

BANK BRADESCO  
Form 6-K  
May 04, 2011

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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 May, 2011  
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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**Table of Contents**

<b>1 - Press Release</b>	<b>3</b>
Highlights	4
Main Infotmation	6
Ratings	8
Net Income VS. Adjusted Net Income	8
Summarized Analysis of Adjusted Income	9
Economic Scenario	21
Main Economic Indicators	22
Guidance	23
Statement of Income vs. Managerial Income vs. Adjusted Income	24
<b>2 - Economic and Financial Analysis</b>	<b>27</b>
Balance Sheet	28
Adjusted Statement of Income – Consolidated	29
Financial Margin – Interest and Non-Interest	29
– Financial Margin - Interest	30
• Loan Financial Margin - Interest	32
• Funding Financial Margin - Interest	48
• Securities/Other Financial Margin - Interest	53
• Insurance Financial Margin - Interest	53
– Financial Margin – Non-Interest	54
Insurance, Private Pension Plans and Savings Bonds	55
– Bradesco Vida e Previdência	62
– Bradesco Saúde – Consolidated	64
– Bradesco Capitalização	65
– Bradesco Auto/RE	67
Fee and Commission Income	69
Administrative and Personnel Expenses	75
– Coverage Ratio	78
Tax Expenses	78
Equity in the Earnings (Losses) of Unconsolidated Companies	79
Operating Result	79
Non-Operating Result	80
<b>3 - Return to Shareholders</b>	<b>81</b>
Sustainability	82
Investor Relations Area – RI	82
Corporate Governance	83
Bradesco Shares	83
Main Indicators	85
Weighting in Main Stock Market Indexes	86
Dividends / Interest on Shareholders' Equity – JCP	86
<b>4 - Additional Information</b>	<b>87</b>
Products and Services Market Share	88
Compulsory/Liabilities	89

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Investments in Infrastructure, Information Technology and e Telecommunications	90
Risk Management	91
Capital Adequacy Ratio (Basel II)	91
<b>5 - Independent Auditors' Report</b>	<b>93</b>
Limited assurance report from independent auditors on the supplementary accounting information	94
<b>6 - Financial Statements, Independent Auditor's Report and Report of the Fiscal Council</b>	<b>95</b>
Consolidated Financial Statements	96

Bradesco

1

## ***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 clients 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.



## Highlights

The main figures obtained by Bradesco in the first quarter of 2011 are presented below:

1. Adjusted Net Income<sup>(1)</sup> in the first quarter of 2011 was R\$2.738 billion (an increase of 27.5% compared to R\$2.147 billion in the same period of 2010), corresponding to earnings per share of R\$2.72 in the last 12 months and Return on Average Shareholders' Equity<sup>(2)</sup> of 24.2%.
2. Adjusted Net Income was composed of R\$1.977 billion from banking activities, which represented 72% of the total, and R\$761 million from insurance, private pension plans and savings bond operations, which accounted for 28% of the total.
3. On March 31, 2011, Bradesco's market capitalization stood at R\$117.027 billion<sup>(3)</sup>, while the value of preferred shares rose by 15.7%<sup>(4)</sup> in the last 12 months, against a 2.5% depreciation of the Ibovespa index.
4. Total Assets stood at R\$675.387 billion in March 2011, an increase of 26.8% from the balance in the same period in 2010. Return on Average Assets was 1.7%.
5. The Expanded Loan Portfolio<sup>(5)</sup> stood at R\$304.374 billion in March 2011, up 22.6% from the same period in 2010. Operations with individuals totaled R\$100.079 billion (up 16.4%), while operations with companies totaled R\$204.295 billion (up 25.9%).
6. Total Assets under Management stood at R\$919.007 billion, an increase of 24.2% from March 2010.
7. Shareholders' Equity stood at R\$51.297 billion in March 2011 and included a capital increase in the amount of R\$1.511 billion, up by quarter of 2011, of which R\$104 million as monthly dividends paid and R\$820 million provisioned.
9. The Financial Margin reached R\$9.362 billion, up 21.8% in comparison to the first quarter of 2010.
10. The Delinquency Ratio over 90 days stood at 3.6%, down 0.8 p.p. from March 2010.
11. The Efficiency Ratio<sup>(6)</sup> stood at 42.7% (41.2% in March 2010) and in the concept of "adjusted-to-risk" ratio stood at 52.1% in March 2011 (55.4% in March 2010).
12. Insurance Written Premiums, Pension Plan Contributions and Savings Bond Income totaled R\$7.850 billion in the first quarter of 2011, up by 9.1% over the same period in 2010. Technical provisions stood at R\$89.980 billion, equal to 30.4% of the Brazilian insurance market (reference date: January/11).
13. Investments in infrastructure, information technology and telecommunication amounted to R\$865 million in the first quarter of 2011, for growth of 13.1% when compared to the same period in the previous year.
14. Taxes and contributions, including social security, paid or provisioned, amounted to R\$4.973 billion, of which R\$1.745 billion corresponded to taxes withheld and collected from third parties and R\$3.228 billion based on the activities of Bradesco Organization, equivalent to 117.9% of Adjusted Net Income<sup>(1)</sup>.
15. Banco Bradesco has an extensive distribution network in Brazil, with 6,619 Service Points (3,651 Branches, 1,308 PABs and 1,660 PAAs). Customers can also use 1,588 PAEs, 27,649 Bradesco Expresso

19.1% on the balance of March 2010. The Capital Adequacy Ratio (Basel II) stood at 15.0% in March 2011, 13.4% of which under Tier I Capital.

8. Interest on Shareholders' Equity and Dividends were paid and provisioned to shareholders, in the amount of R\$924 million related to the first

service points, 6,218 Banco Postal (Postal Bank) branches, 32,514 own ATMs in the Bradesco *Dia&Noite* network and 11,749 ATMs shared with other banks<sup>(7)</sup>.

(1) According to non-recurring events described on page 08 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\$ 127.474 billion considering the closing price of preferred shares (most traded share); (4) Includes reinvestment of dividends/interest on shareholders' equity; (5) Includes sureties and guarantees, advances of credit card receivables and credit assignments (receivables-backed investment funds and mortgage-backed receivables) and operations with Credit Risk – Commercial Portfolio (expanded criteria), which includes debentures and promissory notes; (6) Accumulated over 12 months; and (7) Banco24Horas ATMs + ATM terminals shared among Bradesco, Banco do Brasil and Banco Santander.

16. Employee payroll, plus charges and benefits, totaled R\$2.080 billion. Social benefits provided to the 96,749 employees of the Bradesco Organization and their dependents amounted to R\$495.444 million, while investments in training and development programs totaled R\$19.282 million.
17. On April 7, 2011, Fitch raised Bradesco's long and short-term IDRs, reflecting the Bank's sound financial strength. Bradesco's long term foreign currency IDR moved from 'BBB' to 'BBB+', while the long-term domestic currency IDR rating moved from 'BBB +' to 'A -' and the short term IDR in domestic currency increased from 'F2' to 'F1.' Bradesco Seguros' Issuer Financial Strength (IFS) rating was raised from 'BBB+' to 'A-'.
18. On March 25, 2011, Bradesco requested authorization by the Brazilian Central Bank to create an ADR program backed by common shares on the American market, which included an increase in the limit on foreign interest that will not change its corporate structure or control.
19. As of April 4, 2011, Bradesco, Banco do Brasil and Caixa Econômica Federal began to offer cards through the Brazilian brand Elo. The new brand's goal is to reach 15% of the domestic market in up to 5 years and become the most complete and modern means of payment platform in the country.
20. Main Awards and Recognitions in the first quarter of 2011:
  - 6<sup>th</sup> most valuable brand in the global banking sector. This is the first time that a bank from an emerging economy has reached this position (Brand Finance Global Banking 500 – 2011 – *The Banker* magazine);
  - The most valuable brand in Brazil, a position Bradesco has held since 2007, according to a survey released by the consultant Brand Finance. In a global ranking of 500 companies, Bradesco came in 28<sup>th</sup> ;
  - One of the 100 most sustainable companies in the world, according to the 7<sup>th</sup> edition of the "Global 100" ranking (*Corporate Knights* magazine);
  - Bradesco Seguros was the winner of the 18<sup>th</sup> edition of the "Top of Quality 2010" prize in the "Insurance and Pension Plan" category (*Top of Business* magazine and CNEP); and
  - Bradesco Asset Management (Bram) received the "Top Management" Prize from *ValorInveste* magazine, published by the *Valor Econômico* newspaper, a recognition of the best fund managers in the country (Standard & Poor's).
21. With Regards to sustainability, Bradesco divides its actions into three pillars: (i) Sustainable Finances, with a focus on banking inclusion, social and environmental variables for loan approvals and the offering of social and environmental products; (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. The highlight in this area is Fundação Bradesco, which has been developing an extensive social and educational program that operates 40 schools throughout Brazil. In 2011, a forecasted budget of R\$307.994 million will help serve more than 526 thousand people, 111 thousand of which through its own schools, in Basic Education, from Kindergarten to High School and Vocational Training - High School Level; Education for Youth and Adults; and Preliminary and Continued Education. In the Virtual School - Fundação Bradesco's e- learning portal - , at the CIDs – Digital Inclusion Centers and through programs conducted under strategic partnerships, like *Educa+Ação*, over 415 thousand students will be served. The more than 50 thousand Basic Education students receive uniforms, school supplies, meals and medical and dental assistance free of charge. For 54 years, Fundação Bradesco has provided more than 2 million students with quality formal education free of charge, who, together with



participants in in-class and distance courses,  
bring the number of participants to over 4  
million people.

## Main Information

	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09	Variation % 1Q11 x1Q11 x 4Q10 1Q10	
Statement of Income for the Period R\$ million										
Book Net Income	2,702	2,987	2,527	2,405	2,103	2,181	1,811	2,297	(9.5)	28.5
Adjusted Net Income	2,738	2,684	2,518	2,455	2,147	1,839	1,795	1,996	2.0	27.5
Total Financial Margin	9,362	9,018	8,302	8,047	7,689	7,492	7,587	7,560	3.8	21.8
Gross Loan Financial Margin	6,180	6,143	5,833	5,757	5,630	5,373	5,150	4,979	0.6	9.8
Net Loan Financial Margin	3,820	3,848	3,774	3,596	3,442	2,678	2,242	1,861	(0.7)	11.0
Expenses with Allowance for Loan Losses	(2,360)	(2,295)	(2,059)	(2,161)	(2,188)	(2,695)	(2,908)	(3,118)	2.8	7.9
Fee and Commission Income	3,510	3,568	3,427	3,253	3,124	3,125	2,857	2,911	(1.6)	12.4
Administrative and Personnel Expenses	(5,576)	(5,790)	(5,301)	(4,976)	(4,767)	(4,827)	(4,485)	(4,141)	(3.7)	17.0
Premiums from Insurance, Private Pension Plan Contributions and Income from Savings Bonds	7,850	9,022	7,697	7,163	7,196	8,040	6,685	6,094	(13.0)	9.1
Balance Sheet - R\$ million										
Total Assets	675,387	637,485	611,903	558,100	532,626	506,223	485,686	482,478	5.9	26.8
Securities	217,482	213,518	196,081	156,755	157,309	146,619	147,724	146,110	1.9	38.3
Loan Operations <sup>(1)</sup>	284,695	274,227	255,618	244,788	235,238	228,078	215,536	212,768	3.8	21.0
- Individuals	100,079	98,122	92,905	89,648	86,012	82,085	75,528	74,288	2.0	16.4
- Corporate	184,616	176,105	162,713	155,141	149,226	145,993	140,008	138,480	4.8	23.7
Allowance for Loan Losses (ALL)	(16,740)	(16,290)	(16,019)	(15,782)	(15,836)	(16,313)	(14,953)	(13,871)	2.8	5.7
Total Deposits	203,822	193,201	186,194	178,453	170,722	171,073	167,987	167,512	5.5	19.4
Technical Provisions	89,980	87,177	82,363	79,308	77,685	75,572	71,400	68,828	3.2	15.8
Shareholders' Equity	51,297	48,043	46,114	44,295	43,087	41,754	38,877	37,277	6.8	19.1
Assets Under Management	919,007	872,514	838,455	767,962	739,894	702,065	674,788	647,574	5.3	24.2
Performance Indicators (%) on Adjusted Net Income (except when stated otherwise)										
Adjusted Net Income per Share - R\$ <sup>(2)</sup>	2.72	2.61	2.38	2.19	2.07	2.02	2.04	2.06	4.2	31.4
Book Value per Share (Common and Preferred) - R\$	13.42	12.77	12.26	11.77	11.45	11.10	10.49	10.04	5.1	17.2
Annualized Return on Average Shareholders' Equity <sup>(3)(4)</sup>	24.2	22.2	22.5	22.8	22.2	20.3	21.5	23.3	2.0 p.p	2.0 p.p
Annualized Return on Average Assets <sup>(4)</sup>	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.7	-	-
Average Rate - (Adjusted Financial Margin / Total Permanent Assets)	8.2	8.3	7.9	8.2	8.1	8.1	8.3	8.2	(0.1) p.p	0.1 p.p
Annualized Fixed Assets Ratio - Total Consolidated	17.4	18.1	16.7	20.9	19.8	18.6	15.4	15.1	(0.7) p.p	(2.4) p.p
	86.1	85.1	85.3	84.7	85.2	85.3	88.9	85.5	1.0 p.p	0.9 p.p

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Combined Ratio - Insurance  
(5)

Efficiency Ratio (ER) (2)	42.7	42.7	42.5	42.0	41.2	40.5	40.9	41.5	-	1.5 p.p
Coverage Ratio (Fee and Commission)									(0.6)	(2.4)
Income/Administrative and Personnel Expenses) <sup>(2)</sup>	63.6	64.2	65.1	64.9	66.0	66.5	66.4	67.3	p.p	p.p
Market Capitalization - R\$ million (6)	117,027	109,759	114,510	87,887	100,885	103,192	98,751	81,301	6.6	16.0
Loan Portfolio Quality % (7)										
ALL / Loan Portfolio	7.0	7.1	7.4	7.6	8.0	8.5	8.3	7.7	(0.1)	(1.0)
Non-Performing Loans (>60 days (8) / Loan Portfolio)	4.4	4.3	4.6	4.9	5.3	5.7	5.9	5.6	0.1 p.p	(0.9)
Delinquency Ratio (> 90 days (8)/ Loan Portfolio)	3.6	3.6	3.8	4.0	4.4	4.9	5.0	4.6	-	(0.8)
Coverage Ratio (> 90 days (8))	193.6	197.6	191.8	188.5	180.8	174.6	166.5	169.1	(4.0)	12.8
Coverage Ratio (> 60 days (8))	159.1	163.3	162.0	155.8	151.3	148.6	139.4	137.9	(4.2)	7.8 p.p
Operating Limits %										
Capital Adequacy Ratio - Total Consolidated	15.0	14.7	15.7	15.9	16.8	17.8	17.7	17.0	0.3 p.p	(1.8)
- Tier I	13.4	13.1	13.5	13.9	14.3	14.8	14.3	14.3	0.3 p.p	(0.9)
- Tier II	1.7	1.7	2.3	2.1	2.6	3.1	3.5	2.8	-	(0.9)
- Deductions	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	-	-

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	Mar11	Dec10	Sept10	Jun10	Mar10	Dec09	Sept09	Jun09	Variation %	
									Mar11 x Dec10	Mar11 x Mar10
Structural Information Units										
Service Points	57,185	54,884	52,015	49,154	46,570	44,577	42,563	41,003	4.2	22.8
- Branches	3,651	3,628	3,498	3,476	3,455	3,454	3,419	3,406	0.6	5.7
- PAAs <sup>(9)</sup>	1,660	1,660	1,643	1,592	1,451	1,371	1,338	1,260	-	14.4
- PABs <sup>(9)</sup>	1,308	1,263	1,233	1,215	1,200	1,190	1,194	1,192	3.6	9.0
- PAEs <sup>(9)</sup>	1,588	1,557	1,559	1,565	1,564	1,551	1,539	1,528	2.0	1.5
- Outplaced Bradesco										
ATMNetwork Terminals <sup>(10)</sup>	3,921	3,891	4,104	3,827	3,664	3,577	3,569	3,516	0.8	7.0
- ATM Terminals in the Shared Network <sup>(10)</sup> <sup>(11)</sup>	10,326	9,765	8,113	7,358	6,912	6,486	5,980	5,558	5.7	49.4
- Banco Postal (Postal Bank)	6,218	6,203	6,194	6,177	6,110	6,067	6,038	6,011	0.2	1.8
- Bradesco Expresso										
(Correspondent Banks)	27,649	26,104	24,887	23,190	21,501	20,200	18,722	17,699	5.9	28.6
- Bradesco Promotora de										
Vendas	853	801	773	743	702	670	753	822	6.5	21.5
- Branches / Subsidiaries Abroad <sup>(12)</sup>	11	12	11	11	11	11	11	11	(8.3)	-
ATMs	44,263	43,072	41,007	39,766	38,772	37,957	37,178	36,430	2.8	14.2
- Own Network	32,514	32,015	31,759	31,387	30,909	30,657	30,414	30,191	1.6	5.2
- Shared Network <sup>(11)</sup>	11,749	11,057	9,248	8,379	7,863	7,300	6,764	6,239	6.3	49.4
Credit and Debit Cards <sup>(13)</sup> - in million	147.5	145.2	140.7	137.8	135.6	132.9	88.4	86.3	1.6	8.8
Employees <sup>(14)</sup>	96,749	95,248	92,003	89,204	88,080	87,674	85,027	85,871	1.6	9.8
Employees and Interns	10,321	9,999	9,796	8,913	9,605	9,589	9,606	9,439	3.2	7.5
Foundation Employees <sup>(15)</sup>	3,788	3,693	3,756	3,734	3,713	3,654	3,696	3,645	2.6	2.0
Customers - in millions										
Checking Accounts	23.5	23.1	22.5	21.9	21.2	20.9	20.7	20.4	1.7	10.8
Savings Accounts <sup>(16)</sup>	39.4	41.1	38.5	37.1	36.2	37.7	35.1	33.9	(4.1)	8.8
Insurance Group	37.0	36.2	34.6	33.9	33.8	30.8	30.3	29.1	2.2	9.5
- Policyholders	32.1	31.5	30.0	29.3	29.2	26.3	25.8	24.6	1.9	9.9
- Pension Plan Participants	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	5.0	5.0
- Savings Bond Customers	2.8	2.7	2.6	2.6	2.6	2.5	2.5	2.5	3.7	7.7
Bradesco Financiamentos	2.9	3.3	3.4	3.5	3.8	4.0	4.1	4.0	(12.1)	(23.7)

- (1) Includes sureties and guarantees, advances of credit card receivables and credit assignments (receivables-backed investment funds and mortgage-backed receivables). If operations with Credit Risk – Commercial Portfolio (expanded criteria) were also included, covering debentures and promissory notes, the balance of the expanded loan portfolio would be R\$304,374 million in March 2011, R\$293,555 million in December 2010 and R\$248,282 million in March 2010;
- (2) In the last 12 months;
- (3) Excludes mark-to-market effect of available-for-sale securities recorded under Shareholders' Equity;
- (4) Adjusted net income in the period;
- (5) Excluding additional provisions;
- (6) Number of shares (less treasury shares) multiplied by the closing price of the common and preferred shares on the period's last trading day;
- (7) Excludes Sureties and Guarantees, advanced payment of credit card receivables and loan assignments (mortgage-backed receivables and receivables-backed investment funds);

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- (8) Credits overdue;
- (9) PAB: Branch located on the premises of a company and with Bradesco employees; PAE: ATM located on the premises of a company; PAA: service point located in a municipality without a Bank branch;
- (10) Including overlapping ATMs within the Bank's own and shared network: in March 2011 – 2,024; December 2010 – 1,999, September 2010 – 1,670, June 2010 - 1,547, March 2010 – 1,490, December 2009 – 1,455, September 2009 – 1,452 and June 2009 – 1,431;
- (11) Shared ATM network: Banco24Horas ATMs + ATM terminals shared among Bradesco, Banco do Brasil and Banco Santander, since November 2010;
- (12) In January 2011, the Nassau Branch of Banco Bradesco S.A. was merged into Bradesco Grand Cayman branch;
- (13) Includes pre-paid, Private Label, Banco Ibi as of December 2009 and Ibi México as of December 2010;
- (14) It started including Ibi Promotora employees as of December 2009;
- (15) Fundação Bradesco, Digestive System and Nutritional Disorder Foundation (Fimaden) and Bradesco Sports and Recreation Center (ADC Bradesco); and
- (16) Number of accounts.

## Ratings

### Main Ratings

Fitch Ratings						Domestic Scale	
International Scale						Domestic	
Individual	Support	Domestic Currency		Foreign Currency		Domestic	
B/C	3	Long-Term A -	Short-Term F1	Long-Term BBB +	Short-Term F2	Long-Term AAA (bra)	Short-Term F1 + (bra)

Moody's Investors Service							R&I Inc.	
Financial Strength							International Scale	
	International Scale			Domestic Scale			International Scale	
	Foreign Currency Debt	Domestic Currency Deposit	Foreign Currency Deposit	Foreign Currency Deposit		Domestic Currency		Issuer Rating
B -	Long-Term Baa2	Long-Term A1	Short-Term P- 1	Long-Term Baa3	Short-Term P-3	Long-Term Aaa.br	Short-Term BR - 1	BBB -

Standard & Poor's						Austin Rating			
International Scale - Counterparty Rating				Domestic Scale		Corporate	Corporate	Domestic Scale	
Foreign Currency		Domestic Currency		Counterparty Rating		Governance	Governance	Long-Term	Short-Term
Long-Term BBB	Short-Term A - 3	Long-Term BBB	Short-Term A - 3	Long-Term brAAA	Short-Term brA - 1	GAMMA -7 Score	AA	AAA	A -1

### Net Income vs. Adjusted Net Income

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

	1Q11	4Q10	1Q10	R\$ million
<b>Book Net Income</b>		<b>2,702</b>	<b>2,987</b>	<b>2,103</b>
<b>Non-Recurring Events</b>		<b>36</b>	<b>(303)</b>	<b>44</b>
- Partial Divestment <sup>(1)</sup>		-	(59)	-
- ALL - Change in Drag Calculation Parameters		-	(220)	-
- Records of Tax Credits		-	(94)	(242)
- Provision for Tax Contingencies		-	-	397
- Provision for Civil Contingencies - Economic Plans		54	86	36
- Other <sup>(2)</sup>		-	(73)	-
- Tax Effects		(18)	57	(147)
<b>Adjusted Net Income</b>		<b>2,738</b>	<b>2,684</b>	<b>2,147</b>
<b>ROAE % (*)</b>		<b>23.8</b>	<b>28.2</b>	<b>21.7</b>
<b>ROAE (ADJUSTED) % (*)</b>		<b>24.2</b>	<b>25.1</b>	<b>22.2</b>

(\*) Annualized;

(1) Gross gain related to investments at BM&FBovespa; and

(2) In 4Q10: refers to the R\$86 million capital gain in Fidelity; and net effect of payment of taxes, through an installment program and payment in one lump sum of tax debt - Law 11,941/09 (REFIS), in the amount of R\$14 million, offset by R\$27 million in impairment expenses.



## Summarized Analysis of Adjusted Income

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

Press Release, which includes adjustments to non-recurring events shown in the previous page. Note that the Adjusted Statement of Income is the basis adopted for the analyses and comments made in chapters 1 and 2 of this report.

	R\$ million								
	Adjusted Statement of Income				Variation				
	1Q11	4Q10	1Q11 x 4Q10		1Q11	1Q10	1Q11 x 1Q10		
		Amount	%			Amount	%		
<b>Financial Margin</b>	<b>9,362</b>	<b>9,018</b>	<b>344</b>	<b>3.8</b>	<b>9,362</b>	<b>7,689</b>	<b>1,673</b>	<b>21.8</b>	
- Interest	8,849	8,553	296	3.5	8,849	7,406	1,443	19.5	
- Non-Interest	513	465	48	10.3	513	283	230	81.3	
ALL	(2,360)	(2,295)	(65)	2.8	(2,360)	(2,188)	(172)	7.9	
<b>Gross Income from Financial Intermediation</b>	<b>7,002</b>	<b>6,723</b>	<b>279</b>	<b>4.1</b>	<b>7,002</b>	<b>5,501</b>	<b>1,501</b>	<b>27.3</b>	
Income from Insurance, Private Pension Plan and Savings Bond Operations (*)	785	700	85	12.1	785	583	202	34.6	
Fee and Commission Income	3,510	3,568	(58)	(1.6)	3,510	3,124	386	12.4	
Personnel Expenses	(2,436)	(2,533)	97	(3.8)	(2,436)	(2,120)	(316)	14.9	
Other Administrative Expenses	(3,140)	(3,257)	117	(3.6)	(3,140)	(2,647)	(493)	18.6	
Tax Expenses	(880)	(858)	(22)	2.6	(880)	(749)	(131)	17.5	
Equity in the Earnings (Losses) of Unconsolidated Companies	34	60	(26)	(43.3)	34	29	5	17.2	
Other Operating Income/Expenses	(922)	(646)	(276)	42.7	(922)	(550)	(372)	67.6	
<b>Operating Income</b>	<b>3,953</b>	<b>3,757</b>	<b>196</b>	<b>5.2</b>	<b>3,953</b>	<b>3,171</b>	<b>782</b>	<b>24.7</b>	
Non-Operating Income	(4)	10	(14)	-	(4)	4	(8)	-	
Income Tax / Social Contribution	(1,138)	(1,059)	(79)	7.5	(1,138)	(1,010)	(128)	12.7	
Minority Interest	(73)	(24)	(49)	204.2	(73)	(18)	(55)	305.6	
<b>Adjusted Net Income</b>	<b>2,738</b>	<b>2,684</b>	<b>54</b>	<b>2.0</b>	<b>2,738</b>	<b>2,147</b>	<b>591</b>	<b>27.5</b>	

(\*) Result of Insurance, Private Pension Plans and Savings Bond Operations = Insurance, Private Pension Plans and Savings Bond Retained Premiums - Variation in the Technical Provisions of Insurance, Private Pension Plans and Savings Bonds – Retained Claims – Drawings and Redemption of Savings Bonds – Selling Expenses with Insurance Plans, Private Pension Plans and Savings Bonds.



## Summarized Analysis of Adjusted Income

### Adjusted Net Income and Profitability

In the first quarter of 2011, Bradesco's adjusted net income stood at R\$2,738 million, an increase of 2.0% or R\$54 million from the previous quarter, which was primarily impacted by: (i) a growth in financial margin, due to the increased volume of operations; (ii) lower personnel and administrative expenses; offset by: (iii) an increase in the allowance for loan losses; (iv) lower fee and commission income; and (v) an increase in other operating expenses (net of other operating revenue).

In the first quarter of 2011 versus the same period of previous year, adjusted net income increased R\$591 million, or 27.5%. The main reasons for this result are described below in the analysis of the main income statement items.

Shareholders' Equity stood at R\$51.297 billion in March 2011 and included a capital increase in the amount of R\$1.511 billion, up by 19.1% on the balance of March 2010. The Capital Adequacy Ratio stood at 15.0%, of which 13.4% was under Tier I Capital.

Total assets stood at R\$675,387 million in March 2011, up 26.8% over March 2010, driven by the expansion of business volume. Return on Average Assets (ROAA) remained stable, hovering near 1.7%.

## Efficiency Ratio (ER)

The ER calculated on an “adjusted-to-risk” basis to reflect the impact of risk in loan operations<sup>(2)</sup> dropped for the fifth consecutive quarter, reaching 52.1% in the first quarter of 2011, up 0.3 p.p. compared to the previous quarter and 3.3 p.p. year-on-year. This behavior is in line with the results of previous quarters, mainly due to decreased delinquency.

The ER – accumulated over 12 months<sup>(1)</sup> remained stable in relation to the previous quarter.

The quarterly ER decreased from 44.0% in the fourth quarter of 2010 to 42.0% in the first quarter of 2011, mainly due to: (i) reduced personnel expenses due to vacation periods concentrated in the first quarter; (ii) lower administrative expenses; and (iii) increased financial margin, driven by growth in business volume.

(1) Efficiency Ratio (ER) = (Personnel Expenses – Employee Profit Sharing (PLR) + 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) and (ii) revenue net of related taxes (not considering Claims Expenses from the Insurance Group), our Efficiency Ratio in the first quarter of 2011 would be 43.5%.

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

## Financial Margin

The R\$344 million increase between the first quarter of 2011 and the fourth quarter of 2010 was due to:

- the increase in income from interest-earning operations by R\$296 million, mainly the result of: (i) higher income from funding margin; and (ii) higher income from insurance margin; and
  - higher income from non-interest margin, in the amount of R\$48 million.
- growth in income from interest-earning operations of R\$1,443 million, mainly due to (i) higher income from loan operations, resulting from increase in business volumes; (ii) higher income from funding margin; and (iii) higher income from insurance margin; and
  - greater income from the non-interest margin, in the amount of R\$230 million, due to higher treasury/securities gains.

The financial margin posted a R\$1,673 million improvement between the first quarter of 2011 and the same period in 2010, which corresponds to a 21.8% growth, mainly driven by:

## Total Loan Portfolio

In March 2011, Bradesco's loan operations (considering sureties, guarantees, advances of credit card receivables and assignment of receivables-backed investment funds and mortgage-backed receivables) totaled R\$284.7 billion. The expansion of 3.8% in the quarter was due to: (i) 5.3% growth in Large Corporate portfolio; (ii) 4.3% in the SME portfolio; and (iii) 2.0% in the Individuals portfolio.

Year on year, the portfolio expanded by 21.0%, the result of growth of: (i) 29.4% in the SME portfolio, (ii) 19.0% in the Large Corporate portfolio; and (iii) 16.4% in the Individuals portfolio.

In the Individuals segment, the products that posted the strongest growth in the last twelve months were: (i) real estate financing; (ii) the payroll-deductible loan portfolio; and (iii) BNDES/Finame onlending operations. In the Corporate segment, growth was led by: (i) BNDES/Finame onlending operations; (ii) credit card; and (iii) vehicle financing - CDC.

Including other operations bearing credit risk from the Corporate portfolio<sup>(1)</sup> (expanded criteria), operations with credit risk would have amounted to R\$304.4 billion in March 2011 (R\$248.3 billion in March 2010), up 3.7% in the quarter and 22.6% over the last 12 months. These operations mainly comprise debentures and promissory notes with Large Corporations.

