the Consolidated Financial Statements**

### **n) Deposits and federal funds purchased and securities sold under agreements to repurchase**

These are stated at the value of the liabilities and include, when applicable, related charges up to the end of the reporting period, on a daily prorated basis.

A breakdown of securities recorded in deposits and federal funds purchased and securities sold under agreements to repurchase, as well as terms and amounts recognized in the statement of financial position and income statement, is presented in Note 16.

### **o) Technical reserves relating to insurance, pension plans and capitalization bonds**

- Damage, health and group insurance lines, except individual life:
  - The unearned premium reserve (PPNG) is calculated on a daily *pro-rata* basis, based on premiums net of coinsurance assignment, but including reinsurance transfer operations, consists of the portion corresponding to the period of risk not arising from insurance policies, and includes estimates for risks in effect but not issued (RVNE);
  - The complementary reserve for premium (PCP) is recorded on a monthly basis to complement the PPNG and includes estimates for the risks in effect but not issued (RVNE);
  - The premium deficiency reserve is recorded when there is insufficient unearned premium reserves to cover incurred claims, considering expected indemnities and related expenses, throughout periods to be incurred relating to risk in effect on the reference date of the calculation. For individual life insurance, the reserve is recorded to cover differences between the expected present value of indemnities and related future expenses and the expected present value from future premiums;
  - The mathematical reserve for unvested benefits (PMBaC) is calculated by the difference between the current amount of future benefits and the current amount of future contributions, corresponding to the obligation;
  - The reserve for unvested benefits relating to the individual health care plan portfolio covers the holder's dependents for five years upon death, and it is calculated based on the time dependants are expected to remain in the plan up to the end of this five-year period; after this, it is calculated based on costs on the five-year-period plan, excluding payment of premiums;
  - The reserve for vested benefits relating to the individual health care plan portfolio comprises obligations under the terms of the contract relating to coverage of the health care plan, based on the present value of estimated future expenses with health care provided to dependents whose holders already deceased, as provided for in Normative Resolution 75/04 of ANS;
  - The reserve for redemptions and other amounts to be settled (PROVR) comprises all amounts relating to redemptions to be settled, premium refunds and portabilities requested not yet transferred to the

recipient;

- The reserve for claims incurred but not reported (IBNR) is calculated based on an estimate of claims that have already incurred but have not yet been reported to the insurance company; and
- The reserve for unsettled claims (PSL) considers all loss notices received up to the end of the reporting period and related costs, such as loss adjustment of claims, loss of suit, among others. The reserve is adjusted for inflation and includes all claims under litigation;

Other reserves are set for the individual health care portfolio to cover differences between the present value of expected future claims and related expenses and the present value of future premiums. Regarding damage insurance, other technical reserves



**Notes to the Consolidated Financial Statements**

- Individual life insurance, excluding variable insurance contribution for life cover:
  - The unexpired risks reserve (PRNE) is calculated on a daily *pro-rata* basis, using premiums net of coinsurance assignment, but including reinsurance transfer operations, is comprised of the portion corresponding to periods of risk not arising from insurance policies, and includes an estimate for risks in effect but not issued (RVNE);
  - The supplementary premium reserve (PCP) is recorded monthly to complement the PRNE and includes estimates to risks in effect but not issued (RVNE);
  - The mathematical reserve for unvested benefits (PMBaC) is calculated by the difference between the current amount for future benefits and the current amount for future contributions, corresponding to the obligation;
  - The reserve for redemptions and other amounts to be settled (PROVR) comprises figures related to redemptions to be settled, premium refunds and portability requested not yet transferred to the recipient;
  - The reserve for benefits incurred but not reported (IBNR) is calculated based on the estimate of claims that have already incurred but have not been reported to the insurance company yet;
  - The reserve for benefit adjustment (PBR) considers all notices of claims received up to the end of the reporting period and related costs, such as loss adjustment expenses, loss of suit, among others. The reserve is adjusted for inflation and includes all claims under litigation;
  - The reserve for risk fluctuation (POR) is recognized to cover any statistical deviation between expected and observed events; and

- The reserve for financial fluctuation (POF) consists of up to 15% of the mathematical reserve for benefits to be granted relating to pension plans in the category of variable contribution with a guarantee of earnings to cover possible financial fluctuations.

- Pension plans and life insurance with life cover:

- The unearned premiums reserve (PRNE) is calculated on a daily *pro-rata* basis, using premiums net of coinsurance assignment, but including reinsurance transfer operations, and is comprised of the portion corresponding to periods of risks not arising from insurance policies, and includes an estimate for risks in effect but not issued (RVNE);

- The mathematical reserve for unvested benefits (PMBaC) refers to participants who have not yet received any benefit. In defined benefit pension plans, reserve represents the difference between the current value of future benefits and the current value of future contributions, corresponding to obligations in the form of retirement plans, disability, pension and annuity. The reserve is calculated using methodologies and assumptions set forth in the actuarial technical notes;

- Mathematical reserves for unvested benefits related to life insurance and unrestricted benefit pension plans (VGBl and PGBL), apart from the defined contribution plans, show the value of participant contributions, net of costs and other contractual charges, plus income from investment in Exclusive Investment Funds (FIEs);

- The reserve for redemptions and other amounts to be settled (PROVR) comprises figures related to redemptions to settle, refund premiums or portability requested not yet transferred to the recipient;

- The mathematical reserve for vested benefits (PMBC) refers to participants already benefiting and corresponds to the present value of future obligations related to the payment of ongoing benefits;

### ***Notes to the Consolidated Financial Statements***

- The contribution deficiency reserve (PIC) is established to deal with any unfavorable fluctuations in technical risks taken in the mathematical reserve for benefits to be granted, considering that the participants are likely to have a longer life expectancy. In plans covering life expectancy, the reserve is calculated on an actuarial basis and takes into consideration the actuarial tables AT-2000 Male (normalized) for males and AT-2000 Female (normalized) for females, with an improvement rate of 1.5% p.a. and actual interest rate of 3.5% p.a. In disability plans covering life expectancy risk, the provision takes into consideration the AT-49 Male biometric table and real interest rate of 3.5% p.a. The improvement rate is calculated from automatic updates of the life expectancy table, considering the expected increase in future life expectancy;
  - The reserve for administrative expenses (PDA) is recorded to cover future administrative expenses of the defined benefit, defined contribution and variable contribution plans. The calculation assumptions are similar to those considered in the calculation of PIC, including the benefit payment expenses;
  - The reserve for technical surplus (PET) corresponds to the difference between the expected and the actual amounts for events in the period for pension plans that have a technical surplus in the participation clause;
  - The reserve for events incurred but not reported (IBNR), relating to pension plans, is recorded in compliance with Susep Circular Letter 448/12;
  - The provision for benefit adjustment (PBR) considers all loss notices received up to the end of the reporting period and related costs, such as expenses with loss adjustment, loss of suit, among others. The reserve is adjusted for inflation and includes all claims under litigation;
  - The reserve for risk fluctuation (POR) is recognized to cover any statistical deviation between expected and actual events; and
  - The financial fluctuation reserve (POF) consists of up to 15% of the mathematical reserve for unvested benefits relating to variable contribution pension plans with an earnings guarantee to cover possible financial fluctuations.
- Capitalization bonds:
    - The mathematical reserve for redemptions is recorded for each active or suspended capitalization bond during the estimated term set forth in the general conditions of the plan, and is calculated according to the methodology set forth in the actuarial technical notes;
    - The reserves for redemptions are established from capitalization bonds overdue or not yet due where early redemption has been requested by the customer. Reserves are adjusted for inflation based on the indexes provided in each plan;

- The reserves for draws not yet taken place and their payables are recorded to cover premiums for future draws (not yet taken place) and also for prize money from draws where customers have already been chosen (payable);
  
- The reserve for contingencies is recorded to cover possible shortfalls related to payments of redemptions requested and/or prizes from draws; and

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## **Notes to the Consolidated Financial Statements**

- The reserve for administrative expenses is recorded to cover placement and promotion of the plan as well as brokerage and other expenses. The reserve complies with the methodology set forth in an actuarial technical note.

Technical reserves are shown by account, product and segment, as well as amounts and details of plan assets covering these technical reserves, and are shown in Note 21.