(1) For more information, see page 36 of Chapter 2 of this Report.

## Allowance for Loan Losses (ALL)

In the first quarter of 2011, expenses with the allowance for loan losses stood at R\$2,360 million, up 2.8%. This increase was mainly the result of the 4.0% growth in loan operations – Bacen concept.

The first quarter of 2011 compared to the same period of 2010, ALL expenses posted a 7.9% increase, causing an expansion of generic provisions and partially offset by a decline in delinquency and higher income from loan recovery of 20.7% in the period, totaling R\$613 million. Loan operations – Bacen concept grew by 21.1% in the same period, demonstrating growth accompanied by quality in Bradesco's loan portfolio.

### **Delinquency Ratio > 90 days**

After five consecutive quarters in decline, the delinquency ratio over 90 days was stable in the first quarter of 2011.

### **Coverage Ratios**

The graph below presents the evolution of the coverage ratio of the Allowance for Loan Losses for loans overdue more than 60 and 90 days. In March 2011 these ratios reached 159.1% and 193.6%, respectively, providing the Bank with comfortable levels of coverage.

The balance of Allowance for Loan Losses (ALL) of R\$16.7 billion, in March 2011, was made up of: (i) R\$13.7 billion in Brazilian Central Bank requirements; and (ii) R\$3.0 billion in additional provisions.

**Results of Insurance, Private Pension Plans and Savings Bonds Operations**

Net Income in the first quarter of 2011 came to R\$761 million (R\$779 million in the fourth quarter of 2010), posting a 28.3% Return on Average Shareholders' Equity. In the comparison of the first quarter of 2011 with the same period in 2010, Net Income posted an 8.3% increase.

	R\$ million (except when indicated otherwise)									
	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09	Variation %	
									1Q11 x 4Q10	1Q11 x 1Q10
Net Income	761	779	721	701	703	602	607	638	(2.3)	8.3
Insurance Written Premiums, Private Pension Plan Contributions and Savings Bonds Income (*)	7,850	9,022	7,697	7,163	7,196	8,040	6,685	6,094	(13.0)	9.1
Technical Provisions	89,980	87,177	82,363	79,308	77,685	75,572	71,400	68,828	3.2	15.8
Financial Assets	99,594	96,548	92,599	88,515	86,928	83,733	79,875	76,451	3.2	14.6
Claims Ratio	72.0	71.1	72.4	71.8	73.3	74.3	77.2	73.3	0.9 p.p	(1.3) p.p
Combined Ratio	86.1	85.1	85.3	84.7	85.2	85.3	88.9	85.5	1.0 p.p	0.9 p.p
Policyholders / Participants and Customers (in thousands)	37,012	36,233	34,632	33,908	33,768	30,822	30,339	29,178	2.1	9.6
Market Share from Premiums from Insurance, Private Pension Plan Contribution and Income from Savings Bonds (**)	22.4	24.7	24.7	24.8	25.2	24.4	23.5	23.1	(2.3) p.p	(2.8) p.p

Note: For comparison purposes, excluding the build in Technical Provisions for benefits to be granted – Remission (Health) from the calculation of ratios for the first quarter of 2010, and excluding the effects of RN 206/09 and its effects on health revenues from the calculation of combined ratios.

(\*) Excludes the effects of RN 206/09 (ANS), which as of January 2010 extinguished the PPNG (SES), with income from premiums accounted pro-rata temporis. Note that this accounting change did not affect Earned Premiums; and

(\*\*) 1Q11 considers the latest data made available by Susep (January 2011).

In the first quarter of 2011, income was 9.1% up from the same period in 2010. This increase was fueled by the high performance of Savings Bonds and Health products, which grew 23.4% and 25.3%, respectively.

## Summarized Analysis of Adjusted Income

Due to the concentration of private pension plan contributions that historically occurs in the last quarter of the fiscal year, revenue in the first quarter of 2011 dropped by 13% compared to the previous quarter.

Net income in the first quarter of 2011 was down 2.3% from the previous quarter, mainly due to: (i) variations in revenues, due to seasonality in the last quarter of the year, directly affecting revenue from pension plans; (ii) a 0.9 p.p. increase in claims; (iii) a drop in equity in the earnings of subsidiaries; and (iv) partially offset by a decrease in administrative and personnel expenses despite the collective bargaining agreement in January 2011.

Net income for the first quarter of 2011 was 8.3% higher than the one recorded in the same period of last year, mainly due to: (i) 9.1% growth in revenues; (ii) an increase in financial result and equity in the earnings of subsidiaries; and partially offset by: (iii) a increase in personnel expenses, impacted by the collective bargaining agreement in January 2011.

In terms of solvency, Grupo Bradesco de Seguros e Previdência complies with the Susep rules effective as of January 1, 2008, and international standards (Solvency II). The financial leverage ratio stood at 2.6 times Shareholders' Equity.

## Fee and Commission Income

In the first quarter of 2011, fee and commission income totaled R\$3,510 million, down 1.6% or R\$58 million from the previous quarter. This performance was mainly the result of: (i) lower gains from underwriting and financial advisory services; (ii) lower revenue from loan operations.

In the year-on-year comparison, the 12.4% increase was mainly due to: (i) the performance of the credit card segment, due to the growth in card base and revenues, in addition to the increase in interest held in Visavale and Cielo; (ii) the increase in income from checking accounts, which was driven by growth in business volume and a larger checking account client base, which posted net growth of some 2.3 million accounts in the period; (iii) greater income from loan operations, mainly due to the increase in guarantees and sureties and the higher volume of contracted operations; and (iv) growth in revenue from fund management.



## Personnel expenses

In the first quarter of 2011, the R\$97 million decrease from the previous quarter was composed of changes in the following portions:

- “structural” – R\$10 million reduction, mainly due to: (i) higher concentration of vacation periods in the first quarter, offset by: (ii) higher expenses with salaries, compulsory social charges and benefits, as a result of the collective bargaining agreement of insurance industry workers in January 2011 and the organic growth in the period, with an increase in the number of service points and the consequent hiring of a net total of 1,501 employees; and
- “non-structural” – decrease of R\$87 million, chiefly related to lower expenses with employee and management profit sharing (PLR).
- the R\$55 million increase in the “non-structural” portion, basically resulting from higher expenses with management and employee profit sharing (PLR).

Year-on-year growth of R\$316 million in the first quarter of 2011 is mainly due to:

- R\$261 million in the “structural” portion from: (i) an increase in expenses related to salaries, compulsory social charges and benefits, due to higher salary levels; (ii) and the net increase of 8,669 employees; and

Note: Structural Expenses = Salaries + Compulsory Social Charges + Benefits + Private Pension Plans.

Non-Structural Expenses = Employee Profit Sharing (PLR) + Training + Labor Provision + Severance Expenses.

## Administrative Expenses

In the first quarter of 2011, the 3.6% decrease in administrative expenses from the previous quarter is mainly due to lower expenses with: (i) advertising and marketing; (ii) outsourced services, mainly related to legal and corporate consulting services; and (iii) data processing; partially offset by: (iv) increased expenses from the expansion of Service Points by 2,301, of which 23 were branches, 76 PAB/PAE/PAA, 1,545 Bradesco Espresso units and 657 other service points.

Year on year, the 18.6% increase is the result of greater expenses with: (i) outsourced services, related to: (a) upgrading and expansion of customer service structure and partial outsourcing of credit card processing (Fidelity); and (b) variable expenses related to revenue (e.g. non- bank correspondents); (ii) depreciation and amortization; (iii) advertising and marketing; (iv)

increase in business and service volume; and (v) the expansion of the Customer Service Network by 10,615 new units: 196 branches, 341 PAB/PAE/PAA, 6,148 Bradesco Espresso branches and 3,930 other service points, amounting to 57,185 on March 31, 2011.

## Other Operating Income and Expenses

Other operating expenses, net of other operating income, totaled R\$922 million in the first quarter of 2011, up R\$276 million over previous quarter and R\$372 million year on year.

Compared to the same period last year, the increase in other operating expenses net of other operating income, is mainly the result of higher expenses with: (i) the recording of operating provisions, especially those for civil contingencies; and (ii) the recording of provisions to cover fluctuations arising from the revaluation of IBNR provisions and benefits payable – remission of the Health Insurance segment

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

Growth in tax and social contribution expenses, both quarter-on-quarter and year-on-year, is the result of an increase in taxable income in the first quarter of 2011. It is important to note that the remainder of tax credit was consumed as a result of the increase in the social contribution rate from 9% to 15%.

### **Unrealized Gains**

Unrealized gains totaled R\$9,590 million in the first quarter of 2011, a R\$966 million decrease from the previous quarter. This was mainly due to: (i) the decrease in unrealized gains of loan and leasing operations, resulting from an increase in interest rates; (ii) the relative depreciation of mark- to-market of held-to-maturity securities; partially offset by: (iii) the appreciation of investments, especially those in Cielo, the stocks of which appreciated by 7.5%; and (iv) the decrease in unrealized losses in borrowings and onlendings, resulting from increased interest rates.

## Economic Scenario

Two years after the peak of the global financial crisis, inflation is once again a cause for concern due to the recent highs in petroleum prices, partially due to recent restrictions of a geo-political nature. More intense pressure on prices has been reported in a number of emerging economies, whose main task at the moment is to moderate growth rates. Nonetheless, the economic policy response to the pressure triggered by the high degree of uncertainty surrounding the global economy has not been as restrictive as in the pre-crisis years. The developed economies, on the other hand, are facing a number of challenges to sustainable growth, such as weak job markets, high levels of public debt and the impacts of the recent tragedy in Japan. Generally, the international scenario continues to be marked by abundant liquidity, low risk aversion and high commodity prices, which should continue virtually unchanged in the coming months.

On the domestic front, the international shock caused by commodity prices has worsened thanks to the mismatch between supply and demand and the Brazilian economy's still high level of indexation. The response to inflationary pressure has been a change in the economic policy mix, combining a moderate increase in basic interest rates and a slowdown in public spending with the adoption of prudential macroeconomic measures. This coordinated response will most likely fail to prevent inflation from reaching around 6.0% this year, but should ensure convergence with the inflationary target throughout 2012, when Brazil's economic growth should be more moderate than the 7.5% recorded in 2010, the highest figure since 1986. If projections for GDP growth of 3.8% in 2011 prove correct, this convergence will become even more likely.

Despite the country's undoubted export strength, its main economic activity driver has been – and will continue to be – domestic demand. Investments have been fueled by the high level of corporate confidence and the opportunities

generated by the sporting events in 2014 and 2016 and the exploration of the pre-salt oil discoveries. Household consumption continues to grow at a robust pace, supported by the buoyant job market, income gains and the generation of formal jobs. Credit, employment and income should continue to grow in 2011, albeit at a more moderate pace. With no signs of excessive commitment of income on the part of borrowers and with continuing social mobility, the outlook for the Brazilian banking system remains favorable, especially in the real estate segment, whose growth has been healthy, with no signs of undue excess.

The world's perception of Brazil remains positive, underlined by yet another upgrade from an important risk classification agency. The favorable long-term domestic outlook and the current international scenario have put pressure on the dollar exchange rate, which will tend to remain high. This tendency will be accompanied by the continuing build-up of international reserves, which provide a necessary liquidity buffer in moments of cyclical reversal. The increase in the current account deficit this year should not jeopardize this tendency, as the external accounts will mainly be financed by direct foreign investments, which should reach US\$52 billion, a new record.

Bradesco continues to hold a positive long-term view of Brazil, with no signs of any institutional regressions on the horizon. At the same time, the Organization tends to have a positive bias. It is important to point out that the path to sustainable growth could be considerably shortened by massive investments in education and infrastructure, accompanied by economic reforms to increase the efficiency of the domestic productive sector. Initiatives of this type would make a fundamental contribution to creating more solid conditions for the private sector to confront global competition and continue expanding and generating jobs.



## Main Economic Indicators

Main Indicators (%)	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09
Interbank Deposit Certificate (CDI)	2.64	2.56	2.61	2.22	2.02	2.12	2.18	2.37
Ibovespa	(1.04)	(0.18)	13.94	(13.41)	2.60	11.49	19.53	25.75
USD – Commercial Rate	(2.25)	(1.65)	(5.96)	1.15	2.29	(2.08)	(8.89)	(15.70)
General Price Index - Market (IGP-M)	2.43	3.18	2.09	2.84	2.78	(0.11)	(0.37)	(0.32)
CPI (IPCA – IBGE)	2.44	2.23	0.50	1.00	2.06	1.06	0.63	1.32
Federal Government Long-Term Interest Rate (TJLP)	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.54
Reference Interest Rate (TR)	0.25	0.22	0.28	0.11	0.08	0.05	0.12	0.16
Savings Accounts	1.76	1.73	1.79	1.62	1.59	1.56	1.63	1.67
Business Days (number)	62	63	65	62	61	63	65	61
Indicators (Closing Rate)	<b>Mar11</b>	<b>Dec10</b>	<b>Sept10</b>	<b>Jun10</b>	<b>Mar10</b>	<b>Dec09</b>	<b>Sept09</b>	<b>Jun09</b>
USD – Commercial Selling Rate – (R\$)	1.6287	1.6662	1.6942	1.8015	1.7810	1.7412	1.7781	1.9516
Euro – (R\$)	2.3129	2.2280	2.3104	2.2043	2.4076	2.5073	2.6011	2.7399
Country Risk (points)	173	189	206	248	185	192	234	284
Basic Selic Rate Copom (% p.a.)	11.75	10.75	10.75	10.25	8.75	8.75	8.75	9.25
BM&F Fixed Rate (% p.a.)	12.28	12.03	11.28	11.86	10.85	10.46	9.65	9.23

## Projections through 2013

%	2011	2012	2013	
USD - Commercial Rate (year-end) - R\$		1.60	1.70	1.74
Extended Consumer Price Index (IPCA)		6.00	4.50	4.50
General Price Index - Market (IGP-M)		6.50	4.50	4.50
Selic (year-end)		12.25	11.25	10.25
Gross Domestic Product (GDP)		3.80	4.70	4.80

## Guidance

### Bradesco's Outlook for 2011

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

<b>Loan Portfolio</b>	<b>15 to 19%</b>
Individuals	13 to 17%
Corporate	16 to 20%
SMEs	20 to 24%
Corporate	11 to 15%
<b>Products</b>	
Vehicles	10 to 14%
Cards (1)	9 to 13%
Real Estate Financing (origination)	R\$10.0 bil
Payroll Deductible Loans	30 to 34%
<b>Financial Margin (2)</b>	<b>18 to 22%</b>
<b>Fee and Commission Income</b>	<b>9 to 13%</b>
<b>Operating Expenses (3)</b>	<b>11 to 15%</b>
<b>Insurance Premiums</b>	<b>10 to 13%</b>

Does not include the "BNDES Cards" and "Advances of Receivables" portfolios;

(1)

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

(3) Administrative and Personnel Expenses.

## Statement of Income vs. Managerial Income vs. Adjusted Income

### Analytical Breakdown of Statement of Income vs. Managerial Income vs. Adjusted Income

First quarter of 2011

	R\$ million											
	1Q11	Reclassifications						Fiscal	Managerial	Non-Recurring	Adjusted	
	Statement	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Hedge	Statement	Events	Statement
	of Income								(8)	of Income	(9)	of Income
<b>Financial Margin</b>	<b>10,131</b>	<b>(91)</b>	<b>33</b>	<b>(102)</b>	<b>(408)</b>	-	-	-	<b>(201)</b>	<b>9,362</b>	-	<b>9,362</b>
ALL	(2,534)	-	-	-	225	(51)	-	-	-	(2,360)	-	(2,360)
<b>Gross Income from Financial Intermediation</b>	<b>7,597</b>	<b>(91)</b>	<b>33</b>	<b>(102)</b>	<b>(183)</b>	<b>(51)</b>	-	-	<b>(201)</b>	<b>7,002</b>	-	<b>7,002</b>
Savings Bond Operations (*)	785	-	-	-	-	-	-	-	-	785	-	785
Fee and Commission Income	3,419	-	-	-	-	-	91	-	-	3,510	-	3,510
Personnel Expenses	(2,436)	-	-	-	-	-	-	-	-	(2,436)	-	(2,436)
Other Administrative Expenses	(3,037)	-	-	-	-	-	-	(103)	-	(3,140)	-	(3,140)
Tax Expenses	(895)	-	-	-	(7)	-	-	-	22	(880)	-	(880)
Equity in the Earnings (Losses) of Unconsolidated Companies	34	-	-	-	-	-	-	-	-	34	-	34
Other Operating Income/Expenses	(1,338)	91	(33)	102	190	-	(91)	103	-	(976)	54	(922)
<b>Operating Income</b>	<b>4,129</b>	-	-	-	-	<b>(51)</b>	-	-	<b>(179)</b>	<b>3,899</b>	<b>54</b>	<b>3,953</b>
Non-Operating Income	(55)	-	-	-	-	51	-	-	-	(4)	-	(4)
Income Tax / Social Contribution and Minority Interest	(1,372)	-	-	-	-	-	-	-	179	(1,193)	(18)	(1,211)
<b>Net Income</b>	<b>2,702</b>	-	-	-	-	-	-	-	-	<b>2,702</b>	<b>36</b>	<b>2,738</b>

- (1) Commission Expenses 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 Revenues/Expenses" to the item "Financial Margin";
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Revenues/Expenses" to the item "Financial Margin";
- (4) Revenue from Loan Recovery classified under the item "Financial Margin"; Expenses with Discounts Granted classified under the item "Other Operating Revenues/Expenses"; 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 reclassification



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- of Tax expenses, classified under Other Operating Expenses;
- (5) Losses from the Sale of Foreclosed Assets (BNDU) classified under the item "Non-Operating Income" were reclassified to the item "ALL Expenses - Allowance for Loan Losses";
  - (6) Income from Commissions and Credit Card Fees, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Fee and Commission Income";
  - (7) Credit Card Operation Interchange Expenses classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Other Administrative Expenses";
  - (8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and
  - (9) For more information see page 08 of this chapter.
- (\*) Result of Insurance, Private Pension Plans and Savings Bond Operations = Insurance, Private Pension Plans and Savings Bond Retained Premiums - Variation in the Technical Provisions of Insurance, Private Pension Plans and Savings Bonds – Retained Claims – Drawings and Redemption of Savings Bonds – Selling Expenses with Insurance Plans, Private Pension Plans and Savings Bonds.

## Statement of Income vs. Managerial Income vs. Adjusted Income

Fourth quarter of 2010

	4Q10							Fiscal Hedge Statement (8)	Managerial Statement of Income	Non-Recurring Events (9)	Adjusted Statement of Income	R\$ million
	Statement of Income	Reclassifications										Adjusted Statement of Income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)					
<b>Financial Margin</b>	<b>9,904</b>	<b>(114)</b>	<b>32</b>	<b>(110)</b>	<b>(492)</b>	-	-	-	<b>(202)</b>	<b>9,018</b>	-	<b>9,018</b>
ALL	(2,299)	-	-	-	309	(85)	-	-	-	(2,075)	(220)	(2,295)
<b>Gross Income from Financial Intermediation</b>	<b>7,605</b>	<b>(114)</b>	<b>32</b>	<b>(110)</b>	<b>(183)</b>	<b>(85)</b>	-	-	<b>(202)</b>	<b>6,943</b>	<b>(220)</b>	<b>6,723</b>
Savings Bond Operations (*)	700	-	-	-	-	-	-	-	-	700	-	700
Fee and Commission Income	3,471	-	-	-	-	-	97	-	-	3,568	-	3,568
Personnel Expenses	(2,533)	-	-	-	-	-	-	-	-	(2,533)	-	(2,533)
Other Administrative Expenses	(3,159)	-	-	-	-	-	-	(98)	-	(3,257)	-	(3,257)
Tax Expenses	(872)	-	-	-	(8)	-	-	-	22	(858)	-	(858)
Equity in the Earnings (Losses) of Unconsolidated Companies	60	-	-	-	-	-	-	-	-	60	-	60
Other Operating Income/Expenses	(1,128)	114	(32)	110	191	-	(97)	98	-	(744)	98	(646)
<b>Operating Income</b>	<b>4,144</b>	-	-	-	-	<b>(85)</b>	-	-	<b>(180)</b>	<b>3,879</b>	<b>(122)</b>	<b>3,757</b>
Non-Operating Income	70	-	-	-	-	85	-	-	-	155	(145)	10
Income Tax / Social Contribution and Minority Interest	(1,227)	-	-	-	-	-	-	-	180	(1,047)	(36)	(1,083)
<b>Net Income</b>	<b>2,987</b>	-	-	-	-	-	-	-	-	<b>2,987</b>	<b>(303)</b>	<b>2,684</b>

- (1) Commission Expenses 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 Revenues/Expenses" to the item "Financial Margin";
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Revenues/Expenses" to the item "Financial Margin";
- (4) Revenue from Loan Recovery classified under the item "Financial Margin"; Expenses with Discounts Granted classified under the item "Other Operating Revenues/Expenses", 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 reclassification of Tax expenses, classified under Other Operating Expenses;
- (5) Losses from the Sale of Foreclosed Assets (BNDU) classified under the item "Non-Operating Income" were reclassified to the item "ALL Expenses - Allowance for Loan Losses";
- (6) Income from Commissions and Credit Card Fees, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Fee and Commission Income";
- (7) Credit Card Operations Interchange Expenses classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Other Administrative Expenses";

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- (8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and
- (9) For more information see page 08 of this chapter.
  
- (\*) Result of Insurance, Private Pension Plans and Savings Bond Operations = Insurance, Private Pension Plans and Savings Bond Retained Premiums - Variation in the Technical Provisions of Insurance, Private Pension Plans and Savings Bonds – Retained Claims – Drawings and Redemption of Savings Bonds – Selling Expenses with Insurance Plans, Private Pension Plans and Savings Bonds.

## Statement of Income vs. Managerial Income vs. Adjusted Income

First quarter of 2010

	R\$ million											
	1Q10	Reclassifications						Fiscal	Managerial	Non-Recurring	Adjusted	
	Statement	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Hedge	Statement	Events	Statement
	of Income								(8)	of Income	(9)	of Income
<b>Financial Margin</b>	<b>8,002</b>	<b>(105)</b>	<b>35</b>	<b>(60)</b>	<b>(240)</b>	-	-	-	<b>57</b>	<b>7,689</b>	-	<b>7,689</b>
ALL	(2,159)	-	-	-	70	(99)	-	-	-	(2,188)	-	(2,188)
<b>Gross Income from Financial Intermediation</b>	<b>5,843</b>	<b>(105)</b>	<b>35</b>	<b>(60)</b>	<b>(170)</b>	<b>(99)</b>	-	-	<b>57</b>	<b>5,501</b>	-	<b>5,501</b>
Savings Bond Operations (*)	583	-	-	-	-	-	-	-	-	583	-	583
Fee and Commission Income	3,080	-	-	-	-	-	44	-	-	3,124	-	3,124
Personnel Expenses	(2,120)	-	-	-	-	-	-	-	-	(2,120)	-	(2,120)
Other Administrative Expenses	(2,564)	-	-	-	-	-	-	(83)	-	(2,647)	-	(2,647)
Tax Expenses	(736)	-	-	-	(7)	-	-	-	(6)	(749)	-	(749)
Equity in the Earnings (Losses) of Unconsolidated Companies	29	-	-	-	-	-	-	-	-	29	-	29
Other Operating Income/Expenses	(1,329)	105	(35)	60	177	-	(44)	83	-	(983)	433	(550)
<b>Operating Income</b>	<b>2,786</b>	-	-	-	-	<b>(99)</b>	-	-	<b>51</b>	<b>2,738</b>	<b>433</b>	<b>3,171</b>
Non-Operating Income	(95)	-	-	-	-	99	-	-	-	4	-	4
Income Tax / Social Contribution and Minority Interest	(588)	-	-	-	-	-	-	-	(51)	(639)	(389)	(1,028)
<b>Net Income</b>	<b>2,103</b>	-	-	-	-	-	-	-	-	<b>2,103</b>	<b>44</b>	<b>2,147</b>

- (1) Commission Expenses 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 Revenues/Expenses" to the item "Financial Margin";
- (3) Interest Income/Expenses from the financial segment were reclassified from the item "Other Operating Revenues/Expenses" to the item "Financial Margin";
- (4) Revenue from Loan Recovery classified under the item "Financial Margin"; Expenses with Discounts Granted classified under the item "Other Operating Revenues/Expenses", 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 reclassification of Tax expenses, classified under Other Operating Expenses;
- (5) Losses from the Sale of Foreclosed Assets (BNDU) classified under the item "Non-Operating Income" were reclassified to the item "ALL Expenses - Allowance for Loan Losses";
- (6) Income from Commissions and Credit Card Fees, Insurance Premium Commissions and Insurance Policy Fees classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Fee and Commission Income";
- (7) Credit Card Operations Interchange Expenses classified under the item "Other Operating Revenues/Expenses" were reclassified to the item "Other Administrative Expenses";

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- (8) The partial result of Derivatives used to hedge investments abroad, which simply cancels the tax effects (IR/CS and PIS/Cofins) of this hedge strategy in terms of Net Income; and
- (9) For more information see page 08 of this chapter.
  
- (\*) Result of Insurance, Private Pension Plans and Savings Bond Operations = Insurance, Private Pension Plans and Savings Bond Retained Premiums - Variation in the Technical Provisions of Insurance, Private Pension Plans and Savings Bonds – Retained Claims – Drawings and Redemption of Savings Bonds – Selling Expenses with Insurance Plans, Private Pension Plans and Savings Bonds.

Economic and Financial  
Analysis**Consolidated Balance Sheet and Adjusted Statement of Income****Balance Sheet**

	Mar11	Dec10	Sept10	Jun10	Mar10	Dec09	Sept09	Jun09	R\$ million
<b>Assets</b>									
<b>Current and Long-Term Assets</b>	<b>663,599</b>	<b>625,783</b>	<b>601,180</b>	<b>547,868</b>	<b>522,709</b>	<b>496,028</b>	<b>477,458</b>	<b>474,301</b>	
Cash and Cash Equivalents	6,785	15,738	9,669	6,877	8,705	6,947	8,571	9,001	
Interbank Investments	100,159	73,232	92,567	96,478	97,165	110,797	97,487	89,636	
Securities and Derivative Financial Instruments	217,482	213,518	196,081	156,755	157,309	146,619	147,724	146,110	
Interbank and Interdepartmental Accounts	67,292	66,326	50,781	50,427	36,674	18,723	17,718	16,620	
Loan and Leasing Operations	222,404	213,532	200,092	191,248	181,490	172,974	163,699	160,174	
Allow ance for Loan Losses (ALL)	(16,740)	(16,290)	(16,019)	(15,782)	(15,836)	(16,313)	(14,953)	(13,871)	
Other Receivables and Assets	66,217	59,727	68,009	61,864	57,202	56,281	57,212	66,631	
<b>Permanent Assets</b>	<b>11,788</b>	<b>11,702</b>	<b>10,723</b>	<b>10,232</b>	<b>9,917</b>	<b>10,195</b>	<b>8,228</b>	<b>8,177</b>	
Investments	1,675	1,577	1,616	1,553	1,537	1,549	1,392	1,359	
Premises and Leased Assets	3,666	3,766	3,401	3,427	3,244	3,418	3,272	3,300	
Intangible Assets	6,447	6,359	5,706	5,252	5,136	5,228	3,564	3,518	
<b>Total</b>	<b>675,387</b>	<b>637,485</b>	<b>611,903</b>	<b>558,100</b>	<b>532,626</b>	<b>506,223</b>	<b>485,686</b>	<b>482,478</b>	
<b>Liabilities</b>									
<b>Current and Long-Term Liabilities</b>	<b>623,069</b>	<b>588,610</b>	<b>564,794</b>	<b>512,790</b>	<b>488,431</b>	<b>463,350</b>	<b>446,152</b>	<b>444,574</b>	
Deposits	203,822	193,201	186,194	178,453	170,722	171,073	167,987	167,512	
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	178,989	171,497	157,009	131,134	128,172	113,273	102,604	99,710	
Funds from Issuance of Securities	21,701	17,674	13,749	12,729	8,550	7,482	7,111	7,694	
Interbank and Interdepartmental Accounts	2,647	3,790	2,451	2,777	2,063	2,950	2,257	1,904	
Borrow ing and Onlending	41,501	38,196	37,998	35,033	30,208	27,328	27,025	29,081	
Derivative Financial Instruments	2,358	730	1,878	1,097	2,469	531	1,669	2,599	
Provisions for Insurance, Private Pension Plans and Savings Bonds	89,980	87,177	82,363	79,308	77,685	75,572	71,400	68,828	
Other Liabilities	82,071	76,345	83,152	72,259	68,562	65,141	66,098	67,245	
<b>Deferred Income</b>	<b>447</b>	<b>360</b>	<b>312</b>	<b>337</b>	<b>292</b>	<b>321</b>	<b>297</b>	<b>272</b>	
<b>Minority Interest in Subsidiaries</b>	<b>574</b>	<b>472</b>	<b>683</b>	<b>678</b>	<b>816</b>	<b>798</b>	<b>360</b>	<b>355</b>	
<b>Shareholders' Equity</b>	<b>51,297</b>	<b>48,043</b>	<b>46,114</b>	<b>44,295</b>	<b>43,087</b>	<b>41,754</b>	<b>38,877</b>	<b>37,277</b>	
<b>Total</b>	<b>675,387</b>	<b>637,485</b>	<b>611,903</b>	<b>558,100</b>	<b>532,626</b>	<b>506,223</b>	<b>485,686</b>	<b>482,478</b>	



**Consolidated Balance Sheet and Adjusted Statement of Income****Adjusted Statement of Income**

	R\$ million							
	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09
<b>Financial Margin</b>	<b>9,362</b>	<b>9,018</b>	<b>8,302</b>	<b>8,047</b>	<b>7,689</b>	<b>7,492</b>	<b>7,587</b>	<b>7,560</b>
Interest	8,849	8,553	7,904	7,663	7,406	7,144	6,891	6,771
Non-Interest	513	465	398	384	283	348	696	789
ALL	(2,360)	(2,295)	(2,059)	(2,161)	(2,188)	(2,695)	(2,908)	(3,118)
<b>Gross Income from Financial Intermediation</b>	<b>7,002</b>	<b>6,723</b>	<b>6,243</b>	<b>5,886</b>	<b>5,501</b>	<b>4,797</b>	<b>4,679</b>	<b>4,442</b>
Income from Insurance, Private Pension Plan and Savings Bond Operations <sup>(*)</sup>	785	700	703	786	583	484	433	529
Fee and Commission Income	3,510	3,568	3,427	3,253	3,124	3,125	2,857	2,911
Personnel Expenses	(2,436)	(2,533)	(2,411)	(2,238)	(2,120)	(2,081)	(2,126)	(1,908)
Other Administrative Expenses	(3,140)	(3,257)	(2,890)	(2,738)	(2,647)	(2,746)	(2,359)	(2,233)
Tax Expenses	(880)	(858)	(779)	(734)	(749)	(694)	(639)	(615)
Equity in the Earnings (Losses) of Unconsolidated Companies	34	60	19	19	29	82	39	13
Other Operating Revenues and Expenses	(922)	(646)	(598)	(588)	(550)	(539)	(539)	(459)
- Other Operating Revenues	370	410	318	294	265	279	209	311
- Other Operating Expenses	(1,292)	(1,056)	(916)	(882)	(815)	(818)	(748)	(770)
<b>Operating Income</b>	<b>3,953</b>	<b>3,757</b>	<b>3,714</b>	<b>3,646</b>	<b>3,171</b>	<b>2,428</b>	<b>2,345</b>	<b>2,680</b>
Non-Operating Income	(4)	10	(10)	(12)	4	(62)	63	37
Income Tax and Social Contribution	(1,138)	(1,059)	(1,123)	(1,161)	(1,010)	(519)	(607)	(717)
Minority Interest	(73)	(24)	(63)	(18)	(18)	(8)	(6)	(4)
<b>Adjusted Net Income</b>	<b>2,738</b>	<b>2,684</b>	<b>2,518</b>	<b>2,455</b>	<b>2,147</b>	<b>1,839</b>	<b>1,795</b>	<b>1,996</b>

(\*) Results from Insurance, Private Pension Plan and Savings Bonds Operations = Retained Insurance, Private Pension Plan and Savings Bonds Premiums - Variation in Technical Provisions of Insurance, Private Pension Plans and Savings Bonds – Retained Claims – Drawings and Redemption of Savings Bonds – Selling Expenses with Insurance, Private Pension Plans and Savings Bonds.

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



Economic and Financial  
Analysis

## Financial Margin – Interest and Non-Interest

### Average Financial Margin Rate

	Financial Margin				R\$ million	
	1Q11	4Q10	1Q10	Variation Quarter	12M	
Interest - due to volume					436	1,547
Interest - due to spread					(140)	(104)
- Financial Margin - Interest	8,849	8,553	7,406	296		1,443
- Financial Margin - Non-Interest	513	465	283	48		230
<b>Financial Margin</b>	<b>9,362</b>	<b>9,018</b>	<b>7,689</b>	<b>344</b>		<b>1,673</b>
<b>Average Margin Rate (*)</b>	<b>8.2%</b>	<b>8.3%</b>	<b>8.1%</b>			

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

Financial margin in the first quarter of 2011 was R\$9,362 million. Compared with the previous quarter there was a R\$344 million, or 3.8% increase mainly from the interest financial margin, which was positively impacted by: (i) the increase in the volume of operations; contributing with R\$436 million; and mitigated by (ii) the decrease in the average spread of R\$140 million.

Financial margin grew by 21.8% or R\$1,673 million in the first quarter of 2011, compared to the same period in the previous year. This growth is due to (i) the R\$1,443 million increase in interest margin, of which: (a) R\$1,547 million corresponds to the increase in volume of operations; being partially mitigated by: (b) decrease in the average spread in the amount of R\$104 million; and (ii) the increase in “non-interest” financial margin, in the amount of R\$230 million, from more treasury/securities gains.

## Financial Margin – Interest

### Interest Financial Margin - Breakdown

	Interest Financial Margin Breakdown				R\$ million	
	1Q11	4Q10	1Q10	Variation Quarter	12M	
Loans	6,180	6,143	5,630	37		550
Funding	1,009	916	593	93		416
Insurance	999	907	744	92		255
Securities/Other	661	587	439	74		222
<b>Financial Margin</b>	<b>8,849</b>	<b>8,553</b>	<b>7,406</b>	<b>296</b>		<b>1,443</b>

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The interest financial margin reached R\$8,849 million in the first quarter of 2011 versus the R\$8,553 million posted in the fourth quarter of 2010, a positive impact of R\$296 million. The business lines that contributed the most to results in the quarter were (i) "Funding," which is explained in further detail in "Funding Financial Margin" – "Interest" and (ii) "Insurance", which is explained in further detail in "Insurance Financial Margin" – "Interest."

Year on year, interest financial margin posted growth of 19.5%, or R\$1,443 million. The business lines that most contributed to this growth were: (i) "Loan," details of which can be found in "Loan Financial Margin" – "Interest;" and (ii) "Funding," details of which can be found in "Funding Financial Margin" – "Interest."

**Financial Margin - Interest****Interest Financial Margin - Rates**

The annualized ratio of "interest" financial margin to total average assets stood at 7.8% in the first quarter of 2011, stable in comparison with the previous quarter and the first quarter of 2010.

**Interest Financial Margin – Annualized Average Rates**

	1Q11		4Q10		R\$ million	
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	6,180	239,266	10.74%	6,143	227,368	11.25%
Funding	1,009	276,157	1.47%	916	255,634	1.44%
Insurance	999	88,818	4.58%	907	85,096	4.33%
Securities/Other	661	206,006	1.29%	587	202,244	1.17%
<b>Financial Margin</b>	<b>8,849 -</b>	<b>-</b>	<b>-</b>	<b>8,553 -</b>	<b>-</b>	<b>-</b>

	1Q11		1Q10			
	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate
Loans	6,180	239,266	10.74%	5,630	194,704	12.08%
Funding	1,009	276,157	1.47%	593	221,851	1.07%
Insurance	999	88,818	4.58%	744	76,591	3.94%
Securities/Other	661	206,006	1.29%	439	187,381	0.94%
<b>Financial Margin</b>	<b>8,849 -</b>	<b>-</b>	<b>-</b>	<b>7,406 -</b>	<b>-</b>	<b>-</b>

Economic and Financial  
Analysis

## Loan Financial Margin - Interest

### Loan Financial Margin – Breakdown

	Financial Margin - Loan				R\$ million	
	1Q11	4Q10	1Q10	Variation Quarter	12M	
Interest - due to volume					307	1,151
Interest - due to spread					(270)	(601)
Interest Financial Margin	6,180	6,143	5,630	5,630	37	550
Revenues	11,056	10,554	9,210	9,210	502	1,846
Expenses	(4,876)	(4,411)	(3,580)	(3,580)	(465)	(1,296)

In the first quarter of 2011, the financial margin with loan operations reached R\$6,180 million, up 0.6% or R\$37 million, over the previous quarter. The variation was mainly the result of: (i) growth in average business volume of R\$307 million; offset by: (ii) a R\$270 million decrease in the average spread.

In the first quarter of 2011, financial margin was up 9.8% or R\$550 million from the same period last year. This variation was the result of: (i) the positive contribution of R\$1,151 million from the increase in the volume of operations; and, partially offset by: (ii) a decrease in average spread by R\$601 million.

It is important to highlight Bradesco's strategic positioning, which allows it to take advantage of the best opportunities from the upturn in the Brazilian economy, highlighting operations aimed at family consumption and production financing.

## 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), which has gone up due to the increase in volume of operations.

The ALL curve shows delinquency costs, which are represented by Allowance for Loan Losses (ALL) expenses, discounts granted in negotiations and 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 first quarter of 2011 recorded a decrease from the previous quarter of 0.7%, due to the 2.8% increase in ALL expenses. Year on year, net margin increased by 11.0%, or R\$378 million.

Economic and Financial  
Analysis**Loan Financial Margin - Interest****Total Loan Portfolio**

Loan operations (including sureties, guarantees, advances of credit card receivables and assignments of receivables-backed investment funds and mortgage-backed receivables) ended the first quarter of 2011 at R\$284.7 billion, an increase of 3.8% in the quarter and 21.0% in the last twelve months.

The expanded loan portfolio<sup>(1)</sup>, which also includes the other credit risk operations –commercial portfolio (debentures and promissory notes), amounted to R\$304.4 billion in March 2011 (R\$293.6 billion in December 2010 and R\$248.3 billion in March 2010), recording growth of 3.7% in the quarter and 22.6% in the last twelve months.

(1) For more information, see page 36 of this chapter.

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

A breakdown of loan products for Individuals is presented below:

Individuals Mar11	R\$ million			Variation %	
	Dec10	Mar10	Quarter	12M	
Vehicles - CDC	25,811	24,867	20,609	3.8	25.2
Credit Card	16,493	17,184	14,195	(4.0)	16.2
Payroll-Deductible Loan <sup>(1)</sup>	16,123	15,008	11,491	7.4	40.3
Personal Loan	12,075	11,493	9,342	5.1	29.3
Leasing	6,916	7,954	11,329	(13.1)	(39.0)
Rural Loan	5,946	5,798	4,785	2.5	24.3
Real Estate Financing <sup>(2)</sup>	4,879	4,370	3,189	11.6	53.0
BNDES/Finame Onlending	4,704	4,394	3,439	7.1	36.8
Overdraft Facilities	2,940	2,481	2,635	18.5	11.6
Sureties and Guarantees	667	535	551	24.7	20.9
Other <sup>(3)</sup>	3,525	4,037	4,448	(12.7)	(20.7)
<b>Total</b>	<b>100,079</b>	<b>98,122</b>	<b>86,012</b>	<b>2.0</b>	<b>16.4</b>

Including:

(1) Credit assignment (FIDC): R\$401 million in March 2011, R\$408 million in December 2010 and R\$360 million in March 2010;

(2) Credit assignment (CRI): R\$268 million in March 2011, R\$287 million in December 2010, R\$354 million in March 2010; and

(3) Credit assignment (FIDC) for the acquisition of assets: R\$5 million in March 2011, R\$8 million in December 2010 and R\$18 million in March 2010.

Operations with Individuals, which recorded growth of 16.4% in the last twelve months, was led by: (i) real estate financing; (ii) the payroll-deductible loans portfolio; and (iii) BNDES/Finame onlending. In the first quarter of 2011, these operations grew by 2.0%

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when compared to the previous quarter, and the products that most contributed to growth were: (i) real estate financing; (ii) payroll-deductible loans; and (iii) BNDES/Finame onlending.

36 Report on Economic and Financial Analysis – March 2011

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**Loan Financial Margin - Interest**

A breakdown of loan products for the Corporate segment is presented below:

Corporate Mar11	R\$ million			Variation %	
	Dec10	Mar10	Quarter	12M	
Working Capital	36,161	34,729	29,526	4.1	22.5
BNDES/Finame Onlending	26,389	25,160	16,762	4.9	57.4
Operations Abroad	19,099	17,927	14,017	6.5	36.3
Credit Card	11,353	11,073	7,738	2.5	46.7
Overdraft Account	9,450	8,387	8,226	12.7	14.9
Export Financing	8,500	7,133	8,016	19.2	6.0
Leasing	8,091	8,411	8,642	(3.8)	(6.4)
Real Estate Financing - Corporate Plan <sup>(1)</sup>	6,990	6,484	5,119	7.8	36.6
Rural Loan	4,380	4,241	4,144	3.3	5.7
Vehicles - CDC	4,191	3,936	3,062	6.5	36.9
Sureties and Guarantees <sup>(2)</sup>	41,800	40,231	34,162	3.9	22.4
Other	8,212	8,393	9,812	(2.2)	(16.3)
<b>Subtotal</b>	<b>184,616</b>	<b>176,105</b>	<b>149,226</b>	<b>4.8</b>	<b>23.7</b>
Operations with Credit Risk - Commercial Portfolio <sup>(3)</sup>	19,678	19,328	13,044	1.8	50.9
<b>Total</b>	<b>204,295</b>	<b>195,433</b>	<b>162,270</b>	<b>4.5</b>	<b>25.9</b>

(1) Mortgage-backed receivables (CRI): Includes R\$307 million in March 2011, R\$312 million in December 2010 and R\$388 million in March 2010;

(2) 91.6% of surety and guarantees from corporate customers were contracted by corporations; and

(3) Includes operations with debentures and promissory notes.

The corporate segment grew by 25.9% in the last twelve months and 4.5% in the quarter. The main highlights in the last twelve months were: (i) operations bearing credit risk - commercial portfolio; (ii) BNDES/Finame onlending; (iii) credit card; and (iv) vehicle financing – CDC. In the quarter, the highlights were: (i) export financings; (ii) overdraft accounts; and (iii) real estate financing – corporate plans.

**Loan Portfolio – Consumer Financing**

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

Consumer financing totaled R\$78.2 billion, which corresponded to a 0.8% increase in the quarter and 14.6% in the last twelve months. Growth was led by: (i) vehicle financing (CDC/Leasing); and (ii) payroll-deductible loans, which together totaled R\$48.9 billion, accounting for 62.5% of the total consumer financing balance. Given their guarantees and characteristics, they provide operations with an adequate level of credit risk.





Economic and Financial  
Analysis

## Loan Financial Margin - Interest

### Breakdown of Vehicle Portfolio

	R\$ million			Variation %	
	Mar11	Dec10	Mar10	Quarter	12M
<b>CDC Portfolio</b>	<b>30,002</b>	<b>28,803</b>	<b>23,671</b>	<b>4.2</b>	<b>26.7</b>
Individuals	25,811	24,867	20,609	3.8	25.2
Corporate	4,191	3,936	3,062	6.5	36.9
<b>Leasing Portfolio</b>	<b>11,769</b>	<b>13,151</b>	<b>17,291</b>	<b>(10.5)</b>	<b>(31.9)</b>
Individuals	6,916	7,954	11,329	(13.1)	(39.0)
Corporate	4,853	5,197	5,962	(6.6)	(18.6)
<b>Finame Portfolio</b>	<b>8,766</b>	<b>8,125</b>	<b>3,590</b>	<b>7.9</b>	<b>144.2</b>
Individuals	1,002	887	108	13.0	827.8
Corporate	7,764	7,238	3,482	7.3	123.0
<b>Total</b>	<b>50,537</b>	<b>50,079</b>	<b>44,552</b>	<b>0.9</b>	<b>13.4</b>
Individuals	33,729	33,708	32,046	0.1	5.3
Corporate	16,808	16,371	12,506	2.7	34.4

Vehicle financing operations (individuals and corporate customers) totaled R\$50.5 billion in March 2011, for an increase of 0.9% on the quarter and 13.4% on the same period last year. Of the total vehicle portfolio, 59.4% corresponds to CDC, 23.3% to Leasing and 17.3% to Finame. Individuals represented 66.7% of the portfolio, while Corporate Customers accounted for the remaining 33.3%.

### Loan Portfolio – By Type

The table below presents all operations with credit risk (including sureties and guarantees, advances on credit card receivables, loan assignments and other operations with some type of credit risk), which increased by 4.1% in the quarter and 23.4% in the last twelve months.

	R\$ million			Variation %	
	Mar11	Dec10	Mar10	Quarter	12M
Loans and Discounted Securities	116,264	110,316	92,366	5.4	25.9
Financing	76,869	73,046	56,537	5.2	36.0
Rural and Agribusiness Financing	14,262	13,804	12,338	3.3	15.6
Leasing Operations	15,008	16,366	20,249	(8.3)	(25.9)
Advances on Exchange Contracts	5,728	4,189	5,126	36.7	11.7
Other Loans	11,781	12,893	11,491	(8.6)	2.5
<b>Total Loan Operations <sup>(1)</sup></b>	<b>239,912</b>	<b>230,614</b>	<b>198,107</b>	<b>4.0</b>	<b>21.1</b>
Sureties and Guarantees Granted (Memorandum Accounts)	42,466	40,766	34,714	4.2	22.3
Other <sup>(2)</sup>	1,336	1,833	1,298	(27.1)	2.9
<b>Total Exposures - Loan Operations</b>	<b>283,714</b>	<b>273,213</b>	<b>234,119</b>	<b>3.8</b>	<b>21.2</b>

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Loan Assignments (FIDC / CRI)	981	1,014	1,119	(3.3)	(12.3)
<b>Total Operations including Loan Assignment</b>	<b>284,695</b>	<b>274,227</b>	<b>235,238</b>	<b>3.8</b>	<b>21.0</b>
Operations with Credit Risk - Commercial Portfolio <sup>(3)</sup>	19,678	19,328	13,044	1.8	50.9
<b>Total Operations with Credit Risk - Expanded Portfolio</b>	<b>304,374</b>	<b>293,555</b>	<b>248,282</b>	<b>3.7</b>	<b>22.6</b>
Other Operations with Credit Risk <sup>(4)</sup>	14,085	12,267	9,784	14.8	44.0
<b>Total Operations with Credit Risk</b>	<b>318,459</b>	<b>305,822</b>	<b>258,066</b>	<b>4.1</b>	<b>23.4</b>

(1) Concept determined by the Brazilian Central Bank;

(2) Refers to advances of credit card receivables;

(3) Includes operations with debentures and promissory notes; and

(4) Includes operations involving interbank deposit certificates (CDI), international treasury, euronotes, swaps, forward currency contracts and investments in receivables-backed investment funds (FIDC) and mortgage-backed receivables (CRI).

**Loan Financial Margin - Interest****Credit Portfolio Concentration\* – by Sector**

The loan portfolio by sector of economic activity presented slight changes in the segments it comprises, specifically an increase in participation of commerce and services in the last twelve months.

<b>Activity Sector</b>	<b>R\$ million</b>						
<b>Mar11</b>	<b>%</b>	<b>Dec10</b>	<b>%</b>	<b>Mar10</b>	<b>%</b>		
<b>Public Sector</b>		<b>1,008</b>	<b>0.4</b>	<b>973</b>	<b>0.4</b>	<b>1,546</b>	<b>0.8</b>
<b>Private Sector</b>		<b>238,904</b>	<b>99.6</b>	<b>229,641</b>	<b>99.6</b>	<b>196,561</b>	<b>99.2</b>
<b>Corporate</b>		<b>140,166</b>	<b>58.4</b>	<b>132,757</b>	<b>57.6</b>	<b>111,832</b>	<b>56.4</b>
Industry		46,562	19.4	45,268	19.6	39,351	19.9
Commerce		37,809	15.8	34,519	15.0	27,004	13.6
Financial Intermediaries		716	0.3	566	0.2	788	0.4
Services		51,772	21.6	49,496	21.5	42,104	21.2
Agriculture, Cattle Raising, Fishing, Forestry and Forest Exploration		3,307	1.4	2,908	1.3	2,585	1.3
<b>Individuals</b>		<b>98,738</b>	<b>41.2</b>	<b>96,884</b>	<b>42.0</b>	<b>84,729</b>	<b>42.8</b>
<b>Total</b>		<b>239,912</b>	<b>100.0</b>	<b>230,614</b>	<b>100.0</b>	<b>198,107</b>	<b>100.0</b>

(\*) Concept defined by the Brazilian Central Bank.

**Changes in the Loan Portfolio\***

Out of the R\$41.8 billion in growth in the loan portfolio over the last twelve months, new borrowers were responsible for R\$24.7 billion, or 59.0% of the growth. New borrowers represented 10.3% of the portfolio on March 31, 2011.

\* Concept defined by the Brazilian Central Bank.

Economic and Financial  
Analysis

## Loan Financial Margin - Interest

### Changes in the Loan Portfolio - By Rating

In the chart below, we show that both new borrowers and remaining debtors from March 2010 presented a good level of credit quality (AA-C rating), demonstrating the adequacy and consistency of credit policy and processes, as well as required guarantees and credit ranking instruments used by Bradesco.

Breakdown of Portfolio by Rating between March 2010 and 2011							
Rating	Total Loans in March 2011		New Customers from April 2010 to March 2011		Remaining Customers from March 2010		
	R\$ million	%	R\$ million	%	R\$ million	%	
AA - C	221,670	92.4	23,449	95.0	198,221	92.1	
D	4,751	1.9	406	1.7	4,345	2.0	
E - H	13,491	5.7	816	3.3	12,675	5.9	
<b>Total</b>	<b>239,912</b>	<b>100.0</b>	<b>24,671</b>	<b>100.0</b>	<b>215,241</b>	<b>100.0</b>	

(\*) Concept defined by the Brazilian Central Bank.

### Loan Portfolio\* – By Customer Profile

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

Type of Customer	R\$ million			Variation %	
	Mar11	Dec10	Mar10	Quarter	12M
Corporate	58,334	55,235	50,343	5.6	15.9
SMEs	82,840	78,495	63,034	5.5	31.4
Individuals	98,738	96,884	84,729	1.9	16.5
<b>Total Loan Operations</b>	<b>239,912</b>	<b>230,614</b>	<b>198,107</b>	<b>4.0</b>	<b>21.1</b>

(\*) Concept defined by the Brazilian Central Bank.

It is worth noting that growth in the Corporate portfolio was impacted by: (i) the appreciation of the Brazilian Real against the US Dollar; as well as by (ii) funds raised on the capital markets, whose balance of operations with credit risk – commercial portfolio, which include debentures and promissory notes, grew by R\$6.6 billion in the last twelve months, representing an increase of 50.9% in the period, resulting in lower growth of traditional loan operations for this type of customer.

### Loan Portfolio\* – By Customer Profile and Rating (%)

Regarding the last 12 months, the increase in the share of loans rated “AA – C,” reflects improved economic performance during the period, the ongoing improvement of loan analysis tools and processes and the quality growth of Bradesco’s loan portfolio.

By Rating  
Type of Customer

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	Mar11			Dec10			Mar10			
	AA-C	D	E-H	AA-C	D	E-H	AA-C	D	E-H	
Corporate		97.3	1.6	1.1	97.3	1.6	1.1	97.1	1.2	1.6
SMEs		92.2	2.3	5.5	92.3	2.2	5.5	90.8	2.5	6.7
Individuals		89.6	1.9	8.5	89.8	1.8	8.4	88.3	2.1	9.6
<b>Total</b>		<b>92.4</b>	<b>1.9</b>	<b>5.7</b>	<b>92.4</b>	<b>1.9</b>	<b>5.7</b>	<b>91.4</b>	<b>2.0</b>	<b>6.6</b>

(\*) Concept defined by the Brazilian Central Bank.

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

The table below shows growth by business segment in Bradesco's loan portfolio, especially the growth in the assets of the Retail, Prime and Corporate in the quarter. In the year, Prime, Retail and Middle Market were the segments that posted the greatest growth.

Business Segments	R\$ million				Variation %			
	Mar11	%	Dec10	%	Mar10	%	Quarter	12M
Retail	83,622	34.9	78,699	34.1	63,594	32.1	6.3	31.5
Corporate (1)	69,842	29.1	66,464	28.8	59,566	30.1	5.1	17.3
Middle Market	31,777	13.2	31,049	13.5	24,664	12.4	2.3	28.8
Prime	9,410	3.9	8,896	3.9	6,416	3.2	5.8	46.7
Other / Non-account holders (2)	45,261	18.9	45,506	19.7	43,866	22.2	(0.5)	3.2
<b>Total</b>	<b>239,912</b>	<b>100.0</b>	<b>230,614</b>	<b>100.0</b>	<b>198,107</b>	<b>100.0</b>	<b>4.0</b>	<b>21.1</b>

(\*) Concept defined by the Brazilian Central Bank.

(1) Considers credits acquired with recourse. In the table on page 38, Loan Portfolio – by Customer Profile, these amounts are allocated to Individuals; and

(2) Mainly non-account holders from vehicle financing, cards and payroll-deductible loans.

**Loan Portfolio - By Currency**

The balance of dollar-indexed and/or denominated loans and onlending operations (excluding ACCs – Advances on Foreign Exchange Contracts) totaled US\$12.7 billion, representing strong growth of 8.1% in the quarter and 43.6% in the last twelve months, in terms of U.S. dollars (in terms of Brazilian reais, an increase of 5.7% and 31.3%, respectively). In terms of Brazilian reais, these same foreign currency operations totaled R\$20.7 billion (R\$19.6 billion in December 2010 and R\$15.7 billion in March 2010).

In March 2011, total loan operations, in Reais, stood at R\$219.2 billion (R\$211.1 billion in December 2010 and R\$182.4 billion in March 2010), up 3.9% from the previous quarter and 20.2% over the last twelve months.

Economic and Financial  
Analysis

## **Loan Financial Margin - Interest**

### **Loan Portfolio\* - By Debtor**

The credit exposure levels of the largest debtors reduced its concentration in comparison with both the same period in the previous year and the previous quarter. The quality of the portfolio of the one hundred largest debtors, when evaluated using AA and A ratings, improved in the last twelve months but slightly deteriorated in the quarter.

42 Report on Economic and Financial Analysis – March 2011

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## Loan Financial Margin - Interest

### Loan Portfolio\* - By Flow of Maturities

In March 2011, performing loan operations presented a longer debt maturity profile as a result of the focus on BNDES/Finame onlending and real-estate lending. It is worth noting that onlending and real estate lo-

an operations present reduced risk, given their guarantees and characteristics, in addition to providing favorable conditions to gain customer loyalty.

(\*) Concept defined by the Brazilian Central Bank.

Economic and Financial  
Analysis

**Loan Financial Margin - Interest**

**Loan Portfolio\* – Delinquency over 90 days**

After five consecutive quarters in decline, in March 2011, the total delinquency rate for loans overdue for over 90 days remained stable when compared with the previous quarter.

The graph below details the decrease in delinquency for operations overdue from 61 to 90 days in comparison with the same period in the previous year and stability in the quarter.

(\*) Concept defined by the Brazilian Central Bank.

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

Analysis of delinquency by type of customer in the quarter shows that operations overdue from 61 to 90 days presented a slight increase for Individuals, as expected for in period of the year.

For Corporate customers, delinquency of operations overdue from 61 to 90 days remained stable in the quarter.

Economic and Financial  
Analysis

## Loan Financial Margin - Interest

### Allowance for Loan Losses (ALL) vs. Delinquency vs. Losses

The volume of Allowance for Loan Losses (ALL) amounted to R\$16.7 billion, representing 7.0% of the total portfolio, and is composed of generic provisions (customer and/or operation rating), specific provisions (non-performing operations) and excess provisions (internal criteria).

It is important to highlight the adequacy of adopted provisioning criteria, which can be proven by: (i) analyzing the historical data on recorded allowances for loan losses; and (ii) effective losses in the subsequent twelve-month period. For instance, in March 2010, for an existing provision of 8.0% of the portfolio, the loss in the subsequent twelve months was 4.3%, which means the existing provision covered the loss by an 86% margin, as shown in the graph below.

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

Analysis in terms of loss net of recovery shows a significant increase in the coverage margin. In March 2010, for an existing provision of 8.0% of the portfolio, the net loss in the subsequent twelve months was 2.9%, meaning that the existing provision covered the loss by a 176% margin.

Economic and Financial  
Analysis

## **Loan Financial Margin - Interest**

### **Allowance for Loan Losses**

Bradesco holds allowances nearly R\$3.0 billion in excess of requirements. The current provisioning levels reflect the cautious approach to supporting potential changes in scenarios, such as higher delinquency levels and/or changes in the loan portfolio profile.

The Non-Performing Loan ratio (operations overdue for over 60 days) posted a slight increase in the period, from 4.3% in December 2010 to 4.4% in March 2011. Coverage ratios for the allowance for loans overdue for over 60 and 90 days posted a slight reduction in the quarter, still providing the Bank with a certain measure of comfort.

**Loan Financial Margin - Interest****Loan Portfolio – Portfolio Indicators**

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

	R\$ million (except %)		
	Mar11	Dec10	Mar10
Total Loan Operations	239,912	230,614	198,107
- Individuals	98,738	96,884	84,729
- Corporate	141,174	133,730	113,378
Existing Provision	16,740	16,290	15,836
- Specific	8,298	7,898	8,230
- Generic	5,439	5,390	4,601
- Excess	3,003	3,002	3,005
Specific Provision / Existing Provision (%)	49.6	48.5	52.0
Existing Provision / Loan Operations (%)	7.0	7.1	8.0
AA - C Rated Loan Operations / Loan Operations (%)	92.4	92.4	91.4
D Rated Operations under Risk Management / Loan Operations (%)	1.9	1.9	2.0
E - H Rated Loan Operations / Loan Operations (%)	5.7	5.7	6.6
D Rated Loan Operations	4,751	4,285	3,961
Existing Provision for D Rated Loan Operations	1,258	1,121	1,046
D Rated Provision / Loan Operations (%)	26.5	26.2	26.4
D - H Rated Non-Performing Loans	11,858	11,172	11,651
Existing Provision/D - H Rated Non-Performing Loans (%)	141.2	145.8	135.9
E - H Rated Loan Operations	13,491	13,100	13,161
Existing Provision for E - H Rated Loan Operations	11,899	11,579	11,622
E - H Rated Provision / Loan Operations (%)	88.2	88.4	88.3
E - H Rated Non-Performing Loans	9,881	9,403	9,742
Existing Provision/E - H Rated Non-Performing Loan (%)	169.4	173.2	162.6
Non-Performing Loans (*)	10,520	9,973	10,465
Non-Performing Loans (*) / Loan Operations (%)	4.4	4.3	5.3
Existing Provision / Non-Performing Loans (*) (%)	159.1	163.3	151.3
Loan Operations Overdue for over 90 days	8,648	8,243	8,760
Existing Provision / Operations Overdue for Over 90 days (%)	193.6	197.6	180.8

(\*) Loan operations overdue for over 60 days and do not generate revenue appropriation under the accrual accounting method.

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The table above shows the continuing quality of the loan portfolio, represented by (i) the 92.4% share of loans classified as "AA-C" in March 2011; (ii) the adequate delinquency levels; and (iii) the excellent coverage of operations overdue for over 60 and 90 days.



Economic and Financial  
Analysis**Funding Financial Margin - Interest****Funding Financial Margin - Breakdown**

	Financial Margin - Funding				R\$ million	
	1Q11	4Q10	1Q10	Variation Quarter	12M	
Interest - due to volume					75	198
Interest - due to spread					18	218
<b>Interest Financial Margin</b>	<b>1,009</b>	<b>916</b>	<b>593</b>		<b>93</b>	<b>416</b>

Comparing the first quarter of 2011 with the previous one, there was an increase of 10.2% or R\$93 million in the interest funding financial margin. This growth was due to: (i) increased operation volume, which contributed to a R\$75 million increase; and (ii) average spread gains of R\$18 million.