### **p) Provisions, contingent assets and liabilities and legal liabilities - tax and social security**

Provisions, contingent assets and liabilities, and legal liabilities are recognized, measured and disclosed in accordance with the criteria set out in CPC 25, approved by CMN Resolution 3,823/09 and CVM Resolution 594/09:

- **Contingent assets:** these are not recognized in the financial statements, except when Management has control over the situation or when there are real guarantees or favorable judicial decisions, to which no further appeals are applicable, classifying the gain as practically certain by confirming the expectation of receipt or compensation against another liability. Contingent assets with a chance of probable success are disclosed in the notes to the financial statements;
- **Provisions:** these are recorded taking into consideration the opinion of legal counsel, the nature of the lawsuits, similarity with previous lawsuits, complexity and positioning of the courts, whenever the loss is deemed probable which would cause a probable outflow of funds to settle the obligation and when amounts can be reliably measured;
- **Contingent liabilities:** according to CPC 25, the term "contingent" is used for liabilities that are not recognized because their existence will only be confirmed by the occurrence of one or more uncertain future events beyond Management's control. Contingent liabilities considered as possible losses should only be disclosed in the notes when relevant. Obligations deemed remote are not recorded as a provision nor disclosed; and
- **Legal obligations - provision for tax risks:** results from judicial proceedings, being contested on the grounds of legality or constitutionality, which, regardless of the assessment of the probability of success, are fully recognized in the financial statements.

Details on lawsuits, as well as segregation and changes in amounts recorded, by type, are presented in Note 18.

### **q) Funding expenses**

Expenses related to funding transactions involving the issuance of securities are recognized in the profit or loss over the term of the transaction and reduces the corresponding liability. They are presented in Notes 16c and 19.

**r) Other assets and liabilities**

Assets are stated at their realizable amounts, including, when applicable, related income and monetary and exchange variations (on a daily prorated basis), less provision for losses, when deemed appropriate. Liabilities include known or measurable amounts, including related charges and monetary and exchange variations (on a daily prorated basis).

## ***Notes to the Consolidated Financial Statements***

### **a) Subsequent events**

These refer to events occurring from the end of the reporting period of the financial statements to the date they are authorized to be issued.

They comprise the following:

- Events resulting in adjustments: events relating to conditions already existing at the end of the reporting period of the financial statements; and
- Events not resulting in adjustments: events relating to conditions not existing at the end of the reporting period of the financial statements.

There were no subsequent events that need to be adjusted or disclosed for the consolidated financial statements as of September 30, 2012.

## **4) INFORMATION FOR COMPARISON PURPOSES**

### **Reclassifications**

There were no reclassifications or other relevant information for previous periods that affect the comparability of the financial statements for the period ended September 30, 2012.

**Notes to the Consolidated Financial Statements****5) STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT ADJUSTED BY OPERATING SEGMENT****a) Statement of financial position**

	Financial (1) (2)		Insurance
	Brazil	Abroad	(2) Brazil
<b>Assets</b>			
<b>Current and long-term assets</b>	<b>658,999,384</b>	<b>83,621,177</b>	<b>142,281,800</b>
Cash and due from banks	9,021,175	5,287,693	229,750
Interbank investments	126,100,069	672,308	
Securities and derivative financial instruments	175,295,402	11,077,395	133,504,000
Interbank and interdepartmental accounts	56,275,770	-	
Loan and leasing	217,480,993	65,908,149	
Other receivables and other assets	74,825,975	675,632	8,548,000
<b>Permanent assets</b>	<b>53,502,299</b>	<b>59,293</b>	<b>3,455,750</b>
Investments	41,298,537	15,205	1,763,700
Premises and equipment and leased assets	3,684,520	16,605	758,000
Intangible assets	8,519,242	27,483	933,900
<b>Total on September 30, 2012</b>	<b>712,501,683</b>	<b>83,680,470</b>	<b>145,737,650</b>
<b>Total on June 30, 2012</b>	<b>692,501,903</b>	<b>79,331,988</b>	<b>140,310,350</b>
<b>Total on September 30, 2011</b>	<b>602,966,902</b>	<b>70,219,424</b>	<b>117,336,450</b>
<b>Liabilities</b>			
<b>Current and long-term liabilities</b>	<b>645,723,651</b>	<b>61,211,806</b>	<b>127,210,450</b>
Deposits	188,829,034	25,670,226	
Federal funds purchased and securities sold under agreements to repurchase	240,071,509	5,476,342	
Funds from issuance of securities	40,828,996	13,997,126	
Interbank and interdepartmental accounts	3,648,652	518	
Borrowing and onlending	79,342,671	6,657,673	
Derivative financial instruments	4,003,246	144,465	
Technical reserves from insurance, pension plans and capitalization bonds	-	-	117,806,200
Other liabilities:			
- Subordinated debts	25,792,188	8,714,553	
- Other	63,207,355	550,903	9,404,100
<b>Deferred income</b>	<b>600,055</b>	<b>-</b>	<b>-</b>
<b>Non-controlling interests in subsidiaries</b>	<b>130,899,224</b>	<b>668,664</b>	<b>18,527,200</b>
<b>Shareholders' equity</b>	<b>66,047,078</b>	<b>-</b>	<b>-</b>
<b>Total on September 30, 2012</b>	<b>712,501,683</b>	<b>83,680,470</b>	<b>145,737,650</b>
<b>Total on June 30, 2012</b>	<b>692,501,903</b>	<b>79,331,988</b>	<b>140,310,350</b>
<b>Total on September 30, 2011</b>	<b>602,966,902</b>	<b>70,219,424</b>	<b>117,336,450</b>





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## Notes to the Consolidated Financial Statements

### b) Income statement

	Financial (1) (2)		Insurance Group (2) (3)		Other Activities (2)	Elimina (4)
	Brazil	Abroad	Brazil	Abroad		
	Revenues from financial intermediation	62,214,699	1,352,318	10,681,900	-	28,125
Expenses from financial intermediation	41,577,253	1,106,073	6,173,700	-	-	(36)
<b>Gross income from financial intermediation</b>	<b>20,637,446</b>	<b>246,245</b>	<b>4,508,200</b>	<b>-</b>	<b>28,125</b>	
Other operating income/expenses	(13,342,995)	27,274	(202,788)	(362)	60,182	
<b>Operating income</b>	<b>7,294,451</b>	<b>273,519</b>	<b>4,305,412</b>	<b>(362)</b>	<b>88,307</b>	
Non-operating income	(186,946)	5,100	(29,224)	-	(515)	
<b>Income before taxes and non-controlling interest</b>	<b>7,107,505</b>	<b>278,619</b>	<b>4,276,188</b>	<b>(362)</b>	<b>87,792</b>	
Income tax and social contribution	(1,574,514)	(5,331)	(1,606,136)	(33)	(21,787)	
Non-controlling interests in subsidiaries	(6,695)	-	(47,138)	-	(227)	
<b>Net income for September 30, 2012 YTD</b>	<b>5,526,296</b>	<b>273,288</b>	<b>2,622,914</b>	<b>(395)</b>	<b>65,778</b>	
<b>Net income for September 30, 2011 YTD</b>	<b>5,417,906</b>	<b>435,987</b>	<b>2,341,193</b>	<b>(36)</b>	<b>107,533</b>	
<b>Net income for the 3<sup>rd</sup> quarter of 2012</b>	<b>1,777,101</b>	<b>222,634</b>	<b>837,042</b>	<b>(181)</b>	<b>25,781</b>	
<b>Net income for the 2<sup>nd</sup> quarter of 2012</b>	<b>1,838,769</b>	<b>89,957</b>	<b>881,006</b>	<b>(83)</b>	<b>23,319</b>	

(1) The "Financial" segment comprises: financial institutions; holding companies (which are mainly responsible for managing financial resources); as well as credit card, consortium and asset management companies;

(2) The asset, liability, income and expense balances among companies from the same segment are eliminated;

(3) The "Insurance Group" segment comprises insurance, pension plan and capitalization bond companies; and

(4) Related to amounts eliminated among companies from different segments, as well as among operations carried out in Brazil and abroad.