In the first quarter of 2011, the interest funding financial margin reached R\$1,009 million, versus R\$593 million in the same period last year, for growth of 70.2% or R\$416 million.

The increase was mainly the result of: (i) greater average spread gains of R\$218 million, due to the increase in interest rate (Selic) in the period and the drop in funding costs; and (ii) an increase in average business volume, contributing R\$198 million, from the establishing of funding strategies, which led to an increase in the average volume of time and savings deposits, as well as the issuance of financial letters.

## Funding Financial Margin - Interest

### Loans vs. 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 the Brazilian Central Bank; and (ii) the amount of available funds held at units in the customer service network; and to add (iii) the funds from domestic and offshore lines that provide funding to meet loan and financing needs.

Bradesco presents low reliance on interbank deposits and foreign credit lines, 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.

Despite reduced liquidity from the increase in compulsory deposit rates (in December 2010), we observe that use of funds still showed a comfortable margin in March 2011, practically returning to the same levels seen in March 2010 as a result of increased funding, which proves that Bradesco was capable of meeting demand for resources in loan operations, mainly by raising funds with customers.

Funding vs . Investments	R\$ million			Variation %	
	Mar11	Dec10	Mar10	Quarter	12M
Demand Deposits	32,891	37,332	32,585	(11.9)	0.9
Sundry Floating	5,041	1,870	3,715	169.6	35.7
Savings Deposits	54,625	53,436	45,195	2.2	20.9
Time Deposits + Debentures <sup>(1)</sup>	165,169	148,941	134,122	10.9	23.1
Other	28,583	23,230	10,851	23.0	163.4
<b>Customer Funds</b>	<b>286,310</b>	<b>264,809</b>	<b>226,468</b>	<b>8.1</b>	<b>26.4</b>
(-) Compulsory Deposits / Funds Available <sup>(2)</sup>	(66,716)	(74,329)	(43,462)	(10.2)	53.5
<b>Customer Funds Net of Compulsory Deposits</b>	<b>219,594</b>	<b>190,480</b>	<b>183,006</b>	<b>15.3</b>	<b>20.0</b>
Onlending	31,411	29,819	20,646	5.3	52.1
Foreign Credit Lines	13,392	10,126	14,272	32.3	(6.2)
Funding Abroad	30,506	21,785	15,383	40.0	98.3
<b>Total Funding (A)</b>	<b>294,903</b>	<b>252,210</b>	<b>233,307</b>	<b>16.9</b>	<b>26.4</b>
Loan Portfolio/Leasing/Cards (Other Receivables)/Acquired CDI (B) <sup>(3)</sup>	245,781	233,181	199,449	5.4	23.2
<b>B/A (%)</b>	<b>83.3</b>	<b>92.5</b>	<b>85.5</b>	<b>(9.2) p.p.</b>	<b>(2.1) p.p.</b>

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

(2) Excludes government bonds tied to savings accounts; and

(3) Comprises amounts relative to card operations (cash and installment purchases from merchants) and amounts related to interbank deposit certificates (CDI) to debate from the compulsory amount.



Economic and Financial  
Analysis

## Funding Financial Margin - Interest

### Main Funding Sources

The following table presents changes in main funding sources:

	R\$ million			Variation %	
	Mar11	Dec10	Mar10	Quarter	12M
Demand Deposits	32,891	37,332	32,585	(11.9)	0.9
Savings Deposits	54,625	53,436	45,195	2.2	20.9
Time Deposits	116,055	102,158	92,577	13.6	25.4
Debentures (*)	48,351	46,040	40,790	5.0	18.5
Borrowing and Onlending	41,501	38,197	30,208	8.6	37.4
Funds from Issuance of Securities	21,701	17,674	8,550	22.8	153.8
Subordinated Debts	24,408	26,315	23,541	(7.2)	3.7
<b>Total</b>	<b>339,532</b>	<b>321,152</b>	<b>273,446</b>	<b>5.7</b>	<b>24.2</b>

(\*) Considers only debentures used to back purchase and sale commitments.

### Demand Deposits

The R\$4,441 million decrease in the first quarter of 2011, when compared to the previous quarter, is mainly due to: (i) the use of funds by customers to pay non-recurring, end-of-year expenses (i.e. IPVA and Property Tax - IPTU); and (ii) the seasonality of the fourth quarter, generating a greater volume of funds from the payment of the thirteenth salary.

The balance of these funds remained stable year on year.

### Savings Deposits

Savings deposits were up by 2.2% in the first quarter versus previous quarter and by 20.9% over the last 12 months, mainly as a result of an increase in the amount of funds raised that exceeded redemptions in the period. The remuneration of balances (TR + 0.5% p.m.) reached 1.7% in the quarter and 7.1% accrued over the last 12 months.

Bradesco is always increasing its savings accounts base and has seen growth of 8.8% in savings accounts over the last twelve months.

At the end of the first quarter of 2011, the balance of Bradesco's savings accounts represented 17.9% of the Brazilian Savings and Loan System (SBPE).

## **Funding Financial Margin - Interest**

### **Time Deposits**

In the first quarter of 2011, time deposits grew by 13.6% (or R\$13,897 million) over the previous quarter, mainly as a result of an increase in funding volume from institutional investors and the branch network due to improved remuneration rates.

In the first quarter of 2011 versus the same quarter in the previous year, the 25.4% gain was mainly due to increased funding volume from institutional investors and the branch network.

### **Debentures**

On March 31, 2011, the balance of Bradesco's debentures was R\$48,351 million, up by 5.0% quarter on quarter and 18.5% over the last twelve months.

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

### **Borrowings and Onlending**

The 8.6%, or R\$3,304 million increase in the quarter is mainly due to: (i) a R\$1,594 million increase in the volume of funds from borrowings and onlending in the country, mainly through Finame operations; and (ii) new funding in the first quarter of 2011, which impacted borrowing and onlending obligations denominated in and/or indexed to foreign currency, which increased from R\$7,996 million in December 2010 to R\$9,705 million in March 2011.

The year-on-year increase of 37.4%, or R\$11,293 million was mainly due to the R\$10,664 million increase in the volume of funds from borrowings and onlending in the country, basically through BNDES and Finame operations.

Economic and Financial  
Analysis

## Funding Financial Margin - Interest

### Funds from Security Issuances

The 22.8%, or R\$4,027 million increase in the quarter is mainly due to the following: (i) the R\$3,701 million increase in the volume of Financial Letters; (ii) the growth of Mortgage Bonds, in the amount of R\$420 million; (iii) the higher volume of operations with Letters of Credit for Agribusiness, amounting to R\$116 million, and partially offset by: (iv) the negative variation in the foreign exchange rate of 2.3%, which impacted securities issued abroad.

- (1) Issued as of the second quarter of 2010; and
- (2) Considering Collateral Mortgage Notes, Mortgage Bonds, Letters of Credit for Agribusiness, Debentures, MTN Program Issues and the cost of issues over funding.

In the comparison of the first quarter of 2011 with the same period last year, the 153.8% growth, or R\$13,151 million, is mainly the result of: (i) new issuances of Financial Letters in the market, beginning in the second quarter of 2010, the balance of which amounted to R\$11,521 million in March 2011; (ii) the increase in Mortgage Bonds, in the amount of R\$1,196 million; (iii) the increased volume of Letters of Credit for Agribusiness, of R\$353 million; (iv) the higher volume of Collateral Mortgage Notes, in the amount of R\$298 million; and partially offset by: (v) a negative exchange variation affecting all securities issued abroad.

### Subordinated Debt

Subordinated Debt totaled R\$24,408 million in March 2011 (R\$5,798 million abroad and R\$18,610 million in Brazil).

In the last 12 months, Bradesco issued R\$4,686 million in Subordinated Debt (R\$2,080 million in Brazil and R\$2,606 million abroad), R\$2.606 million of which under Tier II of the Capital Adequacy Ratio (Basel II) and maturing in 2021. The issue of subordinated notes stands out with a total of US\$1.6



billion in August 2010 and January 2011.

Note that only R\$8,469 million of total subordinated debt is used for calculating the Capital Adequacy Ratio (Basel II), given the maturity of each subordinated debt operation.

Economic and Financial  
Analysis

## Securities/Other Financial Margin - Interest

### Securities/Other Financial Margin - Breakdown

	Financial Margin - Securities / Other				R\$ million	
	1Q11	4Q10	1Q10	Variation Quarter	12M	
Interest - due to volume					12	60
Interest - due to spread					62	162
Interest Financial Margin	661	587	439		74	222
Revenues	5,990	5,913	3,750		77	2,240
Expenses	(5,329)	(5,326)	(3,311)		(3)	(2,018)

In the comparison between the first quarter of 2011 and the previous quarter, the interest financial margin with Securities/Other posted growth of R\$74 million. This performance was due to: (i) average spread gains totaling R\$62 million; and (ii) the increase in the operation volume, contributing a total of R\$12 million.

In the first quarter of 2011, the interest financial margin with Securities/Other stood at R\$661 million, versus R\$439 million recorded in the same period in 2010, up 50.6% or R\$222 million. This is the result of: (i) greater average spread gains, totaling R\$162 million; and (ii) an increase in the volume of operations, which affected the result in R\$60 million.

## Insurance Financial Margin - Interest

### Insurance Financial Margin - Breakdown

	Financial Margin - Insurances				R\$ million	
	1Q11	4Q10	1Q10	Variation Quarter	12M	
Interest - due to volume					42	138
Interest - due to spread					50	117
Interest Financial Margin	999	907	744		92	255
Revenues	2,744	2,689	2,276		55	468
Expenses	(1,745)	(1,782)	(1,532)		37	(213)

In the first quarter of 2011, interest financial margin from insurance operations posted growth of R\$92 million, or 10.1% on the previous quarter, resulting from: (i) greater gains with the average spread, totaling R\$50 million; and (ii) a R\$42 million increase in

average business volume.

In the comparison of the first quarter of 2011 with the same period in 2010, interest financial margin from insurance operations was up by 34.3%, or R\$255 million, mainly due to: (i) the increase in operation volume, amounting to R\$138 million; and (ii) average spread gains totaling R\$117 million.

Economic and Financial  
Analysis

## Financial Margin – Non-Interest

### Non-Interest Financial Margin - Breakdown

	Non-Interest Financial Margin				R\$ million	
	1Q11	4Q10	1Q10	Variation Quarter	12M	
Funding		(72)	(68)	(63)	(4)	(9)
Insurance		56	136	69	(80)	(13)
Securities/Other		529	397	277	132	252
<b>Total</b>		<b>513</b>	<b>465</b>	<b>283</b>	<b>48</b>	<b>230</b>

The “non-interest” financial margin in the first quarter of 2011 stood at R\$513 million, versus R\$465 million in the fourth quarter of 2010. Year on year, the margin posted growth of R\$230 million, or 81.3%. Variations in the “non-interest” financial margin are mainly due to:

- “Funding,” represented by expenses with the Credit Guarantee Fund (*Fundo Garantidor de Crédito –FGC*) due to increased funding volume;
- “Insurance,” the variation of R\$80 million in the first quarter of 2011, compared to the previous quarter, basically refers to lower gains from the sale of equity investments; and
- “Securities/Other,” growth, both quarter-on-quarter and year-on-year, is due to increased treasury/securities gains.

Economic and Financial Analysis

## Insurance, Private Pension Plans and Savings Bonds

Analysis of the balance sheets and income statements of Grupo Bradesco de Seguros, Previdência e Capitalização:

### Consolidated Balance Sheet

	Mar11	Dec10	Mar10	R\$ million
<b>Assets</b>				
<b>Current and Long-Term Assets</b>	<b>106,227</b>	<b>102,707</b>		<b>92,552</b>
Securities	99,594	96,548		86,928
Insurance Premiums Receivable	1,555	1,375		1,337
Other Loans	5,078	4,784		4,287
<b>Permanent Assets</b>	<b>2,477</b>	<b>2,302</b>		<b>2,116</b>
<b>Total</b>	<b>108,704</b>	<b>105,009</b>		<b>94,668</b>
<b>Liabilities</b>				
<b>Current and Long-Term Liabilities</b>	<b>96,050</b>	<b>92,600</b>		<b>83,494</b>
Tax, Civil and Labor Contingencies	1,798	1,737		1,590
Payables on Insurance, Private Pension Plan and Savings Bond Operations	303	281		296
Other Liabilities	3,969	3,405		3,923
Insurance Technical Provisions	7,542	7,170		6,972
Technical Provisions for Life and Private Pension Plans	78,547	76,283		67,572
Technical Provisions for Savings Bonds	3,891	3,724		3,141
<b>Minority Interest</b>	<b>601</b>	<b>496</b>		<b>613</b>
<b>Shareholders' Equity</b>	<b>12,053</b>	<b>11,913</b>		<b>10,561</b>
<b>Total</b>	<b>108,704</b>	<b>105,009</b>		<b>94,668</b>

### Consolidated Statement of Income

	1Q11	4Q10	1Q10	R\$ million
Insurance Written Premiums, Private Pension Plan Contributions and Savings Bonds Income (*)		7,850	9,022	7,196
Premiums Earned from Insurance, Private Pension Plan Contribution and Savings Bonds		4,464	4,293	3,672
Interest Income of the Operation		927	994	791

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Sundry Operating Revenues	165	174	261
Retained Claims	(2,705)	(2,514)	(2,267)
Savings Bonds Draw ing and Redemptions	(549)	(643)	(451)
Selling Expenses	(424)	(438)	(372)
General and Administrative Expenses	(492)	(526)	(402)
Other (Operating Income/Expenses)	(108)	(72)	(17)
Tax Expenses	(111)	(103)	(85)
<b>Operating Income</b>	<b>1,167</b>	<b>1,165</b>	<b>1,130</b>
Equity Result	63	96	55
Non-Operating Income	(9)	(12)	(7)
<b>Income Before Taxes and Interest</b>	<b>1,221</b>	<b>1,249</b>	<b>1,178</b>
Income Tax and Contributions	(368)	(436)	(433)
Profit Sharing	(17)	(14)	(27)
Minority Interest	(75)	(19)	(15)
<b>Net Income</b>	<b>761</b>	<b>779</b>	<b>703</b>

(\* ) Not considering, in all periods, the effect of Normative Resolution of ANS 206/09 (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums "Pro-rata temporis." This accounting change did not affect Earned Premiums.

Economic and Financial  
Analysis

## Insurance, Private Pension Plans and Savings Bonds

### Income Distribution of Grupo Bradesco de Seguros e Previdência

	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09	R\$ million
Life and Private Pension Plans	442	485	450	443	409	394	347	366	366
Health	201	177	131	122	148	129	89	107	107
Savings Bonds	86	63	50	57	65	44	65	58	58
Basic Lines and Other	32	54	90	79	81	35	106	107	107
<b>Total</b>	<b>761</b>	<b>779</b>	<b>721</b>	<b>701</b>	<b>703</b>	<b>602</b>	<b>607</b>	<b>638</b>	<b>638</b>

### Performance Ratios

	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09	%
Claims Ratio <sup>(1)</sup>	72.0	71.1	72.4	71.8	73.3	74.3	77.2	73.3	73.3
Selling Ratio <sup>(2)</sup>	10.0	10.8	10.7	10.2	10.6	9.6	9.9	9.9	9.9
Administrative Expenses Ratio <sup>(3)</sup>	6.1	5.8	6.3	6.1	5.6	4.6	5.4	5.4	5.4
Combined Ratio <sup>(*) (4)</sup>	86.1	85.1	85.3	84.7	85.2	85.3	88.9	85.5	85.5

(\*) Excludes additional provisions.

(1) Retained Claims/Earned Premiums;

(2) Selling Expenses/Earned Premiums;

(3) Administrative Expenses/Net Premiums Written; and

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

### Premiums Written, Pension Plan Contributions and Savings Bond Income (\*)

(\*) Not considering, in all periods, the effect of Normative Resolution of ANS 206/09 (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums "Pro-rata temporis." This accounting change did not affect Earned Premiums.

In the first quarter of 2011, premiums written, pension plan contributions and savings bond income increased by 9.1% on the same quarter of the previous year.

According to Susep and ANS, in the insurance, private pension plan and savings bonds segment, Bradesco Seguros e Previdência had collected R\$2.6 billion up to January 2011, maintaining its position as leader of the ranking with a market share of 22.4%. In the same period, R\$11.6 billion were collected by the insurance industry.





Economic and Financial  
Analysis

## **Insurance, Private Pension Plans and Savings Bonds**

### **Premiums Written, Pension Plan Contributions and Savings Bond Income (\*)**

(\*) Not considering, in all periods, the effect of Normative Resolution of ANS 206/09 (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums "Pro-rata temporis." This accounting change did not affect Earned Premiums.

Bradesco

59

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Economic and Financial  
Analysis

## **Insurance, Private Pension Plans and Savings Bonds**

### **Retained Claims by Insurance Line**

Note: for comparison purposes, we have excluded Technical Provision complements on benefits to be granted – Remission, from the calculation of claims ratio (Earned Premiums) for the first quarter of 2010, amounting to R\$149 million (health insurance).

60 Report on Economic and Financial Analysis – March 2011

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Economic and Financial  
Analysis

## **Insurance, Private Pension Plans and Savings Bonds**

### **Insurance Selling Expenses by Insurance Line**

Note: for comparison purposes, we have excluded Technical Provision complements on benefits to be granted – Remission, from the selling ratio calculation (Earned Premiums) for the first quarter of 2010, amounting to R\$149 million (health insurance).

Bradesco

61

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Economic and Financial  
Analysis

## **Insurance, Private Pension Plans and Savings Bonds**

### **Efficiency Ratio**

#### General and Administrative Expenses / Revenue

The efficiency ratio increase of 0.3 p.p. in the first quarter of 2011 over the previous quarter is basically due to seasonality of revenue in the last quarter of each year and the collective bargaining agreement executed in January 2011.

Year on year, the 0.5 p.p. increase of efficiency ratio in the first quarter of 2011 mainly refers to the collective bargaining agreement executed in January 2011.

## **Insurance, Private Pension Plans and Savings Bonds**

### **Insurance Technical Provisions**

The Insurance Group's technical provisions represented 30.4% of the insurance industry in January 2011, according to Susep and the National Supplementary Health Agency (ANS).

Note: 1: According to RN 206/09 (ANS), as of January 2010, provisions for unearned premiums (PPNG) were excluded.

Economic and Financial  
Analysis**Bradesco Vida e Previdência**

	R\$ million (except when indicated otherwise)							
	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09
Net Income	442	485	450	443	409	394	347	366
Income from Premiums and Contribution Revenue*	4,059	5,385	4,096	3,690	3,910	4,933	3,697	3,304
- Income from Private Pension Plans and VGBL	3,317	4,617	3,403	3,052	3,291	4,295	3,100	2,758
- Income from Life/Personal Accidents Insurance								
Premiums	742	768	693	638	619	638	597	546
Technical Provisions	78,547	76,283	71,775	68,975	67,572	65,692	61,918	59,533
Investment Portfolio	82,916	80,147	75,974	72,507	70,920	68,780	64,646	61,736
Claims Ratio	43.6	44.1	49.8	44.7	45.1	50.9	48.1	43.9
Selling Ratio	19.2	19.5	19.8	17.5	18.8	14.4	16.5	17.1
Combined Ratio	71.9	74.7	79.9	71.5	73.9	70.6	74.4	69.4
Participants / Policyholders (in thousands)	22,698	22,186	21,346	21,109	21,326	21,389	21,206	20,231
Premiums and Contributions Revenue Market Share (%)**	28.9	31.2	31.5	32.0	32.7	31.1	31.1	30.4
Life/AP Market Share - Insurance Premiums (%)**	15.2	17.3	17.0	16.8	16.8	16.8	16.3	16.0

\* Life/VGBL/Traditional

\*\*In 1Q11, considers data for January 2011.

Due to its solid structure, a policy of product innovation and consumer reliance, Bradesco Vida e Previdência maintained its leadership, holding a market share of 28.9% in terms of income from private pension plans and VGBL.

Revenue in this segment is generally concentrated at the end of the year and was down by 24.6% from the fourth quarter of 2010. This drop impacted the direct revenue from operations. Administrative and personnel expenses posted a decrease from the previous quarter, even considering the collective bargaining agreement in

January 2011. In the period, claims dropped by 0.5 p.p. and selling costs by 0.3 p.p.

Net income for the first quarter of 2011 was up 8.1% from that of the same period last year, mainly resulting from: (i) the improved financial result; (ii) a 1.5 p.p. decline in claims; and partially offset by: (iii) the increase in administrative and personnel expenses, impacted by the collective bargaining agreement in January 2011.

## Bradesco Vida e Previdência

Bradesco Vida e Previdência's technical provisions stood at R\$78.5 billion in March 2011, made up of R\$76.1 billion from the private pension plan segment and VGBL and R\$2.4 billion from life, personal accidents and other lines, up 16.2% over March 2010.

The Private Pension Plan and VGBL Portfolio totaled R\$78.5 billion in January 2011, equal to 34.8% of all market funds (source: Fenaprevi).

## Evolution of Participants and Life and Personal Accident Policyholders

In March 2011, the number of Bradesco Vida e Previdência customers grew by 6.4% compared to March 2010, surpassing a total of 2 million private pension plan and VGBL plan participants and of 20.6 million personal accident and life insurance policyholders.

This impressive growth was fueled by the strength of the Bradesco brand and the adequate selling and management policies.

Economic and Financial  
Analysis**Bradesco Saúde – Consolidated**

	R\$ million (except when indicated otherwise)							
	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09
Net Income	201	177	131	122	148	129	89	107
Net Premiums Issued*	2,136	2,002	1,925	1,845	1,705	1,622	1,573	1,484
Technical Provisions	3,737	3,512	3,471	3,453	3,405	3,555	3,479	3,447
Claims Ratio	83.3	80.1	80.7	80.6	83.0	85.7	89.2	86.0
Selling Ratio	4.7	4.6	4.8	4.6	4.5	4.1	3.9	4.0
Combined Ratio	98.1	97.9	96.1	96.2	96.8	96.8	99.4	98.2
Policyholders (in thousands)	8,190	8,019	7,468	7,236	7,075	4,310	4,193	4,063
Written Premiums Market Share (%)**	50.0	51.7	51.1	50.4	49.4	48.7	48.1	47.4

\* Not considering the effect of RN 206/09 (ANS) in the total of R\$5 million (Health), which, as of January 2010, excluded PPNG (SES) and established the accounting of premiums "Pro-rata temporis." This accounting change did not affect Earned Premiums.

\*\*1Q11 considers data for January 2011.

Note: for comparison purposes, we have excluded build in Technical provisions for benefits to be granted – Remission, from the first quarter of 2010 ratios, amounting to R\$149 million.

Net income for the first quarter of 2011 was 13.6% greater than that of the previous quarter, mainly due to: (i) a 6.7% increase in revenue; partially offset by: (ii) the 3.2 p.p. increase in claims; and (iii) increased administrative and personnel expenses, impacted by the collective bargaining agreement in January 2011.

Income for the first quarter of 2011 posted growth of 35.8% in relation to the same period last year, mainly due to: (i) a 25.3% increase in revenue; (ii) steady level of the claims ratio; (iii) the continuation of the selling ratio at the levels seen in the first quarter of 2010; (iv) the improved financial result; and, partially offset by: (v) an increase in administrative and personnel expenses due to the collective bargaining agreement in January 2011.

In March 2011, Bradesco Saúde and Mediservice maintained strong market position in the corporate segment (source: ANS).

Approximately 33.7 thousand companies in Brazil have Bradesco Saúde Insurance and Mediservice plans. Of the 100 largest companies in Brazil, in terms of revenue, 42 are Bradesco Saúde and Mediservice customers (source: Exame Magazine "Melhores e Maiores" ranking, July 2010.)

**Number of Policyholders of Bradesco Saúde – Consolidated**

Bradesco Saúde – Consolidated has nearly 8.2million customers. The high share of corporate policies in the overall



portfolio (93.8% in March 2011) shows the Company's high level of specialization and customization in the corporate segment, a major advantage in today's supplementary health insurance market.

**Bradesco Capitalização**

	R\$ million (except when indicated otherwise)							
	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09
Net Income	86	63	50	57	65	44	65	58
Income from Savings Bonds	649	706	658	594	526	575	520	483
Technical Provisions	3,891	3,724	3,483	3,317	3,141	3,024	2,865	2,785
Customers (in thousands)	2,794	2,691	2,610	2,583	2,553	2,531	2,507	2,525
Market Share from Premiums and Contributions Revenues (%)*	20.3	21.1	20.4	19.7	20.9	19.7	19.4	19.0

\*1Q11 considers data for January 2011.

Net income for the first quarter of 2011 posted a 36.5% increase on the previous quarter, mainly a result of: (i) improved financial revenue; (ii) a drop in the redemption of savings bonds and drawing expenses, which are typically greater in the last quarter of the year; partially offset by: (iii) an increase in administrative and personnel expenses, impacted by the collective bargaining agreement in January 2011.

The impressive 23.4% increase in income from savings bonds and growth in financial result, which were partially offset by higher administrative and personnel expenses due to the collective bargaining agreement in January 2011, contributed to the 32.3% increase in income for the first quarter of 2011, when compared with net income in the same period last year.

Economic and Financial  
Analysis

## Bradesco Capitalização

Bradesco Capitalização ended the first quarter of 2011 as a leader of the savings bond industry, due to its policy of transparency and of adjusting its products based on potential consumer demand.

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

Among these, we can point out the performance of our social and environmental products, from which a part of the profit is allocated to social responsibility 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, which contributes to the development of reforestation projects; (ii) Instituto Ayrton Senna, which is set apart by transferring a percentage of the amount collected to social projects; (iii) the Brazilian Cancer Control Institute, which contributes to the development of projects for the prevention, early diagnosis and treatment of cancer in Brazil, and, finally, (iv) Fundação Amazonas Sustentável, through which a part of the amount collected is allocated to environmental conservation and sustainable development programs and projects.

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

**Bradesco Auto/RE**

	R\$ million (except when indicated otherwise)							
	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09
Net Income	39	58	28	27	22	43	33	40
Net Premiums Issued	871	865	941	952	935	855	812	754
Technical Provisions	3,688	3,554	3,525	3,455	3,402	3,162	2,998	2,940
Claims Ratio	68.1	69.3	69.7	69.9	70.7	70.2	72.3	65.3
Selling Ratio	17.2	17.6	17.3	17.6	17.7	16.6	17.5	16.9
Combined Ratio	108.7	106.9	105.2	105.3	104.3	107.8	106.4	99.9
Policyholders (in thousands)	3,330	3,337	3,208	2,980	2,814	2,592	2,433	2,359
Market Share from Premiums and Contributions Revenues (%)*	8.1	10.6	11.2	11.7	12.1	10.4	10.2	10.1

\* 1Q11 data considers January 2011.

Net income in the first quarter of 2011 was down by R\$19 million from the previous quarter, due to: (i) increased administrative and personnel expenses resulting from the collective bargaining agreement in January 2011; (ii) a decrease in equity income; and, was partially offset by: (iii) a 1.2 p.p. drop in claims.

Net income in the first quarter of 2011 posted impressive growth of 77.3% compared to the same period last year, mainly due to: (i) a 2.6 p.p. decrease in claims; (ii) improved financial result and equity income; and, partially offset by: (iii) an increase in administrative and personnel expenses, mainly resulting from the collective bargaining agreement dated January 2011.

Grupo Bradesco de Seguros e Previdência maintained its leadership position among major insurers of Brazil's Auto/RFC and Basic Lines Insurance market, holding a market share of 8.1% in January 2011.

In the Corporate Proprietary Insurance segment, Bradesco Auto/RE has maintained its share in major insurance programs through partnerships

with brokers that specialize in the segment and a close relationship with Bradesco Corporate and Bradesco Empresas (Middle Market). The excellent performance of the Oil industry and recovery of the Civil Construction industry have also contributed to Bradesco Auto/RE's growth in the 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/RFC line, the insurer has increased its customer base. The continuous improvement of pricing and creation of online calculation applications has contributed to an increase in the portfolio.



Economic and Financial  
Analysis

## **Bradesco Auto/RE**

### **Number of Policyholders in Auto/RE**

In the mass insurance segment of Basic Lines, where products target individuals, self-employed professionals and SMEs, the launch of new products and the continuous improvement of methods and systems have contributed to growth in the customer base, which increased by 18.3% in the last twelve months to a total of 3.3 million customers. This increase can be observed mainly in residential insurance due to the creation of specific products for customers of Banco Bradesco, such as *Residencial Preferencial*, in addition to the option of joint hiring of Auto and Residential insurance. *Bradesco Bilhete Residencial* also presented excellent performance in the period.

**Fee and Commission Income**

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

Fee and Commission Income	1Q11	4Q10	1Q10	Variation Quarter	R\$ million	
						12M
Card Income	1,155	1,157	972	(2)		183
Checking Account	649	646	542	3		107
Fund Management	471	467	429	4		42
Loan Operations	455	465	390	(10)		65
Collection	277	286	257	(9)		20
Consortium Management	121	119	97	2		24
Custody and Brokerage Services	108	108	114	-		(6)
Payment	77	74	69	3		8
Underwriting / Financial Advising Services	48	91	75	(43)		(27)
Other	149	155	179	(6)		(30)
<b>Total</b>	<b>3,510</b>	<b>3,568</b>	<b>3,124</b>	<b>(58)</b>		<b>386</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

In the first quarter of 2011, fee and commission income from cards stood at R\$1,155 million, practically stable in comparison with the previous quarter, mainly due to the steady volume of transactions in the period.

In the first quarter of 2011, the same figure posted year-on-year growth of 18.8%, or R\$183 million, mainly due to an increase in revenue from purchases and services, resulting from expansion in the card base by 8.8%, from 135.6 million in March 2010 to 147.5 million in March 2011. The expansion in the card base led to a 21.4% increase in revenue from credit cards in the period, for a total of R\$20,241 million in the quarter, as well as a 20.2% increase in the number of transactions, from 215.7 million in March 2010 to 259.3 million in March 2011.

It is important to note the impact of the increase in shareholding interest in Visavale, from 34.33% to 50.01%, and Cielo, from 26.56% to 28.65%, in the last twelve months.