### 6) CASH AND CASH EQUIVALENTS

	R\$ thousand		
	2012		2011
	September 30	June 30	September 30
Funds available in domestic currency	7,079,302	9,320,776	5,665,775
Funds available in foreign currency	5,864,567	4,676,339	4,352,206
Investments in gold	122	109	102
<b>Total cash and due from banks</b>	<b>12,943,991</b>	<b>13,997,224</b>	<b>10,018,083</b>
Short-term interbank investments (1)	71,836,444	51,786,474	20,095,545
<b>Total cash and cash equivalents</b>	<b>84,780,435</b>	<b>65,783,698</b>	<b>30,113,628</b>

(1) Refer to operations which mature 90 days or less from the date they were effectively invested and with insignificant risk of change in fair value.



**Notes to the Consolidated Financial Statements****7) INTERBANK INVESTMENTS****a) Breakdown and maturity**

	<b>1 to 30 days</b>
<b>Investments in federal funds purchased and securities sold under agreements to repurchase:</b>	
<b>Own portfolio position</b>	<b>21,059</b>
National treasury notes	-
National treasury bills	-
Other	21,059
<b>Funded position</b>	<b>71,453,913</b>
Financial treasury bills	11,639,022
National treasury notes	34,346,345
National treasury bills	25,468,546
<b>Short position</b>	<b>7,090</b>
National treasury bills	7,090
<b>Subtotal</b>	<b>71,482,062</b>
<b>Interest-earning deposits in other banks:</b>	
Interest-earning deposits in other banks	3,499,727
Provision for losses	(311)
<b>Subtotal</b>	<b>3,499,416</b>
<b>Total on September 30, 2012</b>	<b>74,981,478</b>
%	59.1
<b>Total on June 30, 2012</b>	<b>73,109,897</b>
%	78.8
<b>Total on September 30, 2011</b>	<b>31,316,643</b>
%	36.4

**b) Income from interbank investments**

Classified in the income statement as income on securities transactions.

	R\$ thousand			
	<b>3rd Quarter</b>	<b>2012 2nd Quarter</b>	<b>September 30 YTD</b>	<b>September 30 YTD</b>
				<b>2011</b>
<b>Income from investments in purchase and sale commitments:</b>				
• Own portfolio position	277,291	329,993	1,062,456	2,745,952
• Funded position	1,703,122	1,371,859	4,583,974	3,625,278
• Short position	360,562	280,696	804,927	737,840
<b>Subtotal</b>	<b>2,340,975</b>	<b>1,982,548</b>	<b>6,451,357</b>	<b>7,109,070</b>

<b>Income from interest-earning deposits in other banks</b>	<b>154,458</b>	<b>193,205</b>	<b>596,108</b>	<b>823,261</b>
<b>Total (Note 8h)</b>	<b>2,495,433</b>	<b>2,175,753</b>	<b>7,047,465</b>	<b>7,932,331</b>

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## Notes to the Consolidated Financial Statements

### 8) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

Information on securities and derivative financial instruments is as follows:

#### a) Summary of the consolidated classification of securities by business segment and issuer

Financial	2012				September 30	%	June 30	%	Sep
	Insurance/ capitalization bonds	Pension plans	Other activities						
<b>Trading securities</b>	<b>106,322,657</b>	<b>3,359,582</b>	<b>35,519,720</b>	<b>352,784</b>	<b>145,554,743</b>	<b>60.1</b>	<b>161,157,845</b>	<b>57.6</b>	<b>131</b>
- Government securities	66,050,503	1,198,752	11,842	231,027	67,492,124	27.8	78,085,516	27.9	71
- Corporate securities	37,172,495	2,160,830	569,191	121,757	40,024,273	16.6	38,280,319	13.7	29
- Derivative financial instruments (1)	3,099,659	-	-	-	3,099,659	1.3	3,151,941	1.1	2
- PGBL/VGBL restricted bonds	-	-	34,938,687	-	34,938,687	14.4	41,640,069	14.9	27
<b>Available-for-sale securities</b>	<b>50,321,398</b>	<b>13,928,108</b>	<b>28,624,671</b>	<b>6,783</b>	<b>92,880,960</b>	<b>38.3</b>	<b>114,879,346</b>	<b>41.0</b>	<b>36</b>
- Government securities	32,723,598	12,227,850	26,865,007	-	71,816,455	29.6	94,689,828	33.8	20
- Corporate securities	17,597,800	1,700,258	1,759,664	6,783	21,064,505	8.7	20,189,518	7.2	15
<b>Held-to-maturity securities (4)</b>	<b>327,604</b>	<b>-</b>	<b>3,611,404</b>	<b>-</b>	<b>3,939,008</b>	<b>1.6</b>	<b>3,940,421</b>	<b>1.4</b>	<b>31</b>
- Government securities	327,604	-	3,611,404	-	3,939,008	1.6	3,940,421	1.4	30
- Corporate securities	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>156,971,659</b>	<b>17,287,690</b>	<b>67,755,795</b>	<b>359,567</b>	<b>242,374,711</b>	<b>100.0</b>	<b>279,977,612</b>	<b>100.0</b>	<b>199</b>
Purchase and sale commitments (2)	28,643,596	6,018,197	42,411,307	89,442	77,162,542		42,529,664		45
<b>Overall total</b>	<b>185,615,255</b>	<b>23,305,887</b>	<b>110,167,102</b>	<b>449,009</b>	<b>319,537,253</b>		<b>322,507,276</b>		<b>244</b>
- Government securities	99,101,705	13,426,602	30,488,253	231,027	143,247,587	59.1	176,715,765	63.1	122
- Corporate securities	57,869,954	3,861,088	2,328,855	128,540	64,188,437	26.5	61,621,778	22.0	48
- PGBL/VGBL restricted bonds	-	-	34,938,687	-	34,938,687	14.4	41,640,069	14.9	27

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<b>Subtotal</b>	<b>156,971,659</b>	<b>17,287,690</b>	<b>67,755,795</b>	<b>359,567</b>	<b>242,374,711</b>	<b>100.0279,977,612</b>	<b>100.0199</b>
Purchase and sale commitments (2)	28,643,596	6,018,197	42,411,307	89,442	77,162,542	42,529,664	45
<b>Overall total</b>	<b>185,615,255</b>	<b>23,305,887</b>	<b>110,167,102</b>	<b>449,009</b>	<b>319,537,253</b>	<b>322,507,276</b>	<b>244</b>

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**Notes to the Consolidated Financial Statements****b) Breakdown of the consolidated portfolio by issuer**

Securities (3)	2012						Mark
	September 30				Fair/book value	Restated cost	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days			
					(5) (6) (7)		
<b>Government securities</b>	<b>3,397,310</b>	<b>12,927,126</b>	<b>13,883,008</b>	<b>113,040,143</b>	<b>143,247,587</b>	<b>134,950,083</b>	
Financial treasury bills	563,552	665,128	770,746	6,164,057	8,163,483	8,155,424	
National treasury bills	2,745,412	5,987,324	12,238,806	40,948,560	61,920,102	61,241,874	
National treasury notes	2,614	6,266,097	374,530	65,363,879	72,007,120	64,556,377	
Brazilian foreign debt notes	17,823	-	496,239	488,095	1,002,157	860,907	
Privatization currencies	-	-	-	75,222	75,222	62,556	
Foreign government securities	67,909	-	-	88	67,997	67,997	
Other	-	8,577	2,687	242	11,506	4,948	
<b>Corporate securities</b>	<b>15,731,022</b>	<b>5,182,790</b>	<b>1,179,055</b>	<b>42,095,570</b>	<b>64,188,437</b>	<b>64,288,737</b>	
Bank deposit certificates	265,050	1,341,300	66,924	904,863	2,578,137	2,578,137	
Shares	6,081,238	-	-	-	6,081,238	7,491,168	
Debentures	17,772	1,528,637	530,604	25,398,892	27,475,905	27,526,289	
Promissory notes	5,289	1,394,540	67	-	1,399,896	1,403,322	
Foreign corporate securities	138,740	13,774	293,338	7,600,388	8,046,240	7,543,268	
Derivative financial instruments (1)	2,066,430	401,783	117,092	514,354	3,099,659	2,717,128	
Other	7,156,503	502,756	171,030	7,677,073	15,507,362	15,029,425	
<b>PGBL/VGBL restricted bonds</b>	<b>4,155,834</b>	<b>2,770,205</b>	<b>2,161,692</b>	<b>25,850,956</b>	<b>34,938,687</b>	<b>34,938,687</b>	
<b>Subtotal</b>	<b>23,284,166</b>	<b>20,880,121</b>	<b>17,223,755</b>	<b>180,986,669</b>	<b>242,374,711</b>	<b>234,177,507</b>	
Purchase and sale commitments (2)	74,104,330	3,024,455	33,757	-	77,162,542	77,162,542	
<b>Hedge - cash flow (Note 8g)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



**Overall total**

**97,388,496 23,904,576 17,257,512 180,986,669 319,537,253 311,340,049**



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## Notes to the Consolidated Financial Statements

### c) Consolidated classification by category, maturity and business segment

#### l) Trading securities

Securities (3)	September 30				Fair/ book value (5) (6) (7)	2012
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days		R
<b>- Financial</b>	<b>11,698,524</b>	<b>16,526,746</b>	<b>13,798,479</b>	<b>64,298,908</b>	<b>106,322,657</b>	<b>103</b>
National treasury bills	2,029,116	5,560,700	11,996,991	21,990,964	41,577,771	41
Financial treasury bills	563,552	543,078	641,917	4,625,110	6,373,657	6
Bank deposit certificates	221,825	586,019	58,565	254,308	1,120,717	1
Derivative financial instruments (1)	2,066,430	401,783	117,092	514,354	3,099,659	2
Debentures	5,302	1,528,366	530,186	24,558,781	26,622,635	26
Promissory notes	-	1,387,208	67	-	1,387,275	1
National treasury notes	1,806	6,260,112	373,082	11,393,174	18,028,174	17
Foreign corporate securities	697	9,110	24,020	24,288	58,115	
Foreign government securities	67,909	-	-	88	67,997	
Shares	1,383,055	-	-	-	1,383,055	1
Other	5,358,832	250,370	56,559	937,841	6,603,602	6
<b>- Insurance companies and capitalization bonds</b>	<b>1,212,986</b>	<b>194,405</b>	<b>62,458</b>	<b>1,889,733</b>	<b>3,359,582</b>	<b>3</b>
Financial treasury bills	-	90,210	54,448	977,323	1,121,981	1
National treasury bills	-	-	308	11,646	11,954	
Bank deposit certificates	8,733	9,968	4,868	109,973	133,542	
National treasury notes	-	-	1,447	63,371	64,818	
Other	1,204,253	94,227	1,387	727,420	2,027,287	2
<b>- Pension plans</b>	<b>4,646,175</b>	<b>2,770,205</b>	<b>2,161,692</b>	<b>25,941,648</b>	<b>35,519,720</b>	<b>35</b>
National treasury notes	-	-	-	11,842	11,842	
PGBL/VGBL restricted bonds	4,155,834	2,770,205	2,161,692	25,850,956	34,938,687	34
Other	490,341	-	-	78,850	569,191	

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**Notes to the Consolidated Financial Statements**

Securities (3)	September 30					2012	
	1 to 30	31 to 180	181 to 360	More than	Fair/ book	Restat	
	days	days	days	360 days	value		
	(5)	(6)	(7)		cost		
<b>- Other activities</b>	<b>69,570</b>	<b>49,492</b>	<b>25,808</b>	<b>207,914</b>	<b>352,784</b>	<b>352</b>	
Financial treasury bills	-	23,769	19,134	160,170	203,073	203	
Bank deposit certificates	31	6,491	3,491	13,663	23,676	23	
National treasury bills	11,997	-	845	7,477	20,319	20	
Debentures	-	270	-	3,915	4,185	4	
National treasury notes	808	5,985	-	842	7,635	7	
Other	56,734	12,977	2,338	21,847	93,896	93	
<b>Subtotal</b>	<b>17,627,255</b>	<b>19,540,848</b>	<b>16,048,437</b>	<b>92,338,203</b>	<b>145,554,743</b>	<b>144,447</b>	
<b>Purchase and sale commitments (2)</b>	<b>73,575,484</b>	<b>3,024,455</b>	<b>33,757</b>		<b>- 76,633,696</b>	<b>76,633</b>	
Financial/other	28,728,158	4,880	-		- 28,733,038	28,733	
Insurance companies and capitalization bonds	5,542,610	5	-		- 5,542,615	5,542	
Pension plans	<b>39,304,716</b>	<b>3,019,570</b>	<b>33,757</b>		<b>- 42,358,043</b>	<b>42,358</b>	
- PGBL/VGBL	39,232,255	3,019,570	33,757		- 42,285,582	42,285	
- Funds	72,461	-	-		- 72,461	72	
<b>Overall total</b>	<b>91,202,739</b>	<b>22,565,303</b>	<b>16,082,194</b>	<b>92,338,203</b>	<b>222,188,439</b>	<b>221,081</b>	
<b>Derivative financial instruments (liabilities)</b>	<b>(2,972,104)</b>	<b>(228,450)</b>	<b>(217,495)</b>	<b>(729,662)</b>	<b>(4,147,711)</b>	<b>(3,639)</b>	

**Notes to the Consolidated Financial Statements****II) Available-for-sale securities**

Securities (3)	September 30				2012	
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Fair/ book value (5) (6) (7)	Restated cost
<b>- Financial</b>	<b>2,432,525</b>	<b>1,332,278</b>	<b>901,057</b>	<b>45,655,538</b>	<b>50,321,398</b>	<b>48,992,511</b>
National treasury bills	704,300	426,624	240,661	18,938,474	20,310,059	20,081,621
Brazilian foreign debt securities	8,782	-	221,979	443,793	674,554	533,300
Foreign corporate securities	114,253	4,665	269,319	7,576,097	7,964,334	7,461,590
National treasury notes	-	-	-	11,273,861	11,273,861	10,879,730
Financial treasury bills	-	1,076	55,247	325,008	381,331	381,200
Bank deposit certificates	33,063	738,822	-	526,920	1,298,805	1,298,800
Debentures	-	-	-	552,819	552,819	552,810
Shares	1,526,294	-	-	-	1,526,294	2,000,740
Privatization currencies	-	-	-	75,222	75,222	62,550
Other	45,833	161,091	113,851	5,943,344	6,264,119	5,740,120
<b>- Insurance companies and capitalization bonds</b>	<b>1,591,416</b>	<b>75</b>	<b>-</b>	<b>-12,336,617</b>	<b>13,928,108</b>	<b>13,333,220</b>
Financial treasury bills	-	75	-	16,680	16,755	16,750
National treasury notes	-	-	-	12,211,066	12,211,066	11,276,120
Shares	1,566,900	-	-	-	1,566,900	1,887,750
Debentures	9,786	-	-	103,055	112,841	96,480
Other	14,730	-	-	5,816	20,546	56,110
<b>- Pension plans</b>	<b>1,617,146</b>	<b>6,920</b>	<b>-</b>	<b>-27,000,605</b>	<b>28,624,671</b>	<b>23,461,320</b>
Shares	1,599,571	-	-	-	1,599,571	2,163,470
Financial treasury bills	-	6,920	-	59,767	66,687	66,560
National treasury notes	-	-	-	26,798,320	26,798,320	21,080,900
Debentures	2,684	-	-	142,518	145,202	131,820
Other	14,891	-	-	-	14,891	18,540

**Notes to the Consolidated Financial Statements**

Securities (3)	September 30					2012		Mar
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	Fair/ book value (5) (6) (7)	Restated cost		
<b>- Other activities</b>	<b>6,783</b>	-	-	-	<b>6,783</b>	<b>3,689</b>		
Bank deposit certificates	1,397	-	-	-	1,397	1,397		
Other	5,386	-	-	-	5,386	2,292		
<b>Subtotal</b>	<b>5,647,870</b>	<b>1,339,273</b>	<b>901,057</b>	<b>84,992,760</b>	<b>92,880,960</b>	<b>85,790,749</b>		
<b>Purchase and sale commitments (2)</b>	<b>528,846</b>	-	-	-	<b>528,846</b>	<b>528,846</b>		
Insurance companies and capitalization bonds	475,582	-	-	-	475,582	475,582		
Pension plans	<b>53,264</b>	-	-	-	<b>53,264</b>	<b>53,264</b>		
- Funds	53,264	-	-	-	53,264	53,264		
<b>Subtotal</b>	<b>6,176,716</b>	<b>1,339,273</b>	<b>901,057</b>	<b>84,992,760</b>	<b>93,409,806</b>	<b>86,319,595</b>		
Hedge - cash flow (Note 8g)	-	-	-	-	-	-		
<b>Overall total</b>	<b>6,176,716</b>	<b>1,339,273</b>	<b>901,057</b>	<b>84,992,760</b>	<b>93,409,806</b>	<b>86,319,595</b>		