(\*) Includes prepaid cards, Private Label and Banco IBI as of the fourth quarter of 2009 and Ibi Mexico as of the fourth quarter of 2010

## Fee and Commission Income

### Checking Account



In the first quarter of 2011, income from checking accounts remained practically stable, mainly due to: (i) a net increase of 416 thousand new checking accounts (403 thousand individual accounts and 13 thousand corporate accounts); (ii) the expansion of the service portfolio provided to the Bank's customers; (iii) banking fee adjustment; and partially offset by: (iv) the lower volume of services in the quarter when compared to volume at the end of the previous year.

In the first quarter of 2011 versus the same quarter of the previous year, revenue increased by 19.7% or R\$107 million resulting mainly from the expansion of the checking account base, which posted a net increase of 2,312 thousand new accounts (2,214 thousand new individual accounts and 98 thousand new corporate accounts).

### **Loan Operations**

In the first quarter of 2011, income from loan operations amounted to R\$455 million, down 2.2% in comparison with the previous quarter, mainly due to: (i) a decrease in the volume of contracted operations, mainly the result of seasonality of the fourth quarter of 2010; partially offset by: (ii) a 4.5% increase in revenue from guarantees provided, from the 4.2% growth in the volume of operations with Sureties and Guarantees.

The 16.7% growth in the first quarter of 2011 when compared with the same period in the previous year is mainly due to: (i) an increase in income from guarantees, which grew by 25.2%, mainly resulting from the 22.3% increase in the volume of Sureties and Guarantees operations; and (ii) the increased volume of other contracted operations in 2011.

Economic and Financial  
Analysis**Fee and Commission Income****Asset Management**

In the first quarter of 2011, revenue from funds under management was up by R\$4 million on the previous quarter, mainly the result of 2.6% growth in total funds raised and under management, partially offset by the lower number of business days in the quarter.

In the first quarter of 2011 versus the same quarter of the previous year, the R\$42 million or 9.8% increase was mainly due to the performance of funds raised, which grew by 17.3%. The highlight was income from fixed-income funds, which grew by 20.6% in the period, followed by growth in equity-investments of 4.0%.

Shareholders' Equity	R\$ million			Variation %	
	Mar11	Dec10	Mar10	Quarter	12M
Investment Funds	276,593	269,978	232,854	2.5	18.8
Managed Portfolios	19,701	18,930	17,960	4.1	9.7
Third-Party Fund Quotas	7,025	6,800	7,749	3.3	(9.3)
<b>Total</b>	<b>303,319</b>	<b>295,708</b>	<b>258,563</b>	<b>2.6</b>	<b>17.3</b>

Asset Distribution	R\$ million			Variation %	
	Mar11	Dec10	Mar10	Quarter	12M
Investment Funds – Fixed Income	249,777	242,751	207,081	2.9	20.6
Investment Funds – Variable Income	26,816	27,227	25,773	(1.5)	4.0
Investment Funds – Third-Party Funds	5,879	5,629	6,433	4.4	(8.6)
<b>Total - Investment Funds</b>	<b>282,472</b>	<b>275,607</b>	<b>239,287</b>	<b>2.5</b>	<b>18.0</b>

Managed Portfolios - Fixed Income	10,918	10,460	9,102	4.4	20.0
Managed Portfolios – Variable Income	8,783	8,470	8,858	3.7	(0.8)
Managed Portfolios - Third-Party Funds	1,146	1,171	1,316	(2.1)	(12.9)
<b>Total - Managed Funds</b>	<b>20,847</b>	<b>20,101</b>	<b>19,276</b>	<b>3.7</b>	<b>8.2</b>

Total Fixed Income	260,695	253,211	216,183	3.0	20.6
Total Variable Income	35,599	35,697	34,631	(0.3)	2.8
Total Third-Party Funds	7,025	6,800	7,749	3.3	(9.3)
<b>Overall Total</b>	<b>303,319</b>	<b>295,708</b>	<b>258,563</b>	<b>2.6</b>	<b>17.3</b>



## Fee and Commission Income

### Cash Management Solutions (Payments and Collections)

In the first quarter of 2011, revenue from Payment and Collections decreased by 1.7% from the previous quarter, mainly due to a decrease in the volume of documents received and paid, partially offset by the greater volume of taxes collected in the quarter.

In the first quarter of 2011 versus the same quarter of the previous year, Payment and Collection income grew by 8.6%, or R\$28 million, mainly due to an increase in the number of processed documents, which grew from 345 million on March 31, 2010 to R\$412 million on March 31, 2011.

### Consortium Management

The 3.4% increase in the sale of active quotas in the first quarter of 2011 compared to the fourth quarter of 2010 led Bradesco Consórcios to sell 16,857 net quotas (471,620 active quotas on December 31, 2010), resulting in 1.7% growth in revenue, ensuring Bradesco's leading position in all segments (real estate, auto, trucks/tractors).

In the first quarter of 2011 versus the same quarter of the previous year, there was a 24.7% increase in revenue, resulting from: (i) growth in the volume of bids; and (ii) the increased sale of new quotas, from 412,507 active quotas sold as of March 31, 2010 to 488,477 as of March 31, 2011, an increase of 75,970 net quotas.

Economic and Financial  
Analysis

## **Fee and Commission Income**

### **Custody and Brokerage Services**

In the first quarter of 2011, total revenue from custody and brokerage services remained stable in relation to the previous quarter.

In the first quarter of 2011 versus the same quarter of the previous year, the 5.3% revenue decrease is mainly related to (i) the volumes traded on the BM&FBovespa, which impacted brokerage revenues; and partially offset: (ii) by the R\$168 billion growth in assets under custody.

### **Underwriting / Financial Advising**

The R\$43 million decrease in the quarter-on-quarter comparison mainly refers to increased gains with capital market operations in the fourth quarter, highlighting the financial advising operations.

The R\$27 million decrease between the first quarter of 2011 and the same period last year is the result of a lower business volume in the quarter.

**Administrative and Personnel Expenses**

Administrative and Personnel Expenses	1Q11	4Q10	1Q10	Variation Quarter	R\$ million 12M	
<b>Administrative Expenses</b>						
Third-Party Services		839	885	724	(46)	115
Communication		377	382	334	(5)	43
Depreciation and Amortization		271	258	221	13	50
Data Processing		226	261	191	(35)	35
Advertising and Marketing		201	285	152	(84)	49
Transportation		179	177	142	2	37
Rental		157	148	144	9	13
Asset Maintenance		123	132	108	(9)	15
Financial System Services		109	101	86	8	23
Leased Assets		89	92	98	(3)	(9)
Materials		81	92	63	(11)	18
Security and Surveillance		76	71	66	5	10
Water, Electricity and Gas		59	54	55	5	4
Trips		35	35	21	-	14
Other		317	284	242	33	75
<b>Total</b>		<b>3,140</b>	<b>3,257</b>	<b>2,647</b>	<b>(117)</b>	<b>493</b>
<b>Personnel Expenses</b>						
<b>Structural</b>		<b>1,996</b>	<b>2,006</b>	<b>1,735</b>	<b>(10)</b>	<b>261</b>
Social Charges		1,508	1,531	1,317	(23)	191
Benefits		488	475	418	13	70
<b>Non-Structural</b>		<b>440</b>	<b>527</b>	<b>385</b>	<b>(87)</b>	<b>55</b>
Management and Employee Profit Sharing (PLR)		267	298	234	(31)	33
Provision for Labor Claims		118	165	109	(47)	9
Training		19	39	11	(20)	8
Termination Costs		36	25	31	11	5
<b>Total</b>		<b>2,436</b>	<b>2,533</b>	<b>2,120</b>	<b>(97)</b>	<b>316</b>
<b>Total Administrative and Personnel Expenses</b>		<b>5,576</b>	<b>5,790</b>	<b>4,767</b>	<b>(214)</b>	<b>809</b>

In the first quarter of 2011, Administrative and Personnel Expenses totaled R\$5,576 million, a decrease of 3.7% in relation to the previous quarter.

**Personnel Expenses**

In the first quarter of 2011, personnel expenses totaled R\$2,436 million, down 3.8% or R\$97 million from the previous quarter.

In the "non-structural" portion, the R\$87 million decrease is basically due to lower expenses with management and

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Within the "structural" portion, lower expenses in the amount of R\$10 million is mainly the result of employee profit sharing (PLR), amounting to R\$31 million.

(i) the concentration of vacation in the first quarter of 2011, amounting to R\$62 million; and offset by:

(ii) increased expenses with payroll, social charges and benefits, in the amount of R\$52 million, due to: (a) the collective bargaining agreement of the insurance industry in January 2011; and (b) the expansion of Service Points and the improvement of business segmentation, leading to a net gain of 1,501 employees in the period.

Economic and Financial  
Analysis

## **Administrative and Personnel Expenses**

### **Personnel Expenses**

In the first quarter of 2011 versus the same quarter of the previous year, the R\$316 million growth reflects: (i) the "structural" portion of R\$261 million, mainly related to: (a) the increase in expenses with payroll, charges and benefits, from wage increases; and (b) the net increase in staff by 8,669 employees in the period, arising from investments in the expansion of service points and improvements in the business segmentation; and (ii) the increase in the "nonstructural" portion of R\$55 million, mainly resulting from greater expenses with management and employee profit sharing (PLR), amounting to R\$33 million.



## Administrative and Personnel Expenses

### Administrative Expenses

In the first quarter of 2011, administrative expenses totaled R\$3,140 million, down by 3.6%, or R\$117 million from the previous quarter. This drop is mainly due to a decrease in expenses with: (i) marketing and advertising, in the amount of R\$84 million; (ii) outsourced services, in the amount of R\$46 million, mainly regarding legal and corporate consulting services; (iii) data processing, in the amount of R\$35 million; and, partially offset by greater expenses with: (iv) the increase by 2,301 Service Points, of which 23 were branches, 76 PAB/PAE/PAA, 1,545 Bradesco Expresso units and 657 other service points.

The year-on-year growth of R\$493 million, or 18.6%, in the first quarter of 2011 is mainly due to greater expenses with: (i) outsourced services, in the amount of R\$115 million, related to: (a) the perfection and expansion of customer service structure and the partial outsourcing of credit card processing (Fidelity); and (b) variable expenses tied to revenues (non-bank correspondents); (ii) depreciation and amortization, amounting to R\$50 million; (iii) marketing and advertising, in the amount of R\$49 million; (iv) an increase in business and service volume; and (v) organic growth and the consequent increase in Service Points (from 46,570 on March 31, 2010 to 57,185 on March 31, 2011).

Economic and Financial  
Analysis

## Operating Coverage Ratio (\*)

In the quarter, the coverage ratio accrued over the last twelve months decreased by 0.6 p.p., basically due to: (i) increased personnel and administrative fees, partially resulting from: (a) the impact of the collective bargaining agreement; and (b) greater business volumes from the expansion of the service points, partially offset by: (ii) the growth in fee and commission income.

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

## Tax Expenses

The R\$22 million growth in tax expenses in the first quarter of 2011, in comparison with the fourth quarter of 2010 is mainly due to: (i) increased expenses with Cofins from higher taxable income in the period, especially financial margin; and (ii) higher property tax (IPTU) expenses.

In the first quarter of 2011 versus the same quarter of the previous year, tax expenses grew by R\$131 million, mainly due to the increase in expenses with ISS/PIS/Cofins taxes reflecting higher taxable income, especially financial margin and fee and commission income.

## Equities in the Earnings of Affiliated Companies

In the first quarter of 2011, equity in the earnings of affiliated companies stood at R\$34 million, down R\$26 million from the previous quarter as a result of reduced income from affiliates IRB and Integritas Participações.

Year-on-year, the R\$5 million increase was due to growth in the result from IRB.

## Operating Income

Operating result in the first quarter of 2011 was R\$3,953 million, up 5.2% from the fourth quarter of 2010, mainly impacted by: (i) the R\$344 million growth in financial margin; (ii) a R\$214 million decrease in personnel and administrative expenses; (iii) an R\$85 million increase in the operating income from Insurance, Private Pension Plans and Savings Bonds, partially offset by: (iv) growth in other operating expenses (net of other revenue) in the amount of R\$276 million; (v) a R\$65 million increase in allowance for loan losses expenses; and (vi) a R\$58 million drop in fee and commission income.

Year on year, the R\$782 million, or 24.7% increase in operating income is the result of: (i) R\$1,673 million growth in financial margin; (ii) a R\$386 million increase in fee and commission income; (iii) a R\$202 million increase in operating income from Insurance, Private Pension Plans and Savings Bonds; partially offset by: (iv) an

R\$809 million growth in personnel and administrative expenses; (v) an increase in other operating expenses (net of other revenue), in the amount of R\$372 million; (vi) a greater allowance for loan losses expenses, in the amount of R\$172 million; and (vii) a R\$131 million increase in tax expenses.

Economic and Financial  
Analysis

## **Non-Operating Income**

The R\$14 million variation between the first quarter of 2011 and the previous quarter is mainly due to the reversal of non-operating provisions in the fourth quarter of 2010.

Year on year, the variation is mainly the result of greater gains from the sale of assets in the first quarter of 2010.

Return to Shareholders

## Sustainability

On March 10, 2011 Bradesco released its 2010 Sustainability Report, which, for the fifth consecutive year, adopts Global Reporting Initiative (GRI) guidelines. Among the themes presented in the report are banking inclusion, the Bank's presence in all Brazilian cities, the inauguration of branches in underprivileged regions of the country and the creation of special products for low-income customers. The Report is available for download at the Bank of the Planet Portal ([www.bancodoplaneta.com.br](http://www.bancodoplaneta.com.br)).

Bradesco, a signatory of the Equator Principles since 2004, has actively participated in discussions on the revision of IFC Performance Standards – a process that seeks to improve the policies of the Equator Principles to manage the social and environmental risks in project financing. The 3<sup>rd</sup> Stage of the Open House Consultation occurred in Lima, Peru, on January 25, 2011, and was attended by Bradesco and other national and international stakeholders.

The Sport Development Center, headquarters of the Bradesco Sports and Education Program in Osasco (São Paulo), received the Leadership in Energy and Environmental Design (LEED® NC GOLD) certification, also known as the Sustainable Building Seal, from the U.S. Green Building Council.

## Investor Relations Area – IR

Bradesco began its schedule of events for the first quarter of 2011 with the 2<sup>nd</sup> Bradesco Open Day in Cidade de Deus, an event broadcast live over the internet on the Bank's Investor Relations website.

All told, Bradesco participated in a total of 104 events in the first quarter of 2011. In Brazil, we began the 2011 Apimec Meeting Cycle in the city of Campinas and the Annual São Paulo INI

Bradesco was one of the sponsors of the Global Forum on Sustainability, held in the city of Manaus (Amazonas) between March 24 and 26. A number of major businessmen, executives, political leaders and environmental organizations participated in the event that sought to discuss successful practices and methods for sustainable development in the Amazon and the Planet. As co-founder of *Fundação Amazonas Sustentável* and the first bank to offer riverside communities in Alto Solimões River a floating branch, Bradesco is committed to the sustainable development of the Amazon region.

Bradesco also released its Promotional Balance Sheet in the quarter, an advertisement aimed at providing customers, investors and shareholders with a plethora of information on the Bank. The information published in the advertisement, in line with our Vision and Mission, laid out a direct connection between Sustainability and the Organization's business and corporate management.

For Bradesco, Sustainability is a profoundly important part of the manner in which it conducts business, proven by the promotion of financial education and the insertion of the population in the banking system.

Meeting, attended by investors, shareholders and those interested in capital markets. Internationally, the Bank was a part of five conferences (Miami, Cancun, London, New York and Hong Kong) and four Road Shows (Europe, United States, Middle East and Southeast Asia). Moreover, the Investor Relations Department held discussions with shareholders, investors and analysts by phone, email and at the Company's headquarters.



## Corporate Governance

In September 2010, Bradesco received the Gamma-7 (Governance, Accountability, Management Metrics and Analysis) score, assigned on a scale of 1 to 10 by Standard & Poor's Governance Services, which ratifies the Bank's sound corporate governance processes and general practices. Bradesco was the first Brazilian company to disclose this rating to the market. It is important to point out that, worldwide, the highest Governance score ever disclosed by Standard and Poor's is 7+. Bradesco was also rated AA (Excellent Corporate Governance Practices) by Austin Rating.

Regarding 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 42 Executive Committees that assist the Board of Executive Officers in performing their 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, which is above the 25% minimum established by the Brazilian Corporation Law. Preferred shares are entitled to dividends 10% greater than those attributed to common shares.

On March 10, 2011, all matters submitted to the Shareholders' Meetings were approved. For more information, see the corporate governance section of the investor relations website at <http://www.bradesco.com.br/ir>.

## Bradesco Shares

### Number of Shares – Common (ON) and Preferred (PN) (\*)

	Mar11	Dec10	Dec09	Dec08	Dec07	Dec06	In thousands
Common Shares	1,909,911	1,880,830	1,710,205	1,534,806	1,009,337	500,071	
Preferred Shares	1,912,397	1,881,225	1,710,346	1,534,900	1,009,337	500,812	
<b>Subtotal – Outstanding</b>	<b>3,822,308</b>	<b>3,762,055</b>	<b>3,420,551</b>	<b>3,069,706</b>	<b>2,018,674</b>	<b>1,000,883</b>	
Treasury Shares	2,487	395	6,535	163	2,246	758	
<b>Total</b>	<b>3,824,795</b>	<b>3,762,450</b>	<b>3,427,086</b>	<b>3,069,869</b>	<b>2,020,920</b>	<b>1,001,641</b>	

(\*) Stock bonuses and splits during the period were not included.

On March 31, 2011, Bradesco's total capital stock was R\$30.1 billion, composed of 3,824,795 thousand shares (all book-entry shares with no par value), 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

Cidade de Deus Participações is controlled by the Aguiar Family, Fundação Bradesco and a holding company, Nova Cidade de Deus Participações, which is in turn controlled by Fundação Bradesco and BBD Participações, a majority of the shareholders of which are members of Bradesco's Board of

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de Deus Participações, which directly holds 48.4% of voting capital and 24.2% of total capital.

Directors, Statutory Board of Executive Officers and skilled employees.

Bradesco

85

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Return to Shareholders

**Number of Shareholders – Domiciled in Brazil and Abroad**

	Mar11	%	Ownership of Capital (%)	Mar10	%	Ownership of Capital (%)
Individuals	341,662	89.95	24.20	346,048	89.81	25.18
Corporate	37,295	9.82	43.88	37,537	9.74	44.39
<b>Subtotal Domiciled in the Country</b>	<b>378,957</b>	<b>99.77</b>	<b>68.08</b>	<b>383,585</b>	<b>99.56</b>	<b>69.57</b>
Domiciled Abroad	874	0.23	31.92	1,705	0.44	30.43
<b>Total</b>	<b>379,831</b>	<b>100</b>	<b>100</b>	<b>385,290</b>	<b>100</b>	<b>100</b>

On March 31, 2011, there were 378,957 shareholders domiciled in Brazil, accounting for 99.77% of total shareholders and holding 68.08%

of all shares, while a total of 874 shareholders resided abroad, accounting for 0.23% of shareholders and holding 31.92% of shares.

**Share Performance (\*)**

	1Q11	4Q10	Variation %	In R\$ (except when indicated otherwise)		
				1Q11	1Q10	Variation %
Net Income per Share	0.72	0.71	1.4	0.72	0.57	26.3
Dividends/Interest on Shareholders' Equity – Common Share (after Income Tax - IR)	0.202	0.225	(10.2)	0.202	0.166	21.7
Dividends/Interest on Shareholders' Equity – Preferred Share (after Income Tax - IR)	0.222	0.247	(10.1)	0.222	0.182	22.0
Book Value per Share (Common and Preferred)	13.42	12.77	5.1	13.42	11.45	17.2
Last Business Day Price – Common Shares	27.88	25.70	8.5	27.88	23.79	17.2
Last Business Day Price – Preferred Shares	33.35	32.65	2.1	33.35	29.70	12.3
Market Capitalization (R\$ million) <sup>(1)</sup>	117,027	109,759	6.6	117,027	100,885	16.0
Market Capitalization (R\$ million) - Most Liquid Share <sup>(2)</sup>	127,474	122,831	3.8	127,474	112,189	13.6

(\*) Adjusted for corporate events in the period.

(1) Number of shares (less treasury shares) x closing price for common and preferred shares on last day in period; and

(2) Number of shares (less treasury shares) x closing price for preferred shares on last day of the period.

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In the first quarter of 2011, Bradesco preferred and common shares appreciated by 2.1% and 8.5% respectively, while Ibovespa dropped by 1.0% in the same period.

On March 25, 2011, Bradesco requested authorization by the Brazilian Central Bank to create an ADR (American Depositary Receipt) program backed by common shares on the American market, which included an increase in the limit on foreign interest that will not change its corporate structure or control.

## Main Indicators

**Market Value:** considers the closing price of common and preferred shares multiplied by the respective number of shares (excluding treasury shares).

**Market Value/Shareholders' Equity:** indicates the multiple by which Bradesco's market value exceeds its book shareholders' equity.

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

Formula used: amount received by shareholders as dividends and/or interest on shareholders' equity in the last twelve months divided by the closing price of preferred shares on the last trading day in the period.

Return to Shareholders

## Weighting in Main Stock Market Indexes

Bradesco shares are components of Brazil's mainstock indexes, including the Corporate Sustainability Index (ISE), the Special Tag-Along Stock Index (ITAG) and the Special Corporate Governance Stock Index (IGC). In March 2011, Bradesco had the largest participation in the Financial Index (IFNC), which comprises banks, insurers and financial companies.

Bradesco also participated in the Carbon Efficient Index (ICO2), composed by companies committed to disclosing their annual greenhouse gas (GHG) emissions report.

%	Mar11
Ibovespa	3.0
IB rX - 50	6.8
IB rX - 100	7.4
Ifinanceiro (IFNC)	21.1
ISE	4.7
Special Corporate Governance Stock Index (IGC)	6.5
Special Tag-Along Stock Index (ITAG)	12.5
ICO2	10.3

## Dividends/Interest on Shareholders' Equity

In the first quarter of 2011, R\$924 million were paid to shareholders as dividends and interest on shareholders' equity, equivalent to 31.5% of book net income for the quarter and 31.2% considering the amount accrued over the last 12 months.

The amounts allocated in recent years have surpassed the limits mandated by the Brazilian Corporation Law and by the Company's Bylaws.

(\*) Accrued over the last 12 months





## Additional Information

**Market Share of Products and Services**

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

	Mar11	Dec10	Mar10	Dec09
<b>Banks – Source: Brazilian Central Bank (Bacen)</b>				
Time Deposits	N/A	13.0	13.1	13.3
Savings Deposits	N/A	14.3	14.1	14.1
Demand Deposits	N/A	18.4	18.6	20.3
Loan Operations <sup>(1)</sup>	12.5(**)	12.4	12.7	12.6
Loan Operations - Vehicles Individuals (CDC + Leasing) <sup>(1)</sup>	17.4(**)	17.7	19.7	19.7
Payroll-Deductible Loans <sup>(1)</sup>	11.1(**)	10.8	9.9	8.8
Online Collection (Balance)	N/A	26.7	29.0	28.8
Number of Branches	18.7	18.7	17.5	17.2
<b>Banks - Source: Federal Revenue Service/ Brazilian Data Processing Service (Serpro)</b>				
Federal Revenue Collection Document (DARF)	N/A	21.9	22.5	21.2
Brazilian Unified Tax Collection System Document (DAS)	N/A	17.3	16.8	16.9
<b>Banks – Source: Social Security National Institute (INSS)/Dataprev</b>				
Social Pension Plan Voucher (GPS)	N/A	14.8	14.5	14.4
Benefit Payment to Retirees and Pensioners	N/A	22.0	20.0	19.6
<b>Banks – Source: Anbima</b>				
Investment Funds + Portfolios	16.5	17.0	16.5	16.6
<b>Insurance, Private Pension Plans and Savings Bonds – Source: Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS)</b>				
Insurance, Private Pension Plan and Savings Bond Premiums	22.4(*)	24.7	25.2	24.4
Insurance Premiums (including Long-Term Life Insurance - VGBL)	22.3(*)	24.9	25.7	24.8
Life Insurance and Personal Accident Premiums	15.2(*)	17.3	16.8	16.8
Auto/Basic Lines (RE) Insurance Premiums	8.1(*)	10.6	12.1	10.4
Auto/Optional Third-Party Liability (RCF) Insurance Premiums	11.4(*)	14.1	16.1	13.6
Health Insurance Premiums	50,0 (*)	51.7	49.4	48.7
Revenues from Private Pension Plan Contributions (excluding VGBL)	25.7(*)	27.2	25.1	25.5
Income from Savings Bonds	20.3(*)	21.1	20.9	19.7
Technical Provisions for Insurance, Private Pension Plans and Savings Bonds	30.4(*)	30.6	31.7	32.0
<b>Insurance and Private Pension Plans – Source: National Federation of Life and Pension Plans (Fenaprevi)</b>				
Income on VGBL Premiums	30.1(*)	32.2	34.7	34.0
Revenues from Unrestricted Benefits Generating Plans (PGBL) Contributions	20.3(*)	23.3	21.5	20.4
Private Pension Plan Investment Portfolios (including VGBL)	34.8(*)	34.8	35.9	35.1
<b>Credit Card – Source: Abecs</b>				
Credit Card Revenue	21.6(***)	21.6	21.4	19.6
<b>Leasing – Source: Brazilian Association of Leasing Companies (ABEL)</b>				

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Lending Operations	18.9(**)	19.0	16.7	19.5
<b>Consortia – Source: Bacen</b>				
Real Estate	27.0(**)	29.4	27.2	27.3
Auto	24.3(**)	25.4	23.2	23.4
Trucks, Tractors and Agricultural Implements	16.9(**)	17.1	14.7	14.6
<b>International Area – Source: Bacen</b>				
Export Market	23.2	24.8	26.6	25.0
Import Market	19.1	19.5	21.2	18.4

(1) Bacen data for February 2011 and December 2010 are preliminary.

(\*) Reference date: January 2011.

(\*\*) Reference date: February 2011.

(\*\*\*) Projected Market.

N/A – Not Available.



## Market Share of Products and Services

Bradesco customers enjoy a wide range of options for consulting and carrying out their financial transactions; in addition to the ability to acquire products and services through high-tech means, such as ATMs, telephone (*Bradesco Fone Fácil*), the Internet and mobile phones (*Bradesco Celular*).

As part of our commitment to social responsibility, people with special needs can rely on a number of special services provided by the Bradesco *Dia&Noite* Customer Service Channels, such as:

- Accessibility to the ATM Network for the visually-impaired and wheelchair users;
- Internet Banking utility for the visually impaired;
- Visual Mouse for people with motor impairments; and
- Personalized assistance for the hearing impaired, by means of digital language in *Fone Fácil*.

## Branch Network

Region	Mar11		Market Share	Mar10		Market Share
	Bradesco	Market		Bradesco	Market	
North	180	827	21.8%	166	793	20.9%
Northeast	549	2,809	19.5%	528	2,757	19.2%
Midw est	303	1,493	20.3%	289	1,468	19.7%
Southeast	2,059	10,655	19.3%	1,948	10,897	17.9%
South	560	3,757	14.9%	524	3,783	13.9%
<b>Total</b>	<b>3,651</b>	<b>19,541</b>	<b>18.7%</b>	<b>3,455</b>	<b>19,698</b>	<b>17.5%</b>

## Compulsory Deposits/Liabilities

%	Mar11	Dec10	Sept10	Jun10	Mar10	Dec09	Sept09	Jun09
<b>Demand Deposits</b>								
Rate <sup>(1)</sup> (5)	43	43	43	42	42	42	42	42
Additional <sup>(2)</sup>	12	12	8	8	8	5	5	5
Liabilities*	29	29	29	30	30	30	30	30
Liabilities (Microfinance)	2	2	2	2	2	2	2	2
Free	14	14	18	18	18	21	21	21
<b>Savings Deposits</b>								

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Rate <sup>(3)</sup>	20	20	20	20	20	20	20	20
Additional <sup>(2)</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>(2)(4)</sup>	20	20	15	15	15	13.5	13.5	15
Additional <sup>(2)</sup>	12	12	8	8	8	4	4	4
Free	68	68	77	77	77	82.5	82.5	81

\* At Banco Bradesco, liabilities are applied to Rural Loans.

(1) Collected in cash and not remunerated.

(2) Collected in cash with the Special Clearance and Custody System (Selic) rate.

(3) Collected in cash with the Reference Interest rate (TR) + interest of 6.17% p.a.

(4) As of the calculation period from March 29, 2010 to April 1, 2010, with compliance as of April 9, 2010, liabilities are now exclusively in cash, and may be met using credits acquired as provided for by current legislation, and

(5) 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.

## Additional Information

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

The Bradesco Organization is built on a solid foundation supported by strategic pillars, one of which is Information Technology, enabling it to offer customers with high quality services characterized by speed and security in carrying out operations at all of its service points.

The Internet Banking and NetEmpresa channels allow thousands of transactions to be made in real time, maximizing comfort for individual and corporate customers. For this very reason Bradesco is constantly investing in this type of technology, in order to ensure that we are always on the cutting-edge of the market and provide innovative solutions.

In recognition of its commitment to the quality of services, in January 2011 Bradesco became the first Brazilian bank to obtain the ISO 2000 Certification for its IT Management Services. This standard establishes a global benchmark for quality and is compatible with the Government of England's IT Infrastructure Library (ITIL).

Guided by best practices and protected against contingencies, Bradesco's IT infrastructure has central computers with capacity to process over 235,000 Mips (million instructions per second). Every day, an average of 220 million transactions are processed, with availability remaining at 99.76%. This environment is managed in order to transform the complex into the simple and manageable, while maintaining low operating risk and the scalability needed to support the Bank's growth.

As a prerequisite for its continuous expansion, in the first quarter of 2011, Bradesco invested R\$865 million in Infrastructure and IT in order to update its IT environment, drawing on best practices and existing technologies.

The total amount invested in recent years, including infrastructure (facilities, furniture and fixtures), can be found below:

	1Q11	2010	2009	2008	2007	R\$ million
Infrastructure		140	716	630	667	478
Information Technology and Telecommunication		725	3,204	2,827	2,003	1,621
<b>Total</b>		<b>865</b>	<b>3,920</b>	<b>3,457</b>	<b>2,670</b>	<b>2,099</b>

## Risk Management

Risk management is a highly 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 conditions required to meet strategic goals while working to strengthen the Organization.