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**Notes to the Consolidated Financial Statements**

**III) Held-to-maturity securities**

Securities (3)	2012				2011		R\$ thousand
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	September 30 Restated cost (5) (6)	June 30 Restated cost (5) (6)	September 30 Restated cost (5) (6)
<b>Financial</b>	<b>9,041</b>	<b>-274,261</b>	<b>44,302</b>	<b>327,604</b>	<b>323,880</b>	<b>891,100</b>	
Brazilian foreign debt notes	9,041	-274,261	44,302	327,604	323,880	891,100	
<b>Insurance companies and capitalization bonds</b>	-	-	-	-	-	-	<b>7,972,400</b>
Debentures	-	-	-	-	-	-	28,900
National treasury notes	-	-	-	-	-	-	7,943,500
<b>Pension plans</b>	-	-	<b>-3,611,404</b>	<b>3,611,404</b>	<b>3,616,541</b>	<b>22,326,900</b>	
Debentures	-	-	-	-	-	-	409,300
National treasury notes	-	-	-3,611,404	3,611,404	3,616,541	21,917,600	
<b>Overall total (4)</b>	<b>9,041</b>	<b>-274,261</b>	<b>3,655,706</b>	<b>3,939,008</b>	<b>3,940,421</b>	<b>31,190,500</b>	

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**Notes to the Consolidated Financial Statements****d) Breakdown of the portfolios by financial statement classification**

Securities	2012				Total on		
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	September 30	(3)	(5) (6) (7)
<b>Own portfolio</b>	<b>95,237,187</b>	<b>11,186,557</b>	<b>11,536,333</b>	<b>110,290,599</b>	<b>228,250,676</b>	<b>216,</b>	
<b>Fixed income securities</b>	<b>89,155,949</b>	<b>11,186,557</b>	<b>11,536,333</b>	<b>110,290,599</b>	<b>222,169,438</b>	<b>211,</b>	
Financial treasury bills	563,552	595,943	374,442	4,526,107	6,060,044	5,	
Purchase and sale commitments (2)	74,104,330	3,024,455	33,757	-	77,162,542	42,	
National treasury notes	2,614	6,326	1,828	42,712,718	42,723,486	46,	
Brazilian foreign debt securities	2,308	-	12,984	195,914	211,206		
Bank deposit certificates	265,050	1,341,300	66,924	904,863	2,578,137	2,	
National treasury bills	2,745,412	44	8,016,010	517,886	11,279,352	20,	
Foreign corporate securities	69,376	13,774	164,308	2,505,860	2,753,318	6,	
Debentures	17,772	1,528,637	530,604	25,398,892	27,475,905	27,	
Promissory notes	5,289	1,394,540	67	-	1,399,896	1,	
Foreign government securities	67,909	-	-	88	67,997		
PGBL/VGBL restricted bonds	4,155,834	2,770,205	2,161,692	25,850,956	34,938,687	41,	
Other	7,156,503	511,333	173,717	7,677,315	15,518,868	14,	
<b>Equity securities</b>	<b>6,081,238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,081,238</b>	<b>5,</b>	
Shares of listed companies (technical provision)	1,748,139	-	-	-	1,748,139	1,	
Shares of listed companies (other)	4,333,099	-	-	-	4,333,099	3,	
<b>Restricted securities</b>	<b>84,879</b>	<b>12,105,394</b>	<b>5,604,087</b>	<b>69,543,394</b>	<b>87,337,754</b>	<b>101,</b>	
<b>Repurchase agreements</b>	<b>84,879</b>	<b>11,904,044</b>	<b>5,063,221</b>	<b>65,404,105</b>	<b>82,456,249</b>	<b>97,</b>	
National treasury bills	-	5,628,720	4,055,369	37,286,931	46,971,020	65,	
Brazilian foreign debt securities	15,515	-	483,255	292,181	790,951	4,	
Financial treasury bills	-	15,553	22,865	265,159	303,577		
National treasury notes	-	6,259,771	372,702	22,465,306	29,097,779	30,	
Foreign corporate securities	69,364	-	129,030	5,094,528	5,292,922		
<b>Brazilian Central Bank</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
National treasury bills	-	-	-	-	-	-	



**Notes to the Consolidated Financial Statements**

Securities	2012				Sep
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	
<b>Privatization currencies</b>	-	-	-	75,222	
<b>Guarantees provided</b>	-	201,350	540,866	4,064,067	4,
? National treasury bills	-	147,718	167,427	2,523,587	2,
? Financial treasury bills	-	53,632	373,439	1,354,625	1,
? National treasury notes	-	-	-	185,855	
<b>Derivative financial instruments (1)</b>	2,066,430	401,783	117,092	514,354	3,
<b>Securities subject to unrestricted repurchase agreements</b>	-	210,842	-	638,322	
? National treasury bills	-	210,842	-	620,156	
? Financial treasury bills	-	-	-	18,166	
? National treasury notes	-	-	-	-	
<b>Overall total</b>	<b>97,388,496</b>	<b>23,904,576</b>	<b>17,257,512</b>	<b>180,986,669</b>	<b>319,</b>
<b>%</b>	<b>30.5</b>	<b>7.5</b>	<b>5.4</b>	<b>56.6</b>	

(1) Consistent with the criterion adopted by Bacen Circular Letter 3,068/01 and due to the characteristics of the securities, we are considering the derivative financial instruments, except those considered as cash flow hedges under the category "Trading Securities";

(2) These refer to investment fund resources and managed portfolios applied on purchase and sale commitments with Bradesco, whose owners are consolidated subsidiaries, included in the consolidated financial statements;

(3) The investment fund quotas were distributed according to the instruments composing their portfolios and maintaining the fund category classification;

(4) In compliance with the provisions of Article 8 of Bacen Circular Letter 3,068/01, Bradesco declares that it has both the financial capacity and the intention to hold the securities to maturity classified as 'held-to-maturity.' This financial capacity is proven in Note 32a, which presents the maturity of asset and liability operations.

(5) The number of days to maturity was based on the maturity of the securities, regardless of their accounting classification;

(6) This column reflects book value after mark-to-market in accordance with item (7), except for held-to-maturity securities, whose market value is higher than the restated cost for the amount of R\$2,484,697 thousand (R\$2,221,338 thousand on June 30, 2012 and R\$4,403,399 thousand on September 30, 2011); and

(7) The market value of securities is determined based on the market price available at the end of the reporting period. If no market price quotation is available at the end of the reporting period, amounts are estimated based on the prices quoted by dealers, pricing models, quotation models or price quotations for instruments with similar characteristics; for investment funds, the restated cost reflects the market value of the respective quotas.

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**Notes to the Consolidated Financial Statements****e) Derivative financial instruments**

Bradesco carries out transactions involving derivative financial instruments, which are recorded in the statement of financial position or in memorandum accounts, to meet its own needs in managing its global exposure, as well as to meet its customer's requests, in order to manage their exposure. These operations involve a series of derivatives, including interest rate swaps, currency swaps, futures and options. Bradesco's risk management policy is based on the utilization of derivative financial instruments mainly to mitigate the risks from operations carried out by the Bank and its subsidiaries.

Securities classified as trading and available-for-sale, as well as derivative financial instruments, are recognized in the consolidated statement of financial position at their estimated fair value. Fair value is generally based on quoted market prices or quotations for assets or liabilities with similar characteristics. Should market prices not be available, fair values are based on dealer quotations, pricing models, discounted cash flows or similar techniques for which the determination of fair value may require judgment or significant estimates by the Management.

Quoted market prices are used to determine the fair value of derivative financial instruments. The fair value of swaps is determined by using discounted cash flow modeling techniques that use yield curves, reflecting adequate risk factors. The information to build yield curves is mainly obtained from the Securities, Commodities and Futures Exchange (BM&FBovespa) and the domestic and international secondary market. These yield curves are used to determine the fair value of currency swaps, interest rate and other risk factors swaps. The fair value of forward and futures contracts is also determined based on market price quotations for derivatives traded at the stock exchange or using methodologies similar to those outlined for swaps. The fair values of loan derivative instruments are determined based on market price quotation or from specialized entities. The fair value of options is determined based on mathematical models, such as Black & Scholes, using yield curves, implied volatilities and the fair value of corresponding assets. Current market prices are used to calculate volatility.

Derivative financial instruments in Brazil mainly refer to swap and futures operations and are registered at the OTC Clearing House (Cetip) and BM&FBovespa.

Operations involving forward contracts of indexes and currencies are contracted by Management to hedge Bradesco's overall exposures and to meet customer needs.

Foreign derivative financial instruments refer to swap, forward, options, credit and futures operations and are mainly carried out at the stock exchanges of Chicago and New York, as well as the over-the-counter markets.

**Notes to the Consolidated Financial Statements****l) Amount of derivative financial instruments recorded in balance sheet and memorandum accounts**

	2012			
	September 30		June 30	
	Overall amount	Net amount	Overall amount	Net amount
<b>Futures contracts</b>				
<b>Purchase commitments:</b>	<b>88,984,078</b>		<b>51,433,234</b>	
- Interbank market	75,350,210	-	40,918,242	-
- Foreign currency	13,602,498	-	10,504,659	-
- Other	31,370	-	10,333	-
<b>Sale commitments:</b>	<b>454,440,256</b>		<b>234,555,190</b>	
- Interbank market (1)	414,762,926	339,412,716	199,271,376	158,353,134
- Foreign currency (2)	38,369,038	24,766,540	34,158,916	23,654,257
- Other	1,308,292	1,276,922	1,124,898	1,114,565
<b>Option contracts</b>				
<b>Purchase commitments:</b>	<b>56,582,443</b>		<b>52,988,139</b>	
- Interbank market	55,513,695	-	51,627,400	-
- Foreign currency	461,033	-	617,196	-
- Other	607,715	-	743,543	-
<b>Sale commitments:</b>	<b>74,550,857</b>		<b>67,411,635</b>	
- Interbank market	73,062,914	17,549,219	65,521,650	13,894,250
- Foreign currency	527,174	66,141	823,684	206,488
- Other	960,769	353,054	1,066,301	322,758
<b>Forward contracts</b>				
<b>Purchase commitments:</b>	<b>28,500,273</b>		<b>24,897,454</b>	
- Foreign currency	27,678,801	19,286,759	23,924,878	9,216,756
- Other	821,472	-	972,576	-
<b>Sale commitments:</b>	<b>10,403,618</b>		<b>15,967,216</b>	
- Foreign currency	8,392,042	-	14,708,122	-
- Other	2,011,576	1,190,104	1,259,094	286,518
<b>Swap contracts</b>				
<b>Assets (long position):</b>	<b>35,514,483</b>		<b>36,744,376</b>	
- Interbank market	7,622,947	-	7,380,073	-
- Fixed rate	3,935,344	2,064,278	2,035,035	-
- Foreign currency (3)	21,092,590	-	23,241,531	-
- Reference Interest Rate (TR)	962,662	947,109	15,000	-
- Special Clearance and Custody System Rate (Selic)	83	-	21,273	21,012
- General Price Index - Market (IGP-M)	943,351	-	2,102,500	1,300,776

Overall total

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- Other	957,506	-	1,948,964	968,518
<b>Liabilities (short position):</b>	<b>35,699,787</b>		<b>37,042,035</b>	
- Interbank market	7,658,651	35,704	7,676,179	296,106
- Fixed rate	1,871,066	-	3,128,402	1,093,367
- Foreign currency (3)	21,528,936	436,346	23,343,946	102,415
- TR	15,553	-	1,111,077	1,096,077
- Selic	21,171	21,088	261	-
- IGP-M	2,391,720	1,448,369	801,724	-
- Other	2,212,690	1,255,184	980,446	-

Derivatives include operations maturing in D+1.

(1) Includes cash flow hedges to protect CDI-related funding, for the amount of R\$28,790,922 thousand (R\$43,208,629 thousand on June 30, 2012 and R\$76,368,739 thousand on September 30, 2011) (Note 8g);

(2) Includes specific hedges to protect foreign investments totaling R\$22,434,605 thousand (R\$22,039,753 thousand on June 30, 2012 and R\$19,994,041 thousand on September 30, 2011); and

(3) Includes credit derivative operations (Note 8f).

To obtain greater payment assurance for operations with financial institutions and customers, Bradesco established compensation and settlement agreements for liabilities within the National Financial System, in accordance with CMN Resolution 3,263/05.

**Notes to the Consolidated Financial Statements****II) Breakdown of derivative financial instruments (assets and liabilities) shown at restated cost and market value**

	2012					
	September 30			June 30		
	Restated cost	Mark-to-market adjustment	Market value	Restated cost	Mark-to-market adjustment	Market value
Adjustment receivables - swaps	567,325	308,218	875,543	522,409	174,587	696,996
Receivable forward purchases	1,085,101	-	1,085,101	1,393,852	-	1,393,852
Receivable forward sales	1,009,626	-	1,009,626	927,406	-	927,406
Premiums on exercisable options	55,076	74,313	129,389	62,690	70,997	133,687
<b>Total assets</b>	<b>2,717,128</b>	<b>382,531</b>	<b>3,099,659</b>	<b>2,906,357</b>	<b>245,584</b>	<b>3,151,941</b>
Adjustment payables - swaps	(598,389)	(462,459)	(1,060,848)	(458,288)	(536,367)	(994,655)
Payable forward purchases	(903,637)	-	(903,637)	(1,044,245)	-	(1,044,245)
Payable forward sales	(2,056,218)	-	(2,056,218)	(1,389,447)	-	(1,389,447)
Premiums on written options	(81,383)	(45,625)	(127,008)	(92,519)	(47,219)	(139,738)
<b>Total liabilities</b>	<b>(3,639,627)</b>	<b>(508,084)</b>	<b>(4,147,711)</b>	<b>(2,984,499)</b>	<b>(583,586)</b>	<b>(3,568,085)</b>

**III) Futures, options, forward and swap contracts - (Notional)**

	2012						R\$ tho
					Total on	Total on	20
	1 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	September 30	June 30	Total
Futures contracts	62,776,951	328,393,493	13,967,584	138,286,306	543,424,334	285,988,424	205,03
Option contracts	1,987,460	128,826,263	144,631	174,946	131,133,300	120,399,774	184,74
Forward contracts	29,270,547	2,141,062	3,408,007	4,084,275	38,903,891	40,864,670	20,11
Swap contracts	8,930,932	13,437,702	2,920,740	9,349,565	34,638,939	36,047,380	22,07
<b>Total on September 30, 2012</b>	<b>102,965,890</b>	<b>472,798,520</b>	<b>20,440,962</b>	<b>151,895,092</b>	<b>748,100,464</b>		
<b>Total on June 30, 2012</b>	<b>129,464,594</b>	<b>20,893,788</b>	<b>189,395,520</b>	<b>143,546,346</b>		<b>483,300,248</b>	
<b>Total on September 30, 2011</b>	<b>233,986,408</b>	<b>81,035,751</b>	<b>27,167,166</b>	<b>89,779,563</b>			<b>431,96</b>

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### IV) Types of margin offered for guarantee for derivative financial instruments, mainly futures contracts

	2012		R\$ thousand 2011
	September 30	June 30	September 30
<b>Government securities</b>			
National treasury notes	3,126,530	3,001,541	718,825
Financial treasury bills	35,374	34,700	32,265
National treasury bills	2,716,542	3,553,173	3,972,455
<b>Total</b>	<b>5,878,446</b>	<b>6,589,414</b>	<b>4,723,545</b>

### V) Revenues and expenses, net

	2012			R\$ thousand 2011
	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	September 30 YTD	September 30 YTD
Swap contracts	(100,967)	(444,133)	(645,234)	(85,660)
Forward contracts	55,675	218,510	132,795	270,320
Option contracts	(7,076)	34,797	54,464	18,564
Futures contracts	(330,738)	(1,428,884)	(2,058,213)	(206,211)
Foreign exchange variation of investments abroad	11,500	380,459	294,006	(465,796)
<b>Total</b>	<b>(371,606)</b>	<b>(1,239,251)</b>	<b>(2,222,182)</b>	<b>(468,783)</b>

### VI) Total value of derivative financial instruments, broken down by trading location and counter parties

	2012		R\$ thousand 2011
	September 30	June 30	September 30
Cetip (over-the-counter)	49,209,296	42,990,316	24,377,441
BM&FBovespa (stock exchange)	660,123,142	398,868,005	384,778,750
Abroad (over-the-counter) (1)	25,667,435	35,763,455	19,034,665
Abroad (stock exchange) (1)	13,100,591	5,678,472	3,778,032
<b>Total</b>	<b>748,100,464</b>	<b>483,300,248</b>	<b>431,968,888</b>

(1) Comprise operations carried out on the Chicago and New York Stock Exchanges and over-the-counter markets.  
A total of 95% of counterparties are corporate entities and 5% are financial institutions on September 30, 2012.