The Organization deals with risk management in an integrated manner, providing unique policies,

processes, criteria and methodology for risk control by means of 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/ir](http://www.bradesco.com.br/ir).

## Capital Adequacy Ratio

In March 2011, Bradesco's Reference Shareholders' Equity totaled R\$59,923 million, versus a Required Reference Shareholders' Equity of R\$43,829 million, with capital margin of R\$16,094 million. A majority of the requirement was the result of the credit risk installment, representing 93% of risk-weighted assets, mainly due to the expansion of loan operations.

The Capital Adequacy Ratio increased by 0.3 p.p. from 14.7% in December 2010 to 15.0% in March 2011, mainly impacted by: (i) a capital increase from subscription of shares in the amount of R\$1,511 million, under Tier I capital; and (ii) new issue of subordinated debt abroad on January 2011, in the amount of US\$500 million and maturing in 2021, offset by the reduced volume of subordinated debt considered under Tier II capital.

Calculation Basis	R\$ million							
	Mar11	Dec 10	Sept 10	Jun 10	Mar 10	Dec 09	Sept 09	Jun 09
<b>Reference Shareholders' Equity (PR)</b>	<b>59,923</b>	<b>56,147</b>	<b>55,920</b>	<b>52,906</b>	<b>56,062</b>	<b>55,928</b>	<b>53,500</b>	<b>50,138</b>
<b>Level I</b>	<b>53,240</b>	<b>49,897</b>	<b>48,081</b>	<b>46,284</b>	<b>47,821</b>	<b>46,529</b>	<b>43,305</b>	<b>42,185</b>
Shareholders' Equity	51,297	48,043	46,114	44,295	43,087	41,754	38,877	37,277
Mark-to-Market Adjustments	1,660	1,678	1,590	1,752	1,347	1,328	1,480	1,975
Additional Provision	-	-	-	-	3,005	3,003	2,991	2,992
Reduction of Deferred Assets	(291)	(296)	(306)	(441)	(434)	(354)	(260)	(270)
Reduction of Tax credits	-	-	-	-	-	-	(143)	(143)
Minority/ other	574	472	683	678	816	798	360	354
<b>Level II</b>	<b>6,809</b>	<b>6,373</b>	<b>8,079</b>	<b>6,856</b>	<b>8,469</b>	<b>9,623</b>	<b>10,524</b>	<b>8,274</b>
Mark-to-Market Adjustments	(1,660)	(1,678)	(1,590)	(1,752)	(1,347)	(1,328)	(1,480)	(1,975)
Subordinated Debt	8,469	8,051	9,669	8,608	9,816	10,951	12,004	10,249
<b>Deduction of Funding Instruments</b>	<b>(126)</b>	<b>(123)</b>	<b>(240)</b>	<b>(234)</b>	<b>(228)</b>	<b>(224)</b>	<b>(329)</b>	<b>(321)</b>

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<b>Risk-weighted assets</b>	<b>398,443</b>	<b>380,844</b>	<b>356,103</b>	<b>332,430</b>	<b>334,107</b>	<b>313,719</b>	<b>301,773</b>	<b>294,864</b>
<b>Required Reference Shareholders'</b>								
<b>Equity</b>	<b>43,829</b>	<b>41,892</b>	<b>39,171</b>	<b>36,567</b>	<b>36,752</b>	<b>34,509</b>	<b>33,195</b>	<b>32,435</b>
Credit Risk	40,775	38,938	36,426	34,754	34,872	33,046	31,634	30,828
Operating Risk	2,690	2,574	2,574	1,678	1,678	1,133	1,133	570
Market Risk	364	380	171	135	202	330	428	1,037
<b>Margin (excess/ PR insufficiency)</b>	<b>16,094</b>	<b>14,255</b>	<b>16,749</b>	<b>16,339</b>	<b>19,310</b>	<b>21,419</b>	<b>20,305</b>	<b>17,703</b>
<b>Leverage Margin</b>	<b>146,309</b>	<b>129,591</b>	<b>152,264</b>	<b>148,536</b>	<b>175,545</b>	<b>194,718</b>	<b>184,591</b>	<b>160,936</b>
<b>Capital Adequacy Ratio</b>	<b>15.0%</b>	<b>14.7%</b>	<b>15.7%</b>	<b>15.9%</b>	<b>16.8%</b>	<b>17.8%</b>	<b>17.7%</b>	<b>17.0%</b>

Bradesco

93





Independent Auditors'  
Report

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

To The Board of Directors of  
Banco Bradesco S.A.  
Osasco - SP

**Introduction**

We were contracted to apply limited assurance procedures for the supplementary accounting information included in the Economic and Financial Analysis Report of Banco Bradesco S.A. ("Bradesco") for the quarter ended on March 31, 2011, prepared under the Bradesco Management responsibility. 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 / or accounting records.

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 for the quarter ended March 31, 2011 was prepared by management of Bradesco, based on the consolidated financial information contained in the interim financial information and 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 disclosed in this date.

**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 for the quarter ended as of March 31, 2011 is inconsistent, in all material respects, with regard to interim accounting information referred in the criteria for preparation of additional accounting information paragraph.

**Other Information**

The additional accounting information relating to periods prior to March 31, 2011 were reviewed by other independent auditors that issued their report on the date of January 28, 2011 which did not contain any qualification.

São Paulo, April 26, 2011



Original report signed in Portuguese by  
KPMG Auditores Independentes  
CRC 2SP 014428/O-6  
Cláudio Rogélio Sertório  
Accountant CRC 1SP 212059/O-0



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 March 31, 2011, pursuant to the accounting practices adopted in Brazil and applicable to institutions authorized to operate by the Brazilian Central Bank.

The current scenario of high international liquidity and moderate growth of global GDP will most likely be maintained in the coming months, despite current evaluations of inflationary pressure in a number of countries. This global scenario is still quite favorable for Brazil, which has benefited from the tendency for high commodity prices and has received a number of excellent evaluations from investors and risk rating agencies. The country's growth in 2011 is set to be more moderate than that seen last year, though long-term outlook is quite promising, with investments and household consumption driving expansion. Bradesco continues to bet on social mobility and gains in economic efficiency, resulting in higher GDP growth.

Bradesco's Net Income in the quarter was R\$2.702 billion, corresponding to earnings per share of R\$0.71 and an annualized return on average Shareholders' Equity<sup>(\*)</sup> of 23.82%. The annualized return on average Total Assets stood at 1.66%, compared to 1.63% in the same period in the previous year.

From January and March 2011, a total of R\$923.633 million were allocated to shareholders as dividends and interest on shareholders' equity, of which R\$104.430 million were related to the monthly payments and R\$819.203 million provisioned.

Taxes and contributions, including social security, paid or provisioned, totaled R\$4.973 billion in the first quarter of 2011, of which R\$1.745 billion corresponded to taxes withheld and collected from third parties and R\$3.228 billion corresponded to taxes levied on the activities of Bradesco Organization, equivalent to 119.47% of Net Income.

At the end of the quarter, Paid-in Capital Stock came to R\$30.100 billion, which included the capital increase in the amount of R\$1.511 billion. Together with Equity Reserves of

Bradesco's Market Capitalization, calculated based on the price of its shares, came to R\$117.027 billion on March 31, equivalent to 2.28 times the net book value, up 16.00% from the R\$100.885 billion in the same period in 2010.

It is worth highlighting that Managed Shareholders' Equity stood at 7.68% of consolidated Assets, which amounted to R\$675.387 billion, for 26.80% growth over March 2010. Thus, the Capital Adequacy Ratio stood at 15.33% in the consolidated financial result and 15.04% in the consolidated economic and financial result, considerably higher than the 11% minimum established by National Monetary Council Resolution 2,099/94, in accordance with the Basel Committee. At the end of the quarter, in relation to Consolidated Reference Shareholders' Equity, the fixed asset ratio stood at 47.74% in the consolidated financial result and 17.41% in the consolidated economic and financial result, thus, in compliance with the 50% limit.

In compliance with Article 8 of Circular Letter 3,068/01 by Brazilian Central Bank, Bradesco declares that it has both the financial capacity and intent to hold until maturity those securities classified under "held-to-maturity securities".

Assets under management totaled R\$919.007 billion as of March 31, up 24.21% over the same period last year, broken down as follows:

- R\$382.811 billion in Demand Deposits, Time Deposits, Interbank Deposits, Other Deposits, Open Market and Savings Accounts, 28.08% up on March 2010;
- R\$303.319 billion in assets under management, comprising Investment Funds, Managed Portfolios and Third-Party Fund Quotas, 17.31% up on March 2010;
- R\$131.990 billion in the exchange portfolio, Borrowings and Onlendings, Working Capital, Tax Payment and Collection and Related Taxes, Funds From Issuance of Securities, Subordinated Debt in the Country, and Other Funding, 38.12% up on March 2010;
- R\$89.980 billion in technical provisions for Insurance, Supplementary Private Pension Plans and Savings Bonds, a 15.83% improvement over the same period of previous year;

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R\$21.197 billion, made up Shareholders' Equity of R\$51.297 and billion, up 19.05% from the same period last year and corresponded to a book value per share of R\$13.42.

· R\$10.907 billion in foreign funding, through public and private issues, Subordinated Debt

## Management Report

and Securitization of Future Financial Flows, equivalent to US\$6.697 billion.

Consolidated loan operations stood at R\$284.695 billion at the end of the period, up 21.02% from March 2010, broken down as follows:

- R\$5.728 billion in Advances on Exchange Contracts, for a total portfolio of US\$14.205 billion in Export Financing;
- US\$3.624 billion in Import Financing in Foreign Currency;
- R\$15.008 billion in Leasing;
- R\$14.262 billion in Rural Area business;
- R\$78.191 billion in Consumer Financing, which includes R\$9.636 billion in Credit Card receivables;
- R\$42.466 billion in Sureties and Guarantees; and
- R\$27.651 billion in onlending of foreign and domestic funds, originating mainly from the Brazilian Bank of Economic and Social Development (BNDES), one of the main onlending agents.

With regard to Real Estate financing, the Organization allocated R\$3.696 billion in the quarter for the construction and acquisition of own homes, corresponding to a total of 20,804 properties.

Banco Bradesco BBI, Bradesco Organization's Investment Bank, advises customers in initial and secondary offers of shares, mergers and acquisitions and structuring and distribution of debt instruments, including debentures, promissory notes, CRIs, mortgage-backed investment funds, FIDCs and bonds in Brazil and abroad, in addition to structured financing operations for companies and Project Finance. In the quarter, Bradesco BBI announced transactions totaling more than R\$11 billion.

and savings bond revenues, totaled R\$7.845 billion, up 14.51% from the same period in the previous year.

Bradesco Organization's service network is present, direct and indirectly, in 100% of the Brazilian cities and several locations abroad and is structured to offer its clients and users highly efficient, quality products, services and solutions. On March 31, it consisted of 46,006 points, together with 32,514 machines in the Bradesco *Dia & Noite* Network, 32,001 of which also function on weekends and holidays, in addition to 11,749 machines in the Banco24Horas network and terminals shared by Bradesco, Banco do Brasil and Banco Santander, available to Bradesco Customers for withdrawals, transfers, account statements, checking of balances and applying for loans. In the payroll-deductible loans segment, it had 853 Bradesco Promotora correspondent branches, and in the vehicles segment, 24,323 Bradesco Financiamento points of sale:

6,619 Branches, PABs (Banking Service Branch) and PAAs (Advanced Service Branch) in Brazil (Branches: Bradesco 3,627, Banco Bradesco Financiamentos 19, Banco Bankpar 2, Banco Bradesco BBI 1, Banco Bradesco Cartões 1 and Banco Alvorada 1; PABs: 1,308; and PAAs: 1,660);

3 Branches Overseas, with 1 in New York, and 2 in Grand Cayman;

8 Subsidiaries Overseas (Banco Bradesco Argentina S.A. in Buenos Aires, Banco Bradesco Europa S.A. in Luxembourg, Bradesco Securities, Inc. in New York, Bradesco Securities UK Limited in London, Bradesco Services Co. Ltd. in Tokyo, Bradesco Trade Services Limited in Hong Kong, Cidade Capital Markets Ltd., in grand Cayman, Ibi Services, Sociedad de Responsabilidad Limitada in Mexico);

6,218 Banco Postal Branches;

27,649 Bradesco Expresso service points;

1,588 PAEs – Electronic Service Branches in Companies; and

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Grupo Bradesco de Seguros e Previdência, the largest insurance group in Brazil, stands out in the Insurance, Open Private Pension Plans and Savings Bonds segments. On March 31, it posted Net Income of R\$761.166 million, with Shareholders' Equity of R\$12.053 billion. Written premiums, net of insurance, pension contributions 3,921 External Terminals of the Bradesco Dia & Noite ATM network and 10,326 Banco24Horas ATM network, and shared information among Bradesco, Banco do

Bradesco

97

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

## Management Report

Brasil and Banco Santander, with 2,024 common points shared by the networks.

In accordance with CVM Rule 381/03, Bradesco Organization, in this quarter, neither contracted nor was provided services by KPMG Auditores Independentes that were not related to external audit, in an amount exceeding 5% of the total cost of this audit. The policy adopted is in line with the principles of preserving the auditor's independence, which are based on generally accepted international criteria, i.e., the auditor should not audit its own work, perform managerial duties at his client or promote the interests thereof.

Through a Human Resources Policy that places emphasis on training and professional development, Bradesco makes good on its belief in the potential of its staff by investing in training programs focused on improving results, as well as the quality and efficiency of the services provided. During the quarter, 894 courses were conducted in which 447,093 employees participated. Assistance benefits, which ensure the well-being of employees, improve the quality of life and safety of employees and their dependents, covered 196,539 lives.

Fundação Bradesco, the Organization's pioneer initiative in social investments, has a comprehensive socio-educational program, which includes its 40 own schools installed in socially and economically underprivileged regions, in all the states of Brazil and the Federal District. With a budget of R\$307.994 million this year, Fundação Bradesco will provide quality educational services at no charge to 526 thousand people in the various segments in which it operates, of whom 111,639 will be students enrolled in its schools at Basic Education (Kindergarten to High School); Vocational Training - High School; Youth and Adult Education; and Preliminary and Continuing Vocational Training, and other 415 thousand educational events in other on-site and distance courses through the Virtual School - its e-learning portal, the Digital Inclusion Centers (CIDs) and programs made in strategic collaboration, such as *Educa+Ação*. Meals, medical and dental assistance, uniform and school supplies are provided free to approximately 50 thousand Basic Education students.

Fundação Bradesco schools, schools in the city's public school system, private schools and sports centers in the city. Every year, around 2,000 girls aged from 8 to 18 participate in the program, reinforcing the commitment to represent a country that is increasingly open to valuing talent, effort and full exercise of citizenship.

Bradesco has received a series of ratings in the period, the most important of which being:

- An AAA+ Rating for Sustainability of Management and Excellence– M&E, covering 592 points in strategic areas. The Bank has maintained the maximum score since it received its first rating in 2006, when it was the first Brazilian bank to be evaluated in areas concerning sustainability; and
- Fitch Ratings increased the Long-Term Foreign Currency Rating, from "BBB" to "BBB+", the Domestic Currency Long-Term Rating, from "BBB+" to "A-", the Domestic Short-Term Rating, from "F2" to "F1". Bradesco Seguros's rating of Insurer Financial Strength was also increased from "BBB+" to "A-."

Bradesco has also been honored on several occasions:

- The 6<sup>th</sup> most valuable brand in the global banking industry, according to a survey entitled "Brand Finance Global Banking 500 – 2014" conducted by the consulting firm Brand Finance and published in *The Banker* magazine. This is the first time that a bank from an emerging economy reaches the position;
- The most valuable brand in Brazil, a position Bradesco has held since 2007, according to Brand Finance. In the global ranking of 500 companies, the Bank came 28<sup>th</sup> ;
- Considered one of the 100 most sustainable companies in the world, according to the 7<sup>th</sup> edition of the Global 100 ranking, prepared by *Corporate Knights* magazine;
- Winner of the 10<sup>th</sup> edition of the IT Executive of the Year Award, in the IT Governance, and Performance Drivers, Information Security and Adoption of Emerging Technologies

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Bradesco Organization sponsors the Bradesco Sports and Education Program, which, in the city of Osasco in São Paulo, has 23 training and specialist centers to teach volleyball and basketball, at the Sports Development center of ADC Bradesco Sports and Education, in categories, organized by *Information Week* magazine; and · BRAM – Bradesco Asset Management worthe *Prêmio Top Gestão* Award from

98 Report on Economic and Financial Analysis – March 2011

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## **Management Report**

*ValorInveste magazine of Valor Econômico newspaper in recognition of the best fund management in the country, according to a survey prepared by Standard & Poors, the largest risk rating agency in the world. Bradesco also stood out in the Star Ranking issued in the same edition of the magazine, which points out the best investments funds of the market in the equities, stock and mixed allocation categories.*

Cidade de Deus, April 26, 2011

Board of Directors  
and Board of Executive Officers

The results achieved underline the Bradesco Organization's commitment to surpassing expectations and always offering efficient and quality products and services. For the success we accomplished, we would like to thank our shareholders and customers for their support and confidence, and our staff and other employees for their dedicated work.

(\*) 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 Balance Sheet – R\$ thousand**

Assets	2011	2010	
	March	December	March
<b>Current assets</b>	<b>499,118,778</b>	<b>448,412,103</b>	<b>390,746,673</b>
<b>Cash and cash equivalents (Note 6)</b>	<b>6,785,081</b>	<b>15,737,880</b>	<b>8,704,665</b>
<b>Interbank investments (Notes 3d and 7)</b>	<b>98,516,216</b>	<b>71,941,920</b>	<b>96,260,856</b>
Investments in federal funds purchased and securities sold under agreements to repurchase	92,471,087	66,178,702	89,920,738
Interbank deposits	6,050,876	5,764,604	6,340,361
Allowance for losses	(5,747)	(1,386)	(243)
<b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b>	<b>174,158,785</b>	<b>152,314,736</b>	<b>123,602,778</b>
Own portfolio	116,931,942	108,767,706	93,883,610
Subject to repurchase agreements	52,195,585	39,687,170	19,019,954
Derivative financial instruments (Notes 3f, 8e II and 32b)	3,155,559	1,543,924	2,335,357
Compulsory deposits - Brazilian Central Bank	-	-	3,413,929
Underlying guarantee provided	1,817,919	2,259,646	4,908,201
Securities subject to repurchase agreements but not restricted	57,780	56,290	41,727
<b>Interbank accounts</b>	<b>66,150,022</b>	<b>65,260,837</b>	<b>35,966,020</b>
Unsettled payments and receipts	435,934	52,653	479,187
Mandatory reserve (Note 9):			
- Compulsory deposits - Brazilian Central Bank	65,677,216	65,197,019	35,424,718
- National treasury - rural loans	578	578	578
- National Housing System (SFH)	4,326	6,094	13,808
Correspondent banks	31,968	4,493	47,729
<b>Interdepartmental accounts</b>	<b>634,441</b>	<b>563,840</b>	<b>229,728</b>
Internal transfer of funds	634,441	563,840	229,728
<b>Loan operations (Notes 3g, 10 and 32b)</b>	<b>101,997,037</b>	<b>97,358,996</b>	<b>82,534,333</b>
Loan operations:			
- Public sector	676,917	640,088	1,061,316
- Private sector	110,955,075	105,968,093	90,653,338
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(9,634,955)	(9,249,185)	(9,180,321)
<b>Leasing operations (Notes 2, 3g, 10 and 32b)</b>	<b>6,664,022</b>	<b>7,049,715</b>	<b>7,859,584</b>
Leasing receivables:			
- Public sector	8,779	9,553	24,321
- Private sector	12,573,437	13,274,780	14,525,660
Unearned income from leasing	(5,224,481)	(5,516,071)	(5,901,202)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(693,713)	(718,547)	(789,195)
<b>Other receivables</b>	<b>42,819,434</b>	<b>36,799,702</b>	<b>34,044,327</b>
Receivables on sureties and guarantees honored (Note 10a-3)	2,853	5,759	21,409
Foreign exchange portfolio (Note 11a)	16,208,394	9,445,491	9,953,229
Receivables	582,535	480,980	474,547

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Securities trading	464,014	540,998	1,072,850
Specific loans	1,988	1,747	2,105
Insurance premiums receivable	2,178,518	1,917,062	1,972,355
Sundry (Note 11b)	23,994,071	25,052,823	21,277,120
Allowance for other loan losses (Notes 3g, 10f, 10g and 10h)	(612,939)	(645,158)	(729,288)
<b>Other assets (Note 12)</b>	<b>1,393,740</b>	<b>1,384,477</b>	<b>1,544,382</b>
Other assets	658,533	681,242	775,021
Provision for losses	(230,062)	(247,053)	(256,351)
Prepaid expenses (Notes 3i and 12b)	965,269	950,288	1,025,712
<b>Long-term receivables</b>	<b>164,480,176</b>	<b>177,370,555</b>	<b>131,962,864</b>
<b>Interbank investments (Notes 3d and 7)</b>	<b>1,643,153</b>	<b>1,290,114</b>	<b>903,656</b>
Interbank investments	1,643,153	1,290,114	903,656

100 Report on Economic and Financial Analysis – March 2011

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**Consolidated Balance Sheet – R\$ thousand**

Assets	2011	2010	
	March	December	March
<b>Securities and derivative financial instruments (Notes 3e, 3f, 8 and 32b)</b>	<b>43,322,816</b>	<b>61,203,254</b>	<b>33,705,811</b>
Own portfolio	22,050,815	26,423,150	27,320,923
Subject to repurchase agreements	20,787,807	34,332,159	743,709
Derivative financial instruments (Notes 3f, 8e II and 32b)	100,609	66,461	716,163
Compulsory deposits - Brazilian Central Bank	-	-	3,576,475
Privatization currencies	85,456	87,658	92,156
Underlying guarantees provided	298,129	293,826	1,256,385
<b>Interbank accounts</b>	<b>507,003</b>	<b>501,610</b>	<b>478,243</b>
Restricted credits (Note 9):			
- SFH – National Housing System	507,003	501,610	478,243
<b>Loan operations (Notes 3g, 10 and 32b)</b>	<b>90,625,045</b>	<b>85,604,960</b>	<b>65,293,407</b>
Loan operations:			
- Public sector	319,920	319,862	450,290
- Private sector	95,442,924	90,237,928	69,075,677
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(5,137,799)	(4,952,830)	(4,232,560)
<b>Leasing operations (Notes 2, 3g, 10 and 32b)</b>	<b>6,992,384</b>	<b>7,876,326</b>	<b>10,708,767</b>
Leasing receivables:			
- Public sector	2,442	3,991	9,909
- Private sector	14,174,313	15,669,034	20,305,144
Unearned income from leasing	(6,526,413)	(7,075,344)	(8,714,484)
Allowance for leasing losses (Notes 3g, 10f, 10g and 10h)	(657,958)	(721,355)	(891,802)
<b>Other receivables</b>	<b>20,956,251</b>	<b>20,570,618</b>	<b>20,489,553</b>
Receivables	7,050	14,006	15,755
Securities trading	309,779	324,547	317,927
Sundry (Note 11b)	20,642,116	20,234,661	20,168,512
Allowance for loan losses (Notes 3g, 10f, 10g and 10h)	(2,694)	(2,596)	(12,641)
<b>Other assets (Note 12)</b>	<b>433,524</b>	<b>323,673</b>	<b>383,427</b>
Other assets	565	565	553
Prepaid expenses (Notes 3i and 12b)	432,959	323,108	382,874
<b>Permanent assets</b>	<b>11,787,658</b>	<b>11,702,072</b>	<b>9,916,523</b>
<b>Investments (Notes 3j, 4, 13 and 32b)</b>	<b>1,674,688</b>	<b>1,576,790</b>	<b>1,536,687</b>
Interest in unconsolidated companies:			
- Local	1,151,300	1,153,337	1,055,564
Other investments	786,514	686,579	762,134
Allowance for losses	(263,126)	(263,126)	(281,011)
<b>Premises and equipment (Notes 3k and 14)</b>	<b>3,662,771</b>	<b>3,762,070</b>	<b>3,235,933</b>
Premises	1,113,543	1,111,812	1,022,909
Other assets	7,834,226	7,744,067	6,916,190

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Accumulated depreciation	(5,284,998)	(5,093,809)	(4,703,166)
<b>Leased assets (Note 14)</b>	<b>2,999</b>	<b>4,061</b>	<b>8,334</b>
Leased assets	13,231	13,944	20,972
Accumulated depreciation	(10,232)	(9,883)	(12,638)
<b>Intangible assets (Notes 3I and 15)</b>	<b>6,447,200</b>	<b>6,359,151</b>	<b>5,135,569</b>
Intangible assets	11,173,081	10,771,479	8,674,765
Accumulated amortization	(4,725,881)	(4,412,328)	(3,539,196)
<b>Total</b>	<b>675,386,612</b>	<b>637,484,730</b>	<b>532,626,060</b>

The Notes are an integral part of the Financial Statements.

Bradesco

101

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

**Consolidated Balance Sheet – R\$ thousand**

Liabilities	2011	2010	
	March	December	March
<b>Current liabilities</b>	<b>413,616,722</b>	<b>397,234,106</b>	<b>321,166,083</b>
<b>Deposits (Notes 3n and 16a)</b>	<b>127,800,565</b>	<b>125,595,059</b>	<b>103,857,996</b>
Demand deposits	31,777,641	36,224,557	31,590,287
Savings deposits	54,624,988	53,435,652	45,194,691
Interbank deposits	227,200	256,284	329,218
Time deposits (Notes 16a and 32b)	40,057,687	34,571,351	25,749,548
Other deposits	1,113,049	1,107,215	994,252
<b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b>	<b>142,564,054</b>	<b>136,886,423</b>	<b>98,260,955</b>
Own portfolio	84,365,553	84,891,447	30,582,625
Third-party portfolio	50,793,391	44,084,563	66,823,881
Unrestricted portfolio	7,405,110	7,910,413	854,449
<b>Funds from issuance of securities (Notes 16c and 32b)</b>	<b>5,314,142</b>	<b>4,930,632</b>	<b>3,060,285</b>
Mortgage and real estate notes, letters of credit and others	4,266,550	3,646,915	2,420,734
Debentures (Note 16c-1)	763,323	742,906	25,852
Securities issued abroad	284,269	540,811	613,699
<b>Interbank accounts</b>	<b>225,823</b>	<b>40,069</b>	<b>203,613</b>
Correspondent banks	225,823	40,069	203,613
<b>Interdepartmental accounts</b>	<b>2,421,312</b>	<b>3,749,535</b>	<b>1,859,048</b>
Third-party funds in transit	2,421,312	3,749,535	1,859,048
<b>Borrowing (Notes 17a and 32b)</b>	<b>8,815,700</b>	<b>7,229,447</b>	<b>7,823,288</b>
Borrowing abroad	8,815,700	7,229,447	7,823,288
<b>Local onlending - official institutions (Notes 17b and 32b)</b>	<b>9,746,539</b>	<b>9,328,600</b>	<b>6,772,140</b>
National treasury	35,016	36,660	62,143
National Bank for Economic and Social Development (BNDES)	3,729,634	3,642,975	2,221,555
Caixa Econômica Federal – Federal savings bank (CEF)	20,456	46,248	17,341
Fund for financing the acquisition of industrial machinery and equipment (Finame)	5,961,433	5,602,717	4,471,101
<b>Foreign onlending (Notes 17b and 32b)</b>	<b>13,551</b>	<b>5,663</b>	<b>482,959</b>
Foreign onlending	13,551	5,663	482,959
<b>Derivative financial instruments (Notes 3f, 8e II and 32b)</b>	<b>2,189,042</b>	<b>596,106</b>	<b>2,361,013</b>
Derivative financial instruments	2,189,042	596,106	2,361,013
<b>Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21)</b>	<b>69,289,919</b>	<b>67,102,574</b>	<b>59,014,470</b>
<b>Other liabilities</b>	<b>45,236,075</b>	<b>41,769,998</b>	<b>37,470,316</b>
Collection of taxes and other contributions	4,145,036	300,296	3,015,045
Foreign exchange portfolio (Note 11a)	11,059,748	5,632,311	5,452,357
Social and statutory	933,728	2,158,225	918,024
Tax and social security (Note 20a)	3,702,277	4,607,222	2,455,976

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Securities trading	1,005,756	1,033,920	1,566,917
Financial and development funds	208	270	221
Subordinated debts (Notes 19 and 32b)	4,889,404	8,000,110	4,772,011
Sundry (Note 20b)	19,499,918	20,037,644	19,289,765
<b>Long-term liabilities</b>	<b>209,451,827</b>	<b>191,375,883</b>	<b>167,263,667</b>
<b>Deposits (Notes 3n and 16a)</b>	<b>76,021,874</b>	<b>67,605,540</b>	<b>66,863,677</b>
Interbank deposits	25,049	19,160	36,540
Time deposits (Notes 16a and 32b)	75,996,825	67,586,380	66,827,137
<b>Federal funds purchased and securities sold under agreements to repurchase (Notes 3n and 16b)</b>	<b>36,424,727</b>	<b>34,610,737</b>	<b>29,911,020</b>
Own portfolio	36,409,145	34,595,548	29,911,020
Unrestricted Portfolio	15,582	15,189	-

**Consolidated Balance Sheet – R\$ thousand**

Liabilities	2011	2010	
	March	December	March
<b>Funds from issuance of securities (Notes 16c and 32b)</b>	<b>16,386,857</b>	<b>12,743,319</b>	<b>5,490,228</b>
Mortgage and real estate notes, letters of credit and others	11,561,631	7,926,919	39,108
Debentures (Note 16c-1)	224	221	730,163
Securities issued abroad	4,825,002	4,816,179	4,720,957
<b>Borrowing (Notes 17a and 32b)</b>	<b>876,005</b>	<b>760,460</b>	<b>770,265</b>
Borrowing abroad	876,005	760,460	770,265
<b>Local onlending - official institutions (Notes 17b and 32b)</b>	<b>22,048,843</b>	<b>20,872,055</b>	<b>14,358,227</b>
BNDES	8,247,719	8,116,358	6,114,515
CEF	66,421	40,096	71,581
FINAME	13,734,079	12,714,980	8,171,480
Other institutions	624	621	651
<b>Foreign onlending (Notes 17b and 32b)</b>	<b>-</b>	<b>-</b>	<b>865</b>
Foreign onlending	-	-	865
<b>Derivative financial instruments (Notes 3f, 8e II and 32b)</b>	<b>168,655</b>	<b>133,594</b>	<b>107,726</b>
Derivative financial instruments	168,655	133,594	107,726
<b>Technical provisions for insurance, private pension plans and savings bonds (Notes 3o and 21)</b>	<b>20,689,616</b>	<b>20,074,517</b>	<b>18,670,521</b>
<b>Other liabilities</b>	<b>36,835,250</b>	<b>34,575,661</b>	<b>31,091,138</b>
Tax and social security (Note 20a)	13,559,399	12,581,493	11,146,891
Subordinated debts (Notes 19 and 32b)	19,518,745	18,314,836	18,768,718
Sundry (Note 20b)	3,757,106	3,679,332	1,175,529
<b>Deferred income</b>	<b>447,122</b>	<b>360,355</b>	<b>292,397</b>
Deferred income	447,122	360,355	292,397
<b>Minority interest in subsidiaries (Note 22)</b>	<b>573,978</b>	<b>471,536</b>	<b>816,547</b>
<b>Shareholders' equity (Note 23)</b>	<b>51,296,963</b>	<b>48,042,850</b>	<b>43,087,366</b>
Capital:			
- Domiciled in Brazil	29,676,689	29,478,012	25,703,438
- Domiciled abroad	423,311	521,988	796,562
Paid-up Capital	-	(1,500,000)	-
Capital reserves	11,441	62,614	62,614
Profit reserves	21,223,006	19,481,986	16,185,632
Asset valuation adjustments	25,607	8,299	339,120
Treasury shares (Notes 23d and 32b)	(63,091)	(10,049)	-
<b>Shareholders' equity managed by the Parent Company</b>	<b>51,870,941</b>	<b>48,514,386</b>	<b>43,903,913</b>
<b>Total</b>	<b>675,386,612</b>	<b>637,484,730</b>	<b>532,626,060</b>

The Notes are an integral part of the Financial Statements.





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

**Consolidated Statement of Income – R\$ thousand**

	2011 1 <sup>st</sup> Quarter	2010 4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter
<b>Revenues from financial intermediation</b>	<b>20,919,615</b>	<b>20,057,822</b>	<b>15,490,486</b>
Loan operations (Note 10j)	10,501,736	10,318,852	8,459,551
Leasing operations (Note 10j)	446,003	500,762	641,936
Operations with securities (Note 8h)	5,345,137	5,025,415	3,823,475
Financial income from insurance, private pension plans and savings bonds (Note 8h)	2,725,934	2,764,781	2,272,263
Derivative financial instruments (Note 8h)	371,989	292,209	(38,762)
Foreign exchange operations (Note 11a)	129,411	120,216	130,877
Compulsory deposits (Note 9b)	1,376,232	1,005,780	184,700
Sale or transfer of financial assets	23,173	29,807	16,446
<b>Financial intermediation expenses</b>	<b>13,323,658</b>	<b>12,453,271</b>	<b>9,647,594</b>
Federal funds purchased and securities sold under agreements to repurchase (Note 16e)	9,100,827	8,195,823	5,511,475
Monetary restatement and interest on technical provisions for insurance, private pension plans and savings bonds (Note 16e)	1,703,001	1,754,206	1,493,549
Borrowing and onlending (Note 17c)	(15,360)	202,891	481,459
Leasing operations (Note 10j)	1,145	1,191	1,824
Allowance for loan losses (Notes 3g, 10g and 10h)	2,534,045	2,299,160	2,159,287
<b>Gross income from financial intermediation</b>	<b>7,595,957</b>	<b>7,604,551</b>	<b>5,842,892</b>
<b>Other operating income/expenses</b>	<b>(3,466,955)</b>	<b>(3,459,385)</b>	<b>(3,057,822)</b>
Fee and commission income (Note 24)	3,419,386	3,471,436	3,080,431
Other fee and commission income	2,669,093	2,714,172	2,484,218
Revenues from banking fees	750,293	757,264	596,213
Insurance, private pension plans and savings bonds retained premiums (Notes 3o and 21d)	7,787,348	9,000,340	6,790,967
Net premiums written	7,844,640	9,012,295	6,851,334
Reinsurance premiums	(57,292)	(11,955)	(60,367)
Variation of technical provisions for insurance, private pension plans and savings bonds (Note 3o)	(3,323,739)	(4,707,515)	(3,119,227)
Retained claims (Note 3o)	(2,705,338)	(2,514,550)	(2,267,327)
Savings bonds drawings and redemptions (Note 3o)	(549,274)	(642,311)	(451,350)
Insurance, private pension plans and savings bonds selling expenses (Note 3o)	(424,131)	(437,640)	(371,477)
Personnel expenses (Note 25)	(2,435,946)	(2,533,092)	(2,120,571)
Other administrative expenses (Note 26)	(3,037,311)	(3,158,859)	(2,564,249)
Tax expenses (Note 27)	(895,158)	(872,490)	(735,743)
Equity in the earnings of unconsolidated companies (Note 13b)	34,188	60,562	28,755
Other operating income (Note 28)	685,956	692,757	654,186
Other operating expenses (Note 29)	(2,022,936)	(1,818,023)	(1,982,217)

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<b>Operating income</b>	<b>4,129,002</b>	<b>4,145,166</b>	<b>2,785,070</b>
<b>Non-operating income (Note 30)</b>	<b>(55,522)</b>	<b>68,901</b>	<b>(95,374)</b>
<b>Income before taxes on income and minority interest</b>	<b>4,073,480</b>	<b>4,214,067</b>	<b>2,689,696</b>
<b>Income taxes and social contribution (Notes 34a and 34b)</b>	<b>(1,297,777)</b>	<b>(1,203,584)</b>	<b>(569,318)</b>
<b>Minority interest in subsidiaries</b>	<b>(73,664)</b>	<b>(23,738)</b>	<b>(17,672)</b>
<b>Net income</b>	<b>2,702,039</b>	<b>2,986,745</b>	<b>2,102,706</b>

The Notes are an integral part of the Financial Statements.

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

Events	Paid-up capital		Capital reserves		Profit reserves		Asset valuation adjustments		Treasury shares	Retained earnings	Total
	Capital stock	Unrealized capital	Goodwill from share subscription	Other	Legal	Statutory	Bradesco	Subsidiaries			
<b>Balances on December</b>											
<b>31, 2009</b>	<b>26,500,000</b>	-	<b>56,465</b>	<b>6,149</b>	<b>2,254,302</b>	<b>12,768,368</b>	<b>7,921</b>	<b>349,420</b>	<b>(188,874)</b>	-	<b>41,753,771</b>
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(4,740)	-	(4,740)
Cancellation of treasury shares	-	-	-	-	-	(193,614)	-	-	193,614	-	-
Asset valuation adjustments	-	-	-	-	-	-	50,408	(68,629)	-	-	(18,221)
Net income	-	-	-	-	-	-	-	-	-	2,102,706	2,102,706
Allocations: - Reserves	-	-	-	-	105,135	1,251,441	-	-	-	(1,356,576)	-
- Interest on shareholders' equity paid	-	-	-	-	-	-	-	-	-	(608,025)	(608,025)
- Dividends paid	-	-	-	-	-	-	-	-	-	(138,105)	(138,105)
<b>Balance on March 31, 2010</b>	<b>26,500,000</b>	-	<b>56,465</b>	<b>6,149</b>	<b>2,359,437</b>	<b>13,826,195</b>	<b>58,329</b>	<b>280,791</b>	-	-	<b>43,087,362</b>
<b>Balance on September</b>											
<b>30, 2010</b>	<b>28,500,000</b>	-	<b>56,465</b>	<b>6,149</b>	<b>2,606,048</b>	<b>14,849,550</b>	<b>80,048</b>	<b>15,403</b>	-	-	<b>46,113,663</b>
Capital Increase by share subscription	1,500,000	(1,500,000)	-	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(10,049)	-	(10,049)
Asset valuation adjustments	-	-	-	-	-	-	92,246	(179,398)	-	-	(87,152)
Net income	-	-	-	-	-	-	-	-	-	2,986,745	2,986,745
Allocations: - Reserves	-	-	-	-	149,337	1,877,051	-	-	-	(2,026,388)	-
- Interest on shareholders' equity paid	-	-	-	-	-	-	-	-	-	(488,591)	(488,591)
- Dividends paid	-	-	-	-	-	-	-	-	-	(471,766)	(471,766)
<b>Balances on December</b>											
<b>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>	<b>(10,049)</b>	-	<b>48,042,880</b>
Capital Increase with reserves	100,000	-	(56,465)	(6,149)	(37,386)	-	-	-	-	-	-
Capital increase by share subscription	-	1,500,000	-	-	-	-	-	-	-	-	1,500,000
Acquisition of treasury shares	-	-	-	-	-	-	-	-	(53,042)	-	(53,042)

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shares											
Goodwill in share											
subscription	-	-	11,441	-	-	-	-	-	-	-	11,441
Asset valuation											
adjustments	-	-	-	-	-	-	14,414	2,894	-	-	17,308
Net income	-	-	-	-	-	-	-	-	-	2,702,039	2,702,039
Allocations: - Reserves	-	-	-	-	135,102	1,643,304	-	-	-	(1,778,406)	
- Interest on											
shareholders'											
equity											
provisioned	-	-	-	-	-	-	-	-	-	(766,998)	(766,998)
- Dividends											
paid and/or											
provisioned	-	-	-	-	-	-	-	-	-	(156,635)	(156,635)
<b>Balances on March 31,</b>											
<b>2011</b>	<b>30,100,000</b>	<b>-</b>	<b>11,441</b>	<b>-</b>	<b>2,853,101</b>	<b>18,369,905</b>	<b>186,708</b>	<b>(161,101)</b>	<b>(63,091)</b>	<b>-</b>	<b>51,296,963</b>

The Notes are an integral part of the Financial Statements.

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

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

Description	2011		2010		1st quarter	
	1st quarter	%	4th quarter	%	1st quarter	%
<b>1 – Income</b>	<b>21,419,989</b>	<b>283.1</b>	<b>21,087,494</b>	<b>271.2</b>	<b>15,771,693</b>	<b>277.0</b>
<b>1.1) Financial intermediation</b>	<b>20,919,615</b>	<b>276.5</b>	<b>20,057,822</b>	<b>258.0</b>	<b>15,490,486</b>	<b>272.0</b>
<b>1.2) Fee and commission</b>	<b>3,419,386</b>	<b>45.2</b>	<b>3,471,435</b>	<b>44.6</b>	<b>3,080,431</b>	<b>54.1</b>
<b>1.3) Allowance for loan losses</b>	<b>(2,534,045)</b>	<b>(33.5)</b>	<b>(2,299,160)</b>	<b>(29.6)</b>	<b>(2,159,287)</b>	<b>(37.9)</b>
<b>1.4) Other</b>	<b>(384,967)</b>	<b>(5.1)</b>	<b>(142,603)</b>	<b>(1.8)</b>	<b>(639,937)</b>	<b>(11.2)</b>
<b>2 – Financial intermediation expenses</b>	<b>(10,789,613)</b>	<b>(142.6)</b>	<b>(10,154,111)</b>	<b>(130.6)</b>	<b>(7,488,307)</b>	<b>(131.5)</b>
<b>3 – Inputs acquired from third-parties</b>	<b>(2,519,613)</b>	<b>(33.3)</b>	<b>(2,661,660)</b>	<b>(34.2)</b>	<b>(2,101,504)</b>	<b>(37.0)</b>
Materials, water, electricity and gas	(139,578)	(1.8)	(145,967)	(1.9)	(117,417)	(2.1)
Third-party services	(839,301)	(11.1)	(885,515)	(11.4)	(724,077)	(12.7)
Communication	(377,179)	(5.0)	(382,394)	(4.9)	(334,475)	(5.9)
Financial system services	(108,630)	(1.4)	(101,155)	(1.3)	(86,059)	(1.5)
Advertising and marketing	(202,385)	(2.7)	(281,681)	(3.6)	(152,363)	(2.7)
Transportation	(179,026)	(2.4)	(177,316)	(2.3)	(142,311)	(2.5)
Data processing	(225,357)	(3.0)	(260,979)	(3.4)	(190,766)	(3.3)
Maintenance and repairs	(122,760)	(1.6)	(131,580)	(1.7)	(107,456)	(1.9)
Security and surveillance	(76,080)	(1.0)	(71,130)	(0.9)	(66,143)	(1.2)
Travel	(35,221)	(0.5)	(34,723)	(0.4)	(21,154)	(0.4)
Other	(214,096)	(2.8)	(189,220)	(2.4)	(159,283)	(2.8)
<b>4 – Gross value added (1-2-3)</b>	<b>8,110,763</b>	<b>107.2</b>	<b>8,271,723</b>	<b>106.4</b>	<b>6,181,882</b>	<b>108.5</b>
<b>5 – Depreciation, amortization and depletion</b>	<b>(580,244)</b>	<b>(7.7)</b>	<b>(557,502)</b>	<b>(7.2)</b>	<b>(515,261)</b>	<b>(9.0)</b>
<b>6 – Net value added produced by the Entity (4-5)</b>	<b>7,530,519</b>	<b>99.5</b>	<b>7,714,221</b>	<b>99.2</b>	<b>5,666,621</b>	<b>99.5</b>
<b>7 – Value added received in transfer</b>	<b>34,188</b>	<b>0.5</b>	<b>60,562</b>	<b>0.8</b>	<b>28,755</b>	<b>0.5</b>
Equity in earnings (losses) of unconsolidated companies	34,188	0.5	60,562	0.8	28,755	0.5
<b>8 – Value added to distribute (6+7)</b>	<b>7,564,707</b>	<b>100.0</b>	<b>7,774,783</b>	<b>100.0</b>	<b>5,695,376</b>	<b>100.0</b>
<b>9 – Value added distributed</b>	<b>7,564,707</b>	<b>100.0</b>	<b>7,774,783</b>	<b>100.0</b>	<b>5,695,376</b>	<b>100.0</b>
<b>9.1) Personnel</b>	<b>2,108,212</b>	<b>27.9</b>	<b>2,193,996</b>	<b>28.1</b>	<b>1,835,691</b>	<b>32.4</b>
Payroll	1,150,536	15.2	1,161,554	14.9	1,000,991	17.6
Benefits	495,444	6.5	523,953	6.7	417,442	7.3
FGTS (Government Severance Indemnity Fund for Employees)	106,268	1.4	101,958	1.3	91,561	1.6
Other	355,964	4.8	406,531	5.2	325,697	5.9
<b>9.2) Taxes, fees and contributions</b>	<b>2,520,669</b>	<b>33.3</b>	<b>2,415,170</b>	<b>31.1</b>	<b>1,589,941</b>	<b>27.8</b>
Federal	2,404,589	31.8	2,308,631	29.7	1,483,559	26.0
State	1,115	-	205	-	1,806	-
Municipal	114,965	1.5	106,334	1.4	104,576	1.8
<b>9.3) Third-party capital compensation</b>	<b>160,123</b>	<b>2.1</b>	<b>155,134</b>	<b>2.0</b>	<b>149,366</b>	<b>2.6</b>
Rentals	157,090	2.1	147,757	1.9	143,519	2.5
Asset leasing	3,033	-	7,377	0.1	5,847	0.1

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<b>9.4) Shareholders' equity remuneration</b>	<b>2,775,703</b>	<b>36.7</b>	<b>3,010,483</b>	<b>38.8</b>	<b>2,120,378</b>	<b>37.2</b>
Interest on shareholders' equity	766,998	10.1	488,591	6.3	608,025	10.7
Dividends	156,635	2.1	471,766	6.1	138,105	2.4
Retained earnings	1,778,406	23.5	2,026,388	26.1	1,356,576	23.8
Interest of minority shareholders in retained earnings	73,664	1.0	23,738	0.3	17,672	0.3

The Notes are an integral part of the Financial Statements.

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

	2011 1 <sup>st</sup> Quarter	2010 4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter
<b>Cash flow from operating activities:</b>			
<b>Net Income before income tax and social contribution</b>	<b>4,073,480</b>	<b>4,214,067</b>	<b>2,689,696</b>
<b>Adjustments to net income before taxes</b>	<b>5,774,461</b>	<b>5,731,101</b>	<b>5,387,210</b>
Allowance for loan losses	2,534,045	2,299,160	2,159,287
Depreciation and amortization	580,244	557,502	515,261
Losses from/Provisions for Asset Impairment	4,590	7,422	(2,445)
(Reversal)/expenses with civil, labor and tax provisions	850,196	993,161	1,117,271
Expenses with restatement and interest from technical provisions for insurance, private pension plans and savings bonds	1,703,001	1,754,206	1,493,549
Equity in the earnings (losses) of unconsolidated companies	(34,188)	(60,562)	(28,755)
(Gain)/loss on sale of investments	-	(166,895)	-
(Gain)/loss on sale of fixed assets	966	6,888	(4,240)
(Gain)/loss on sale of foreclosed assets	61,373	103,425	90,660
Other	74,234	236,794	46,622
<b>Adjusted net income before taxes</b>	<b>9,847,941</b>	<b>9,945,168</b>	<b>8,076,906</b>
(Increase)/decrease in interbank investments	2,622,016	(16,987,225)	1,059,199
(Increase)/decrease in securities and derivative financial instruments	2,588,550	(14,444,072)	(2,902,350)
(Increase)/decrease in interbank and interdepartmental accounts	(1,627,451)	1,891,543	(1,337,179)
(Increase) in loan and leasing operations	(10,963,644)	(15,409,448)	(11,117,654)
(Increase)/decrease in insurance premiums receivable	(261,456)	71,444	295,236
Increase in technical provisions for insurance, private pension plans and savings bonds	1,099,443	3,060,105	619,521
Increase/(decrease) in deferred income	86,767	48,299	(28,228)
(Increase)/decrease in other receivables and other assets	(5,475,538)	8,601,631	(814,302)
(Increase) in reserve requirements in the Brazilian Central Bank	(480,197)	(16,098,624)	(17,501,089)
Increase/(decrease) in deposits	10,621,840	7,006,341	(351,411)
Increase in federal funds purchased and securities sold under agreements to repurchase	7,491,621	14,488,423	14,898,929
Increase in funds from issue of securities	4,027,048	3,924,567	1,067,929
Increase in borrowings and onlendings	3,304,413	198,235	2,880,008
Increase/(decrease) in other liabilities	8,132,303	(9,758,226)	3,121,873
Income tax and social contribution paid	(2,173,771)	(717,289)	(1,282,026)
<b>Net cash provided by/(used in) operating activities</b>	<b>28,839,885</b>	<b>(24,179,128)</b>	<b>(3,314,638)</b>
<b>Cash flow from investment activities</b>			
(Increase) in available-for-sale securities	(4,441,564)	(3,384,164)	(4,128,146)
(Increase) in held-to-maturity securities	(465,282)	(844,002)	(1,740,034)
Proceeds from sale of foreclosed assets	41,854	50,695	27,178
Divestments	1,565	104,275	-
Proceeds from the sale of premises and equipment and operating leased assets	8,398	18,919	114,989



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Acquisition of foreclosed assets	(127,308)	(184,877)	(221,585)
Acquisition of investments	(119,734)	(5,476)	(701)
Acquisition of premises and equipment and operating leased assets	(186,158)	(687,239)	(170,547)
Investment in intangible assets	(403,339)	(1,122,554)	(181,309)
Dividends and interest on shareholders' equity received	13,350	4,820	5,190
<b>Net cash provided by/(used in) investing activities</b>	<b>(5,678,218)</b>	<b>(6,049,603)</b>	<b>(6,294,965)</b>
<b>Cash Flow from financing activities:</b>			
Increase/(decrease) in subordinated debts	(1,906,797)	617,703	436,752
Capital increase in cash and goodwill in share subscription	1,511,441	-	-
Dividends and interest on shareholders' equity paid	(2,141,134)	(396,666)	(1,639,225)
Minority interest	28,778	(235,500)	1,200
Acquisition of own shares	(53,042)	(10,049)	(4,740)
<b>Net cash provided by/(used) in financing activities</b>	<b>(2,560,754)</b>	<b>(24,512)</b>	<b>(1,206,013)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>20,600,913</b>	<b>(30,253,243)</b>	<b>(10,815,616)</b>
Cash and cash equivalents – At the beginning of the period	36,240,382	66,493,625	82,720,913
Cash and cash equivalents – At the end of the period	56,841,295	36,240,382	71,905,297
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>20,600,913</b>	<b>(30,253,243)</b>	<b>(10,815,616)</b>

The Notes are an integral part of the Financial Statements.

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

**Notes to the Consolidated Financial Statements**

We present below the Notes to the Consolidated Financial Statements of Banco Bradesco S.A. subdivided as follows:

	<b>Page</b>
1) OPERATIONS	109
2) PRESENTATION OF THE FINANCIAL STATEMENTS	109
3) SIGNIFICANT ACCOUNTING POLICIES	111
4) INFORMATION FOR COMPARISON PURPOSES	118
5) ADJUSTED BALANCE SHEET AND STATEMENT OF INCOME BY BUSINESS SEGMENT	119
6) CASH AND CASH EQUIVALENTS	120
7) INTERBANK INVESTMENTS	121
8) SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	122
9) INTERBANK ACCOUNTS – RESTRICTED DEPOSITS	136
10) LOAN OPERATIONS	137
11) OTHER RECEIVABLES	149
12) OTHER ASSETS	151
13) INVESTMENTS	151
14) PREMISES AND EQUIPMENT AND LEASED ASSETS	153
15) INTANGIBLE ASSETS	154
16) DEPOSITS, FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND FUNDS FROM ISSUANCE OF SECURITIES	156
17) BORROWING AND ONLENDING	161
18) CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY	162
19) SUBORDINATED DEBTS	166
20) OTHER LIABILITIES	167
21) INSURANCE, PRIVATE PENSION PLANS AND SAVINGS BONDS OPERATIONS	168
22) MINORITY INTEREST IN SUBSIDIARIES	171
23) SHAREHOLDERS' EQUITY (PARENT COMPANY)	171
24) FEE AND COMMISSION INCOME	174
25) PERSONNEL EXPENSES	174
26) OTHER ADMINISTRATIVE EXPENSES	175
27) TAX EXPENSES	175
28) OTHER OPERATING INCOME	175
29) OTHER OPERATING EXPENSES	176
30) NON-OPERATING INCOME	176
31) TRANSACTIONS WITH CONTROLLING SHAREHOLDERS (DIRECT AND INDIRECT)	177
32) FINANCIAL INSTRUMENTS	179
33) EMPLOYEE BENEFITS	190
34) INCOME TAX AND SOCIAL CONTRIBUTION	191
35) OTHER INFORMATION	194



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

### **1) OPERATIONS**

Banco Bradesco S.A. (Bradesco) is a private-sector publicly traded company that, operating as a Multiple Service Bank, carries out all types of authorized banking activities through its commercial, foreign exchange, consumer financing and housing loan portfolios. The Bank also operates in a number of other activities through its direct and indirect subsidiaries, particularly in leasing, investment banking, brokerage, consortium management, credit cards, insurance, private pension plans and savings bonds. Operations are conducted within the context of the Bradesco Organization companies, working in an integrated manner in the market.

### **2) PRESENTATION OF THE FINANCIAL STATEMENTS**

The consolidated financial statements of Bradesco include the financial statements of Banco Bradesco, its foreign branches, direct and indirect subsidiaries and jointly-controlled investments, in Brazil and abroad, including SPEs. They were prepared based on accounting practices determined by Laws 4,595/64 (Brazilian Financial System Law) and 6,404/76 (Brazilian Corporation Law), with the amendments introduced by Laws 11,638/07 and 11,941/09 related to the accounting of operations, as well as the rules and instructions of the Monetary National Council (CMN) and the Brazilian Central Bank (Bacen), Securities and Exchange Commission of Brazil (CVM), when applicable, National Private Insurance Council (CNSP), Insurance Superintendence (Susep) and National Agency for Supplementary Healthcare (ANS), and consider the financial statements of leasing companies based on the finance lease method, whereby leased fixed assets are reclassified to the leasing operations account, less the residual value paid in advance.

Accordingly, for preparation purposes, intercompany investments, asset and liability account balances, revenue, expenses and unrealized profit were eliminated from these consolidated financial statements, as well as highlighting the net income and shareholders' equity due to the minority shareholders. In the case of investments which are jointly controlled with other shareholders, asset, liability and income components were included in the consolidated financial statements in proportion to the interest in the capital stock of each investee. Goodwill determined on acquisition of investments in subsidiaries and jointly-controlled companies is presented under investments and intangible assets (Note 15a). The exchange variation arising from transactions of foreign branches and subsidiaries is presented in the income statement item together with changes in the value of derivative financial instruments, in order to eliminate the effect of these investment hedge instruments.

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The financial statements include estimates and assumptions, such as the calculation of the allowance for loan losses, estimates of the fair value of certain financial instruments, provision for contingencies, losses from impairment of securities classified as available-for-sale and held-to-maturity and non-financial assets, other provisions, the calculation of technical provisions for insurance, private pension plans and savings bonds and the determination of the useful life of specific assets. Actual results could differ from those established by these estimates and assumptions.

Bradesco's consolidated financial statements were approved by the Board of Directors on April 26, 2011.

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

## Notes to the Consolidated Financial Statements

We present below the main direct and indirect investees included in the Consolidated Financial Statements:

	Activity	Total ownership		
		2011 March 31	2010 December 31	March 31
<b>Financial Area - Brazil</b>				
Alvorada Cartões, Crédito, Financiamento e Investimento S.A.				
	Banking	100.00%	100.00%	100.00%
Banco Alvorada S.A. (1)	Banking	99.95%	99.95%	99.94%
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%
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 Ibi S.A.	Cards	100.00%	100.00%	100.00%
Cielo S.A. (2) (3) (4)	Services	28.65%	28.65%	26.56%
<b>Financial Area – abroad</b>				
Banco Bradesco Argentina S.A.	Banking	99.99%	99.99%	99.99%
Banco Bradesco Europa S.A. (6)	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. Grand Cayman Branch (5)	Banking	100.00%	100.00%	100.00%
Banco Bradesco New York Branch	Banking	100.00%	100.00%	100.00%
Banco Bradesco S.A. Nassau Branch (9)	Banking	-	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, Private Pension Plans and Savings</b>				
<b>Bonds Area</b>				
Atlântica Capitalização S.A.	Savings 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.	Savings bonds	100.00%	100.00%	100.00%
Bradesco Saúde S.A.	Insurance/health	100.00%	100.00%	100.00%
Bradesco Dental S.A. (7)	Insurance/dental health	-	-	43.50%
Odontoprev S.A.	Insurance/dental health	43.50%	43.50%	43.50%

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Bradesco Seguros S.A.	Insurance	100.00%	100.00%	100.00%
	Private pension			
Bradesco Vida e Previdência S.A.	plans/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. (8)	Holding	100.00%	100.00%	54.01%
Bradseg Participações Ltda.	Holding	100.00%	100.00%	100.00%
Bradesco Corretora de Seguros Ltda.	Insurance brokerage	100.00%	100.00%	100.00%
Bradesplan Participações Ltda.	Holding	100.00%	100.00%	100.00%
Cia. Securitizadora de Créditos Financeiros Rubi	Credit acquisition	100.00%	100.00%	100.00%
Columbus Holdings S.A.	Holding	100.00%	100.00%	100.00%
Nova Paiol Participações Ltda.	Holding	100.00%	100.00%	100.00%
Scopus Tecnologia Ltda.	Information technology	100.00%	100.00%	100.00%
Tempo Serviços Ltda.	Services	100.00%	100.00%	100.00%
União Participações Ltda.	Holding	100.00%	100.00%	100.00%

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

- (1) Increase in interest by the total subscription of the capital increase in May 2010;
- (2) Company proportionally consolidated, pursuant to CMN Resolution 2,723/00 and CVM Rule 247/96;
- (3) Increase in interest by partial acquisition in July 2010;
- (4) The special purpose entity Brazilian Merchant Voucher Receivables Limited is being consolidated. The company takes part in the securitization operation of the future flow of credit card bills receivables of clients domiciled abroad (Note 16d);
- (5) 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);
- (6) Current name of Banco Bradesco Luxembourg S.A.;
- (7) Company merged by Odontoprev in July 2010;
- (8) Increase of interest by share acquisition in December 2010; and
- (9) Activities discontinued in January 2011 and operations were transferred to Banco Bradesco S.A. Grand Cayman Branch.

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

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

Consolidated financial statements are presented in Reais, which is Bradesco's functional currency. Operations of foreign branches and subsidiaries are mainly a continuation of activities in Brazil, and therefore, assets, liabilities and results are adjusted to comply with accounting practices adopted in Brazil and translated into Reais using the exchange rate of the applicable currency. Gains and losses arising from this translation process are reallocated in the period's income to the item "Derivative Financial Instruments".

#### **b) Determination of net income**

Net income is determined on the accrual basis of accounting, which establishes that income and expenses should be included in the determination of net income in the period to which they relate, always simultaneously when they are correlated, regardless of receipt or payment.

Transactions with fixed rates are recorded at their redemption value and unearned income and unexpired expenses are recorded as a deduction from the corresponding assets and liabilities. Financial income and expenses are prorated daily and calculated based on the exponential method, except when relating to discounted notes or to foreign transactions which are calculated based on the straight-line method.

Floating rate or foreign-currency-indexed transactions are adjusted to the balance sheet date.

Insurance and coinsurance premiums accepted, net of premiums assigned in coinsurance and reinsurance, as well as corresponding commissions, are appropriated to income over the period of corresponding insurance policies and invoices and are deferred for appropriation on a straight-line basis, during the risk coverage period, by means of accrual and reversal of unearned premiums reserve and deferred selling expenses. Accepted coinsurance and retrocession operations are recorded based on the information received from other companies and reinsurance companies, respectively.

Supplementary pension plan contributions and life insurance premiums with a survival clause are recognized in income as they are received.

Revenue from savings bonds is recorded when effectively received, except for pre-printed bonds of fixed amount and lump-sum payment, which are recorded at the time of issue. The expenses for placement of bonds, classified as "Selling Expenses," are recognized as they are incurred. Brokerage expenses are recorded when the respective savings bond contributions are effectively



received. Redemptions and drawings are recorded simultaneously to the accounting for the corresponding revenues.

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

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

Expenses with technical provisions for private pension plans and savings bonds are recorded at the same time as their corresponding revenues are recognized.