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**Notes to the Consolidated Financial Statements****f) Credit Default Swaps (CDS)**

In general, these represent bilateral agreements in which one of the parties purchases protection against the credit risk of a certain financial instrument (the risk is transferred). The selling counterparty receives remuneration that is usually paid linearly over the term of the agreement.

In the case of a default, the purchasing counterparty will receive a payment to offset the loss incurred on the financial instrument. In this case, the selling counterparty usually receives the underlying asset of the agreement in exchange for the payment.

	R\$ thousand					
	Credit risk amount			Effect on the calculation of the shareholders' equity required		
	2012		2011	2012		2011
	September 30	June 30	September 30	September 30	June 30	September 30
Sold protection						
Credit swaps whose underlying assets are:						
Securities - Brazilian public debt	(324,896)	(323,408)	(537,776)	-	-	-
Derivatives with companies	(4,061)	(4,043)	(3,709)	(223)	(222)	(204)
Purchased protection						
Credit swaps whose underlying assets are:						
Securities - Brazilian public debt	304,590	656,922	751,032	-	-	-
Derivatives with companies	26,398	26,277	5,563	2,904	2,890	612
<b>Total</b>	<b>2,031</b>	<b>355,748</b>	<b>215,110</b>	<b>2,681</b>	<b>2,668</b>	<b>408</b>
Deposited margin	<b>5,077</b>	<b>5,053</b>	<b>7,551</b>			

Bradesco carries out operations involving credit derivatives to better manage its risk exposure and its assets. Contracts related to credit derivatives operations described above have several maturities up to 2013. The mark-to-market rates to protect counterparty risk through remuneration totaled R\$(873) thousand (R\$505 thousand on June 30, 2012 and R\$(1,010) thousand on September 30, 2011). There was no default to trigger events in the contracts during the period.

**Notes to the Consolidated Financial Statements****g) Cash flow hedge**

Bradesco uses cash flow hedges to protect its cash flows from payment of interest rates on funds indexed to Bank Deposit Certificates (CDB), related to variable interest rate risk of Interbank Deposit Rate (DI Cetip), thus registering fixed cash flows.

Bradesco has traded DI Future contracts at BM&FBovespa since 2009, using them as cash flow hedges for funding linked to DI. The following table presents the DI Future position, where:

	2012		R\$ thousand 2011
	September 30	June 30	September 30
DI Future with maturity between 2013 and 2017	28,790,922	43,208,629	76,368,739
Funding indexed to CDI	27,387,491	41,691,552	75,127,294
Mark-to-market adjustment recorded in shareholders' equity(1)	(687,346)	(948,962)	(841,509)
Ineffective market value recorded in the income statement	(56)	(56)	(32)

(1) The adjustment in shareholders equity is R\$(412,408) thousand, net of tax (R\$(569,377) thousand on June 30, 2012 and R\$(504,905) thousand on September 30, 2011).

The effectiveness of the hedge portfolio was assessed in accordance with Bacen Circular Letter 3,082/02.

**h) Income from securities, insurance, pension plans and capitalization bonds and derivative financial instruments**

	2012		
	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	September 30 YTD
Fixed income securities	4,563,501	6,016,083	15,717,966
Interbank investments (Note 7b)	2,495,433	2,175,753	7,047,465
Equity securities	(101,959)	683	(86,261)
<b>Subtotal</b>	<b>6,956,975</b>	<b>8,192,519</b>	<b>22,679,170</b>
Financial result from insurance, pension plans and capitalization bonds (1)	5,329,082	2,202,039	10,682,664
Income from derivative financial instruments (Note 8e V)	(371,606)	(1,239,251)	(2,222,182)
<b>Total</b>	<b>11,914,451</b>	<b>9,155,307</b>	<b>31,139,652</b>

(1) The third quarter of 2012 and the nine months of 2012 consider the gain from extend terms of Insurance Group's available-for-sale securities, amounting to R\$2,115,963 thousand.

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**Notes to the Consolidated Financial Statements****9) INTERBANK ACCOUNTS - COMPULSORY DEPOSITS****a) Compulsory reserve**

		2012		R\$ thousand 2011
	Remuneration	September 30	June 30	September 30
Reserve requirements - demand deposits	not remunerated	8,870,316	8,524,372	6,624,826
Reserve requirements - savings deposits	savings index	13,033,172	12,348,150	11,295,694
Time reserve requirements (1)	Selic rate	10,716,402	15,059,103	22,797,819
Collection of funds from rural loan (2)	not remunerated	536	-	-
Additional reserve requirements	Selic rate	21,601,983	24,437,733	28,989,607
• Savings deposits		6,514,538	6,173,067	5,647,847
• Demand deposits (1)		2,125,654	4,092,235	3,890,236
• Time deposits (1)		12,961,791	14,172,431	19,451,524
Restricted deposits - National Housing System (SFH)	TR + interest rate	551,306	547,312	523,012
Funds from rural loan	not remunerated	578	578	578
<b>Total</b>		<b>54,774,293</b>	<b>60,917,248</b>	<b>70,231,536</b>

(1) For more information on new rules on compulsory deposits, see Note 35c; and

(2) Pursuant to Bacen's Circular Letter 3,460/09, the banks must collect funds from rural loan (on demand deposits) not lent as of August 2010, to be delivered in August 2013.

**b) Revenue from compulsory deposits**

	2012			R\$ thousand 2011
	3rd Quarter	2nd Quarter	September 30 YTD	September 30 YTD
Compulsory deposits - Bacen (reserves requirement)	887,406	1,015,338	3,150,007	4,559,660
Restricted deposits - SFH	6,491	6,649	20,398	22,051
<b>Total</b>	<b>893,897</b>	<b>1,021,987</b>	<b>3,170,405</b>	<b>4,581,711</b>

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### 10) LOANS

Information relating to loans, including advances on foreign exchange contracts, leasing and other receivables with credit characteristics is shown below:

#### a) By type and maturity

	Perform					
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Mo 36
Discounted trade receivables and loans (1)	17,469,667	13,139,416	9,713,099	16,605,841	18,594,716	47
Financing	3,620,271	3,556,987	3,569,988	8,501,055	15,862,365	58
Agricultural and agribusiness financing	1,100,696	982,580	725,232	1,610,558	4,615,477	6
<b>Subtotal</b>	<b>22,190,634</b>	<b>17,678,983</b>	<b>14,008,319</b>	<b>26,717,454</b>	<b>39,072,558</b>	<b>113</b>
Leasing	483,159	382,078	388,148	1,087,248	1,727,589	3
Advances on foreign exchange contracts (2)	992,837	979,852	923,809	1,954,617	2,498,703	
<b>Subtotal</b>	<b>23,666,630</b>	<b>19,040,913</b>	<b>15,320,276</b>	<b>29,759,319</b>	<b>43,298,850</b>	<b>116</b>
Other receivables (3)	5,372,079	2,768,155	1,383,126	2,367,966	1,631,385	
<b>Total Loans</b>	<b>29,038,709</b>	<b>21,809,068</b>	<b>16,703,402</b>	<b>32,127,285</b>	<b>44,930,235</b>	<b>117</b>
Sureties and guarantees (4)	1,824,199	755,048	1,858,768	3,255,568	4,302,229	42
Loan assignment (5)	22,771	21,589	20,541	56,068	82,089	
Loan assignment - real estate receivables certificate	16,237	16,236	16,235	46,726	69,734	
Co-obligation in rural loan assignment (4)	-	-	-	-	-	
Loans available for import (4)	147,929	122,704	45,093	159,363	554,778	
Confirmed export credits (4)	5,628	878	1,850	868	3,198	
Acquisition of credit card receivables	432,454	192,865	137,383	357,468	404,768	
<b>Overall total on September 30, 2012</b>	<b>31,487,927</b>	<b>22,918,388</b>	<b>18,783,272</b>	<b>36,003,346</b>	<b>50,347,031</b>	<b>161</b>
<b>Overall total on June 30, 2012</b>	<b>31,054,388</b>	<b>24,606,297</b>	<b>17,812,373</b>	<b>36,109,330</b>	<b>47,811,130</b>	<b>157</b>
<b>Overall total on September 30, 2011</b>	<b>28,670,795</b>	<b>22,978,989</b>	<b>18,032,202</b>	<b>31,851,016</b>	<b>43,387,566</b>	<b>145</b>

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	<b>Non-performing loans</b>					<b>Total on September 30</b>	<b>%</b>
	<b>1 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>91 to 180 days</b>	<b>181 to 540 days</b>		
Discounted trade receivables and loans (1)	1,062,414	957,276	882,497	1,778,302	2,482,440	7,162,929	83.20
Financing	229,646	192,133	115,480	230,705	225,004	992,968	11.20
Agricultural and agribusiness financing	17,212	21,542	13,710	20,800	21,336	94,600	1.20
<b>Subtotal</b>	<b>1,309,272</b>	<b>1,170,951</b>	<b>1,011,687</b>	<b>2,029,807</b>	<b>2,728,780</b>	<b>8,250,497</b>	<b>96.20</b>
Leasing	63,408	49,139	29,915	56,653	43,733	242,848	2.90
Advances on foreign exchange contracts (2)	5,019	5,548	-	-	-	10,567	0.10
<b>Subtotal</b>	<b>1,377,699</b>	<b>1,225,638</b>	<b>1,041,602</b>	<b>2,086,460</b>	<b>2,772,513</b>	<b>8,503,912</b>	<b>99.20</b>
Other receivables (3)	2,844	2,390	666	9,021	48,374	63,295	0.80
<b>Overall total on September 30, 2012</b>	<b>1,380,543</b>	<b>1,228,028</b>	<b>1,042,268</b>	<b>2,095,481</b>	<b>2,820,887</b>	<b>8,567,207</b>	<b>100.00</b>
<b>Overall total on June 30, 2012</b>	<b>1,376,154</b>	<b>1,265,670</b>	<b>1,061,560</b>	<b>2,157,956</b>	<b>2,733,302</b>		
<b>Overall total on September 30, 2011</b>	<b>1,191,732</b>	<b>1,072,227</b>	<b>905,433</b>	<b>1,872,180</b>	<b>2,626,815</b>		

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	Non-performing loans Outstanding Installments						Total on September 30
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	More than 360 days	
							(C)
Discounted trade receivables and loans (1)	741,134	573,205	468,652	1,038,717	1,517,450	3,453,229	7,792,387
Financing	220,952	201,821	203,392	570,162	959,856	2,848,167	5,004,350
Agricultural and agribusiness financing	6,111	768	1,301	5,264	19,004	138,385	170,833
<b>Subtotal</b>	<b>968,197</b>	<b>775,794</b>	<b>673,345</b>	<b>1,614,143</b>	<b>2,496,310</b>	<b>6,439,781</b>	<b>12,967,570</b>
Leasing	57,554	51,454	52,838	147,560	232,384	370,097	911,887
<b>Subtotal</b>	<b>1,025,751</b>	<b>827,248</b>	<b>726,183</b>	<b>1,761,703</b>	<b>2,728,694</b>	<b>6,809,878</b>	<b>13,879,457</b>
Other receivables (3)	103	98	94	231	401	1,052	1,979
<b>Overall total on September 30, 2012</b>	<b>1,025,854</b>	<b>827,346</b>	<b>726,277</b>	<b>1,761,934</b>	<b>2,729,095</b>	<b>6,810,930</b>	<b>13,881,436</b>
<b>Overall total on June 30, 2012</b>	<b>937,326</b>	<b>796,784</b>	<b>691,451</b>	<b>1,758,400</b>	<b>2,742,840</b>	<b>6,793,593</b>	
<b>Overall total on September 30, 2011</b>	<b>787,944</b>	<b>666,435</b>	<b>590,780</b>	<b>1,425,819</b>	<b>2,221,497</b>	<b>5,436,362</b>	

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	R\$ thousand					
	Overall total					
	2012			2011		
	Total on	%	Total on	%	Total on	%
	September		June 30		September	
	30		30		30	
	(A+B+C)	(6)	(A+B+C)	(6)	(A+B+C)	(6)
Discounted trade receivables and loans (1)	138,417,037	40.3	135,873,495	40.4	125,883,295	40.8
Financing	99,631,303	29.0	97,155,943	28.9	87,951,680	28.4
Agricultural and agribusiness financing	15,968,456	4.7	15,624,336	4.6	15,435,153	5.0
<b>Subtotal</b>	<b>254,016,796</b>	<b>74.0</b>	<b>248,653,774</b>	<b>73.9</b>	<b>229,270,128</b>	<b>74.2</b>
Leasing	8,731,270	2.5	9,588,258	2.8	12,541,706	4.1
Advances on foreign exchange contracts (2) - Note 11a	7,360,385	2.1	7,077,738	2.1	6,185,477	2.0
<b>Subtotal</b>	<b>270,108,451</b>	<b>78.6</b>	<b>265,319,770</b>	<b>78.8</b>	<b>247,997,311</b>	<b>80.3</b>
Other receivables (3)	14,258,153	4.2	13,846,598	4.1	12,473,844	4.0
<b>Total Loans</b>	<b>284,366,604</b>	<b>82.8</b>	<b>279,166,368</b>	<b>82.9</b>	<b>260,471,155</b>	<b>84.3</b>
Sureties and guarantees (4)	54,732,292	16.0	52,876,150	15.7	44,388,714	14.3
Loan assignment (5)	266,175	0.1	340,431	0.1	444,788	0.1
Loan assignment - real estate receivables certificate	399,620	0.1	420,704	0.1	524,473	0.2
Co-obligation in rural loan assignment (4)	130,458	-	130,734	-	141,618	-
Loans available for imports (4)	1,555,524	0.5	1,689,760	0.5	1,865,374	0.6
Confirmed exports loans (4)	13,525	-	89,428	-	80,310	-
Acquisition of credit card receivables	1,622,806	0.5	2,206,793	0.7	1,619,206	0.5
<b>Overall total on September 30, 2012</b>	<b>343,087,004</b>	<b>100.0</b>				
<b>Overall total on June 30, 2012</b>			<b>336,920,368</b>	<b>100.0</b>		
<b>Overall total on September 30, 2011</b>					<b>309,535,638</b>	<b>100.0</b>

(1) Including credit card loans and advances on credit card receivables for the amount of R\$18,402,052 thousand (R\$18,141,175 thousand on June 30, 2012 and R\$17,110,437 thousand on September 30, 2011);

(2) Advances on foreign exchange contracts are classified as a deduction from "Other Liabilities";

(3) Item "Other Receivables" comprises receivables on sureties and guarantees honored, receivables on sale of assets, trade and credit receivables, income from foreign exchange contracts and export contracts receivables and credit card receivables (cash and installment purchases at merchants) for the amount of R\$12,809,844 thousand (R\$12,582,104 thousand on June 30, 2012 and R\$11,686,662 thousand on September 30, 2011);

(4) Recorded in memorandum accounts;



(5) Restated amount of loan assignment up to September 30, 2012, June 30, 2012 and September 30, 2011, respectively, net of installments received; and

(6) Percentage of each type against total loan portfolio, including sureties and guarantee, loan assignment and acquisition of receivables.

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**Notes to the Consolidated Financial Statements**

**b) By type and levels of risk**

	Lev						
	AA	A	B	C	D	E	F
Discounted trade receivables and loans	26,942,568	59,402,481	9,069,063	25,584,254	4,879,136	1,771,671	1,443,
Financings	18,247,518	40,162,235	23,006,759	13,927,735	1,324,706	517,561	416,
Agricultural and agribusiness financings	2,063,534	3,449,336	4,465,673	5,307,184	350,608	97,062	155,
<b>Subtotal</b>	<b>47,253,620</b>	<b>103,014,052</b>	<b>36,541,495</b>	<b>44,819,173</b>	<b>6,554,450</b>	<b>2,386,294</b>	<b>2,015,</b>