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

Cash and Cash Equivalents are represented by: cash in domestic and foreign currency, investments in gold, open market investments and deposits in other banks, with maturities on the application date of 90 days or less and present an insignificant risk of change in fair value, used by the Bank to manage its short-term commitments.

### **d) Interbank investments**

Purchase and sale commitments with unrestricted movement agreements are adjusted to market value. Other investments are recorded at acquisition cost, plus income earned up to the balance sheet date, net of loss accrual, when applicable.

### **e) Securities – Classification:**

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

Securities classified in the trading and available-for-sale categories, as well as derivative financial instruments, are stated at their estimated fair value in the consolidated balance sheet. 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 for which the determination of fair value may require judgment or significant estimates by Management.

### **f) Derivative financial instruments (assets and liabilities)**

Classified based on Management's intended use thereof on the date of the contracting of the operation and whether it was carried out 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 customers' requests for the management of their positions. Gains and losses are recorded in income or expenses accounts of the respective financial instruments.

Derivative financial instruments used to mitigate risks 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 as:

- 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



## Notes to the Consolidated Financial Statements

• Cash flow hedge: for financial instruments classified in this category, the effective valuation or devaluation portion is recorded, net of tax effects, in a specific account in shareholders' equity. The non-effective portion of the respective hedge is directly recognized in the income statement.

### g) Loan and leasing operations, advances on foreign exchange contracts, other receivables with credit characteristics and allowance for loan losses

Loan and leasing operations, advances on foreign exchange contracts and other receivables with credit characteristics are classified in their corresponding risk levels in compliance with: (i) the parameters established by CMN Resolution 2,682/99, at nine levels of risk from "AA" (minimum risk) to "H" (maximum risk); and (ii) Management's assessment risk. This assessment, which is carried out on a periodic basis, considers current economic conditions and past loan loss experience, as well as specific and general risks relating to operations, borrowers and guarantors. Moreover, the length of the delay in payment defined in CMN Resolution 2,682/99 is also taken into account for client risk rating purposes as follows:

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

(1) For operations with unexpired term of over 36 months, the past-due periods are doubled, as allowed by CMN Resolution 2,682/99.

The accrual of revenue from operations past due up to 59 days is recorded in income and subsequent to the 60<sup>th</sup> day, in unearned income, and it will only be recognized in income upon effective receipt.

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.

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

The allowance for loan losses is calculated at an amount sufficient to cover probable losses and takes into consideration CMN and Bacen rules and instructions, together with assessments carried out by the Management, in the determination of credit risk.

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

Income tax and social contribution credits, calculated on tax losses, negative basis of social contribution and temporary additions are recorded in "Other Receivables - Sundry" and the provisions for deferred tax liabilities on tax difference in leasing depreciation

and mark-to-market

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

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

adjustments of securities is recorded in "Other Liabilities – Tax and Social Security". Only income tax rate is applied on tax difference in leasing depreciation.

Tax credits on temporary additions will be realized upon use and/or reversal of the corresponding provisions to which they refer. Tax credits on tax losses and negative basis of social contribution will be realized as taxable income is generated, considering the 30% limit of the taxable profit of the reference period. Such tax credits are recorded based on current expectations for realization, taking into account the technical studies and analyses carried out by Management.

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

Tax credits brought forward from previous periods prior to the legislation that increased the social contribution rate to 15% for financial and insurance companies, were recorded up to the limit of the corresponding consolidated tax liabilities (Note 34).

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

Pursuant to Law 11,941/09, changes in the determination criteria for income, 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 have effect on taxable income, and, for tax purposes, accounting methods and criteria in force on December 31, 2007 will be considered. For accounting purposes, the tax effects of adopting the laws abovementioned are recorded in the corresponding deferred tax assets and liabilities.

### **i) Prepaid expenses**

Prepaid expenses are payments for future benefits or services, which are registered in the income according to the accrual method of accounting.

This group is basically represented by: (i) commissions paid to resellers in vehicle financing; (ii) commissions paid to insurance brokers; and (iii) advance payments of advertising and marketing expenses (Note 12b).

### **j) Investments**

Investments in subsidiaries, jointly-controlled companies and affiliates, with significant influence over the investee or ownership of 20% or more in voting capital, are evaluated by the equity accounting method.

Tax incentives and other investments are assessed at acquisition cost, net of the provision for impairment, when applicable.

### **k) Fixed assets**

Correspond to tangible assets used in the Bank's activities or acquired for this purpose, including those deriving from operations which transfer risks, benefits and controls of the assets.

Fixed assets are stated at acquisition cost, net of the respective accumulated depreciations, calculated on the straight-line method according to the estimated economic useful life of assets, being: premises – 4% p.a.; furniture and fixtures, machinery and equipment – 10% p.a.; transport



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

systems – 20% p.a.; and data processing systems – 20% to 50% p.a. and restated by impairment, when applicable.

### **l) Intangible assets**

Intangible assets are intangible rights acquired for business activities or exercised with that purpose.

Intangible assets comprise:

- Future profitability/client portfolio acquired and acquisition of the right to provide banking services;

These are recorded and amortized, when applicable, over the period in which the asset will directly and indirectly contribute to the future cash flow and adjusted by impairment, when applicable; and

- Software

Software is recorded at cost less amortization on the straight-line method during the estimated useful life (20% to 50% p.a.), as of the date it is available for use and adjusted by impairment, when applicable. Internal software development expenses are recognized as assets when it is possible to demonstrate the intention and ability to complete such development, as well as reliably measuring costs directly attributable to the software, which will be amortized during its estimated useful life, considering the future economic benefits generated.

### **m) Asset impairment**

Securities classified as available-for-sale and held-to-maturity, as well as non-financial assets, except other assets and tax credits, are tested, at least annually, for impairment, and if loss is reported, it must be recognized in the income statement 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 the highest).

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

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

These are recorded at the amount of the liabilities and include, when applicable, related charges up to the balance sheet date, on a daily prorated basis.

### **o) Technical provisions related to insurance, private pension plans and savings bonds activities**

Technical provisions are calculated according to actuarial technical notes as set forth by Susep and ANS, and criteria set forth by CNSP Resolutions 162/06, 181/07, 195/08 and 204/09.

- Basic, life and health insurance lines:

- Unearned Premiums Provision (PPNG) comprises retained premiums (except reinsurance assignment, once according to CNSP Resolution 195/08, as of 2009, insurance companies should not deduct the amounts transferred to third parties through reinsurance operations from the calculation of provisions) which are deferred during the term of effectiveness of the insurance



policies, determining the daily prorated value of the unearned premium of the

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

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

unexpired risk period (future risk of policies in effect). According to Resolution 206/09, ANS eliminated PPNG for private healthcare companies and insurance companies, effective as of January 2010. It also established the accounting of "pro-rata temporis" earned premiums against the full reversal of provision;

- The provision for claims incurred but not reported (IBNR) is calculated on an actuarial basis to quantify the amount of claims occurred and not reported by policyholders/beneficiaries.

Pursuant to CNSP Resolution 195/08, as of 2009, insurance companies cannot deduct the amounts transferred to third parties through reinsurance operations from calculation of provisions;

- The provision for unsettled claims is recorded based on indemnity estimates for notices of claims received from policyholders/beneficiaries up to the balance sheet date. The provision is monetarily restated and includes all claims under litigation. In the case of health insurance, according to the technical note approved by ANS, the provision for unsettled claims comprises litigations and complements to IBNR provision;

- The supplementary premium provision (PCP) is recorded on a monthly basis to complement the PPNG and includes estimates for the risks in effect but not issued (RVNE);

- The provision for insufficient premiums is recorded when there is insufficiency of the unearned premium provision to cover incurred claims, considering expected indemnities and related expenses, throughout periods to be incurred related to risks in effect on the reference date of calculation;

- Other technical provisions refer to the provision for future readjustments of premiums and those required for the technical balance of the individual health plan portfolio, adopting a method included in the actuarial technical note approved by ANS. For basic lines, this provision refers to premiums of extended warranty for products whose manufacturer's guarantee has not ended;

- The provision for benefits to be granted, of the individual health plan portfolio, refers to a 5-year coverage for dependents if the policyholder is deceased, adopting a formulation included in the actuarial technical note approved by ANS; and

- The provision for benefits granted of the individual health plan portfolio comprises liabilities arising from payment release contractual clauses referring to health plan coverage, and its accounting complies with Resolution - RN 75/04 of ANS, and premiums for the payment release of Bradesco Saúde policyholders - "Plano GBS".

•Supplementary private pension plans and life insurance covering survival:

- The mathematical provision for benefits to be granted refers to participants whose benefits have yet to begin. In private pension plans known as "traditional", the provision represents the difference between the current value of future benefits and the current value of future contributions, corresponding to obligations assumed under retirement, disability, pension and regular income plans. The provision is calculated using methodologies and premises set forth in the Actuarial Technical Notes;

- Mathematical provisions of benefits to be granted pegged to life insurance and unrestricted benefit generating private pension plans (VGBL and PGBL) represent the amount of contributions made by participants, net of carrying costs and other contractual charges, plus financial earnings generated by investments in fund quotas in Exclusive Investment Funds (FIEs);



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

- The mathematical provision for benefits granted refers to participants already using the benefits and corresponds to the present value of future obligations related to the payment of ongoing benefits;

- The contribution insufficiency provision (PIC) is recorded for an eventual unfavorable fluctuation in technical risks taken in the mathematical provision for benefits to be granted, in the mathematical provision for benefits granted, considering that the participants are likely to have a higher survival rate. In plans covering survival, the provision 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 improvement of 1.5% p.a. and actual interest rate of 4% p.a. In disability plans covering survival risks, the provision takes into consideration the biometric AT-49 Male table and real interest rate of 4% p.a. Improvement is a technique that automatically updates the survival table, considering the expected increase in future survival rates;

- The financial fluctuation provision is recorded up to a limit of 15% of the mathematical provision for benefits to be granted related to private pension plans in the category of variable contribution with guarantee of earnings to cover possible financial fluctuations. The real interest rate of 4% p.a. is used to calculate this provision;

- The provision for administrative expenses is recorded to cover administrative expenses of defined benefit and variable contribution plans, and it is calculated in conformity with the methodology set forth in the actuarial technical note; and

- The financial excess provision corresponds to the portion of financial revenue from the investment of provisions that exceeds the minimum returns from private pension plans that have a financial excess participation clause.

### •Savings bonds:

- The mathematical provision for redemptions is recorded for each active or suspended savings bond during the estimated term set forth in the general conditions of the plan, and it is calculated according to the methodology set forth in the actuarial technical notes approved by Susep;

- The provisions for redemptions are established for the expired savings bonds and unexpired plans where early redemption has been required by the customer. The provisions are monetarily restated based on the indexes determined in each plan;

- The provisions for unrealized and payable drawings are recorded to cover prizes in future drawings (unrealized) and also for prizes in drawings where customers have already been selected (payable);

- The provision for contingencies is recorded to cover possible insufficiencies related to payments of redemptions required and/or premiums from drawings; and

- The provision for administrative expenses is recorded to cover the plan's disclosure and selling expenses, brokerage and other expenses. The provision complies with the methodology set forth in an Actuarial Technical Note.

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

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

### **p) Contingent assets and liabilities and legal liabilities – tax and social security**

The recognition, measurement and disclosure of contingent assets and liabilities and legal liabilities is in accordance with the criteria defined in CMN Resolution 3,823/09 and CVM Resolution 594/09:

•Contingent Assets: 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, characterizing the gain as practically certain and confirmed expectations of receipt or compensation with another liability. Contingent assets with probable chances of success are disclosed in the notes to the financial statements (Note 18a);

•Contingent Liabilities: are recorded taking into consideration the opinion of legal advisors, the nature of the lawsuits, similarity with previous processes, complexity and positioning of the courts, whenever the loss is evaluated as probable, which would cause a probable outflow of funds for the settlement of liabilities and when the amounts involved are measurable with sufficient reliability. Contingent liabilities classified as possible losses are not recognized in the financial statements, and they must only be disclosed in the notes, when individually material, and those classified as remote do not require provision nor disclosure (Notes 18b and 18c); and

•Legal Liabilities – Provision for Tax Risks: result 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 (note 18b).

### **q) Funding expenses**

Expenses related to funding transactions involving the issue of securities are presented as reduction of the liability and are allocated to income over the term of the transaction.

### **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), and less provision for losses, when deemed appropriate. Liabilities comprise known or measurable amounts, including related charges and monetary and exchange variations (on a daily prorated basis).

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

The balances of March 31, 2010 were reclassified to make easier the comparison with the financial statements of March 31, 2011. Said reclassification refers to R\$37,235 thousand reclassified from other investments to interest in domestic affiliates.

**Notes to the Consolidated Financial Statements****5) ADJUSTED BALANCE SHEET AND STATEMENT OF INCOME BY BUSINESS SEGMENT****a) Balance sheet**

							R\$ thousand
	Financial (1) (2)		Insurance group (2)		Other	Eliminations	Total
	Brazil	Abroad	(3) Brazil	Abroad	(2)	(4)	consolidated
<b>Assets</b>							
<b>Current and long-term assets</b>	<b>530,815,375</b>	<b>51,784,971</b>	<b>106,218,422</b>	<b>9,093</b>	<b>1,022,600</b>	<b>(26,251,507)</b>	<b>663,598,954</b>
Cash and cash equivalents	5,852,275	900,331	183,938	7,743	8,213	(167,419)	6,785,081
Interbank investments	99,128,710	1,030,659	-	-	-	-	100,159,369
Securities and derivative financial instruments	111,156,223	6,965,951	99,401,949	35	592,288	(634,845)	217,481,601
Interbank and interdepartmental accounts	67,291,466	-	-	-	-	-	67,291,466
Loan and leasing operations	187,132,456	42,343,329	-	-	-	(23,197,297)	206,278,488
Other receivables and other assets	60,254,245	544,701	6,632,535	1,315	422,099	(2,251,946)	65,602,949
<b>Permanent assets</b>	<b>39,295,630</b>	<b>68,403</b>	<b>2,477,160</b>	<b>148</b>	<b>229,369</b>	<b>(30,283,052)</b>	<b>11,787,658</b>
Investments	30,251,144	38,362	1,519,086	128	149,020	(30,283,052)	1,674,688
Premises and equipment and leased assets	3,273,486	8,936	324,600	20	58,728	-	3,665,770
Intangible assets	5,771,000	21,105	633,474	-	21,621	-	6,447,200
<b>Total on March 31, 2011</b>	<b>570,111,005</b>	<b>51,853,374</b>	<b>108,695,582</b>	<b>9,241</b>	<b>1,251,969</b>	<b>(56,534,559)</b>	<b>675,386,612</b>
<b>Total on December 31, 2010</b>	<b>536,574,702</b>	<b>44,485,862</b>	<b>104,998,085</b>	<b>9,701</b>	<b>1,243,742</b>	<b>(49,827,362)</b>	<b>637,484,730</b>
<b>Total on March 31, 2010</b>	<b>441,407,170</b>	<b>35,131,765</b>	<b>94,657,270</b>	<b>11,372</b>	<b>1,215,850</b>	<b>(39,797,367)</b>	<b>532,626,060</b>
<b>Liabilities</b>							
<b>Current and long-term liabilities</b>	<b>518,245,994</b>	<b>34,592,590</b>	<b>96,067,548</b>	<b>1,366</b>	<b>412,558</b>	<b>(26,251,507)</b>	<b>623,068,549</b>
Deposits	190,988,239	13,003,361	-	-	-	(169,161)	203,822,439
Federal funds purchased and securities sold under agreements to repurchase	174,384,694	4,604,087	-	-	-	-	178,988,781
Funds from issuance of securities	17,405,895	5,109,271	-	-	-	(814,167)	21,700,999
Interbank and interdepartmental accounts	2,646,614	521	-	-	-	-	2,647,135
Borrowing and onlending	58,890,927	5,626,971	-	-	-	(23,017,260)	41,500,638
Derivative financial instruments	2,198,901	158,796	-	-	-	-	2,357,697
Technical provisions from insurance, private pension plans and savings bonds	-	-	89,978,383	1,152	-	-	89,979,535
Other liabilities:							
- Subordinated debts	18,610,487	5,797,662	-	-	-	-	24,408,149
- Other	53,120,237	291,921	6,089,165	214	412,558	(2,250,919)	57,663,176
<b>Deferred income</b>	<b>447,122</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>447,122</b>
<b>Shareholders' equity/minority interest in subsidiaries</b>	<b>120,926</b>	<b>17,260,784</b>	<b>12,628,034</b>	<b>7,875</b>	<b>839,411</b>	<b>(30,283,052)</b>	<b>573,978</b>

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Shareholders' equity - parent company	51,296,963	-	-	-	-	-	51,296,963
Total on March 31, 2011	570,111,005	51,853,374	108,695,582	9,241	1,251,969	(56,534,559)	675,386,612
Total on December 31, 2010	536,574,702	44,485,862	104,998,085	9,701	1,243,742	(49,827,362)	637,484,730
Total on March 31, 2010	441,407,170	35,131,765	94,657,270	11,372	1,215,850	(39,797,367)	532,626,060

Bradesco

119

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

**Notes to the Consolidated Financial Statements****b) Statement of income**

	R\$ thousand						
	Financial (1) (2)		Insurance group (2) (3)		Other activities (2)	Eliminations (4)	Total consolidated
	Brazil	Abroad	Brazil	Abroad			
Revenues from financial intermediation	18,085,838	136,707	2,725,386	-	15,414	(43,730)	20,919,615
Expenses from financial intermediation	11,469,489	194,954	1,703,001	-	-	(43,786)	13,323,658
<b>Gross income from financial intermediation</b>	<b>6,616,349</b>	<b>(58,247)</b>	<b>1,022,385</b>	<b>-</b>	<b>15,414</b>	<b>56</b>	<b>7,595,957</b>
Other operating income/expenses	(3,655,052)	(16,705)	189,115	(45)	15,788	(56)	(3,466,955)
<b>Operating income</b>	<b>2,961,297</b>	<b>(74,952)</b>	<b>1,211,500</b>	<b>(45)</b>	<b>31,202</b>	<b>-</b>	<b>4,129,002</b>
Non-operating income	(47,703)	1,584	(9,038)	-	(365)	-	(55,522)
<b>Income before taxes and minority interest</b>	<b>2,913,594</b>	<b>(73,368)</b>	<b>1,202,462</b>	<b>(45)</b>	<b>30,837</b>	<b>-</b>	<b>4,073,480</b>
Income tax and social contribution	(918,617)	(113)	(370,270)	(9)	(8,768)	-	(1,297,777)
Minority interest in subsidiaries	(1,726)	(856)	(70,971)	-	(111)	-	(73,664)
<b>Net income for 1Q11</b>	<b>1,993,251</b>	<b>(74,337)</b>	<b>761,221</b>	<b>(54)</b>	<b>21,958</b>	<b>-</b>	<b>2,702,039</b>
<b>Net income for 4Q10</b>	<b>2,108,884</b>	<b>9,488</b>	<b>793,325</b>	<b>(129)</b>	<b>75,177</b>	<b>-</b>	<b>2,986,745</b>
<b>Net income for 1Q10</b>	<b>1,018,168</b>	<b>340,857</b>	<b>704,088</b>	<b>(649)</b>	<b>40,242</b>	<b>-</b>	<b>2,102,706</b>

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

(2) The balances of equity accounts, income and expenses among companies from the same segment are being eliminated;

(3) The "Insurance Group" segment comprises insurance private pension plans and savings bonds companies; and

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

**6) CASH AND CASH EQUIVALENTS**

	R\$ thousand			
	2011	2010		
	March 31	December 31	March 31	
Funds available in domestic currency		5,753,099	13,915,216	5,209,507
Funds available in foreign currency		1,031,900	1,822,578	3,495,086
Investments in gold		82	86	72
<b>Total cash and due from banks</b>		<b>6,785,081</b>	<b>15,737,880</b>	<b>8,704,665</b>
Short-term interbank investments (1)		50,056,214	20,502,502	63,200,632
<b>Total cash and cash equivalents</b>		<b>56,841,295</b>	<b>36,240,382</b>	<b>71,905,297</b>



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(1) Refer to operations with maturities on the application date of 90 days or less and with insignificant risk of change in fair value.

120 Report on Economic and Financial Analysis – March 2011

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

	R\$ thousand						
	2011 1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days	March 31	2010 December 31	March 31
<b>Investments in the open market:</b>							
<b>Own portfolio position</b>	<b>1,073,338</b>	<b>33,060,407</b>	-	-	<b>34,133,745</b>	<b>14,147,497</b>	<b>22,412,057</b>
•Financial treasury bills	964,161	-	-	-	964,161	649,198	1,708,637
•National treasury notes	-	21,082,900	-	-	21,082,900	8,846,357	14,994,979
•National treasury bills	-	11,977,507	-	-	11,977,507	4,496,381	5,629,507
•Other	109,177	-	-	-	109,177	155,561	78,934
<b>Funded position</b>	<b>47,608,079</b>	<b>3,377,065</b>	-	-	<b>50,985,144</b>	<b>44,168,250</b>	<b>66,702,272</b>
•Financial treasury bills	25,982,423	-	-	-	25,982,423	17,585,733	27,144,804
•National treasury notes	3,494,078	3,363,868	-	-	6,857,946	20,171,071	28,858,137
•National treasury bills	18,131,578	13,197	-	-	18,144,775	6,411,446	10,699,331
<b>Short position</b>	-	<b>7,352,198</b>	-	-	<b>7,352,198</b>	<b>7,862,955</b>	<b>806,409</b>
•National treasury bills	-	7,352,198	-	-	7,352,198	7,862,955	806,409
<b>Subtotal</b>	<b>48,681,417</b>	<b>43,789,670</b>	-	-	<b>92,471,087</b>	<b>66,178,702</b>	<b>89,920,738</b>
<b>Deposits in other banks:</b>							
•Deposits in other banks	3,318,354	1,254,253	1,478,269	1,643,153	7,694,029	7,054,718	7,244,017
•Provisions for losses	(677)	(129)	(4,941)	-	(5,747)	(1,386)	(243)
<b>Subtotal</b>	<b>3,317,677</b>	<b>1,254,124</b>	<b>1,473,328</b>	<b>1,643,153</b>	<b>7,688,282</b>	<b>7,053,332</b>	<b>7,243,774</b>
<b>Total on March 31, 2011</b>	<b>51,999,094</b>	<b>45,043,794</b>	<b>1,473,328</b>	<b>1,643,153</b>	<b>100,159,369</b>		

%	51.9	45.0	1.5	1.6	100.0
<b>Total on December 31, 2010</b>	<b>27,575,524</b>	<b>43,290,926</b>	<b>1,075,470</b>	<b>1,290,114</b>	<b>73,232,034</b>
%	37.6	59.1	1.5	1.8	100.0
<b>Total March 31, 2010</b>	<b>69,866,286</b>	<b>25,192,495</b>	<b>1,202,075</b>	<b>903,656</b>	<b>97,164,512</b>
%	72.0	25.9	1.2	0.9	100.0

**b) Income from interbank investments**

Classified in the statement of income as income on securities transactions

	2011 1 <sup>st</sup> Quarter	2010 4 <sup>th</sup> Quarter	R\$ thousand 1 <sup>st</sup> Quarter
<b>Income from investments in purchase and sale commitments:</b>			
Own portfolio position	705,497	804,575	592,398
Funded position	1,255,602	1,139,800	1,442,604
Short position	274,876	206,148	58,768
<b>Subtotal</b>	<b>2,235,975</b>	<b>2,150,523</b>	<b>2,093,770</b>
<b>Income from interest-earning deposits in other banks</b>	<b>143,937</b>	<b>136,802</b>	<b>167,388</b>
<b>Total (Note 8h)</b>	<b>2,379,912</b>	<b>2,287,325</b>	<b>2,261,158</b>

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

**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**

	2011				2010				
	Financial	Insurance/ Savings bonds	Private pension plans	Other activities	March 31	%	December 31	%	March
<b>Trading securities</b>	<b>68,530,426</b>	<b>2,485,574</b>	<b>25,371,060</b>	<b>337,311</b>	<b>96,724,371</b>	<b>54.8</b>	<b>107,796,082</b>	<b>59.0</b>	<b>77,3</b>
- Government securities	41,614,897	847,420	283,938	295,266	43,041,521	24.4	48,208,884	26.4	24,7
- Corporate bonds	23,659,361	1,638,154	612,060	42,045	25,951,620	14.7	26,237,150	14.3	19,3
- Derivative financial instruments (1)	3,256,168	-	-	-	3,256,168	1.8	1,610,385	0.9	3,0
- PGBL / VGBL restricted bonds	-	-	24,475,062	-	24,475,062	13.9	31,739,663	17.4	30,2
<b>Available-for-sale securities</b>	<b>46,174,910</b>	<b>1,647,740</b>	<b>1,835,439</b>	<b>179,968</b>	<b>49,838,057</b>	<b>28.2</b>	<b>45,379,185</b>	<b>24.8</b>	<b>26,1</b>
- Government securities	35,000,294	18,435	75,168	1,805	35,095,702	19.8	33,552,639	18.3	16,5
- Corporate bonds	11,174,616	1,629,305	1,760,271	178,163	14,742,355	8.4	11,826,546	6.5	9,6
<b>Held-to-maturity securities (4)</b>	<b>784,486</b>	<b>7,754,184</b>	<b>21,418,608</b>	<b>-</b>	<b>29,957,278</b>	<b>17.0</b>	<b>29,491,996</b>	<b>16.2</b>	<b>27,6</b>
- Government securities	784,486	7,725,923	20,954,755	-	29,465,164	16.7	29,021,428	15.9	26,9
- Corporate bonds	-	28,261	463,853	-	492,114	0.3	470,568	0.3	7
<b>Subtotal</b>	<b>115,489,822</b>	<b>11,887,498</b>	<b>48,625,107</b>	<b>517,279</b>	<b>176,519,706</b>	<b>100.0</b>	<b>182,667,263</b>	<b>100.0</b>	<b>131,2</b>
Purchase and sale commitments (2)	1,996,744	4,653,451	34,235,927	75,773	40,961,895		30,850,727		26,0
<b>Overall total</b>	<b>117,486,566</b>	<b>16,540,949</b>	<b>82,861,034</b>	<b>593,052</b>	<b>217,481,601</b>		<b>213,517,990</b>		<b>157,3</b>
- Government securities	77,399,677	8,591,778	21,313,861	297,071	107,602,387	60.9	110,782,951	60.6	68,2
- Corporate bonds	38,090,145	3,295,720	2,836,184	220,208	44,442,257	25.2	40,144,649	22.0	32,7
- PGBL / VGBL restricted bonds	-	-	24,475,062	-	24,475,062	13.9	31,739,663	17.4	30,2

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<b>Subtotal</b>	<b>115,489,822</b>	<b>11,887,498</b>	<b>48,625,107</b>	<b>517,279</b>	<b>176,519,706</b>	<b>100.0</b>	<b>182,667,263</b>	<b>100.0</b>	<b>131,2</b>
Purchase and sale commitments (2)	1,996,744	4,653,451	34,235,927	75,773	40,961,895		30,850,727		26,0
<b>Overall total</b>	<b>117,486,566</b>	<b>16,540,949</b>	<b>82,861,034</b>	<b>593,052</b>	<b>217,481,601</b>		<b>213,517,990</b>		<b>157,3</b>

122 Report on Economic and Financial Analysis – March 2011

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

Securities (3)	2011 March 31				Market/ book value (5) (6) (7)	Restated cost	Mark-to- market	2010 December 31 Market/ book value (5) (6) (7)
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days				
<b>Government securities</b>	<b>712,149</b>	<b>4,827,632</b>	<b>21,082,132</b>	<b>80,980,474</b>	<b>107,602,387</b>	<b>107,968,105</b>	<b>(365,718)</b>	<b>110,782,951</b>
Financial treasury bills	61,145	1,079,066	809,133	6,016,681	7,966,025	8,000,821	(34,796)	8,687,908
National treasury bills	64,424	1,277,758	851	32,107,677	33,450,710	33,656,752	(206,042)	34,924,429
National treasury notes	361,861	2,450,569	19,771,031	41,788,677	64,372,138	64,572,188	(200,050)	65,432,103
Brazilian foreign debt notes	29,599	403	498,730	974,364	1,503,096	1,441,875	61,221	1,564,616
Privatization currencies	-	-	-	85,456	85,456	71,688	13,768	87,658
Foreign government securities	195,120	14,154	-	47	209,321	209,327	(6)	71,004
Other	-	5,682	2,387	7,572	15,641	15,454	187	15,233
<b>Corporate bonds</b>	<b>12,514,477</b>	<b>2,815,056</b>	<b>3,585,619</b>	<b>25,527,105</b>	<b>44,442,257</b>	<b>44,634,351</b>	<b>(192,094)</b>	<b>40,144,649</b>
Bank deposit certificates	130,506	376,989	36,949	1,152,043	1,696,487	1,696,487	-	1,724,058
Shares	4,131,190	-	-	-	4,131,190	4,518,238	(387,048)	4,097,694
Debentures	2,303	113,912	2,321,051	15,731,037	18,168,303	18,147,434	20,869	16,869,721
Promissory notes	28,670	1,881,954	-	-	1,910,624	1,913,247	(2,623)	2,863,436
Foreign corporate bonds	60,625	-	1,674	3,695,424	3,757,723	3,660,167	97,556	2,928,013
Derivative financial	1,873,780	236,163	1,045,616	100,609	3,256,168	3,193,481	62,687	1,610,385

instruments

(1)

Other	6,287,403	206,038	180,329	4,847,992	11,521,762	11,505,297	16,465	10,051,342
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**PGBL /****VGBL****restricted****bonds**

	3,385,166	2,903,738	2,097,633	16,088,525	24,475,062	24,475,062	-	31,739,663
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**Subtotal**

	16,611,792	10,546,426	26,765,384	122,596,104	176,519,706	177,077,518	(557,812)	182,667,263
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Purchase and

sale

commitments

(2)

	39,562,714	1,322,542	75,244	1,395	40,961,895	40,961,895	-	30,850,727
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Hedge – cash

flow (Note

8g)

	-	-	-	-	-	-	-	453,835
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<b>Overall total</b>	<b>56,174,506</b>	<b>11,868,968</b>	<b>26,840,628</b>	<b>122,597,499</b>	<b>217,481,601</b>	<b>218,039,413</b>	<b>(103,977)</b>	<b>213,517,990</b>
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123

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

**Notes to the Consolidated Financial Statements****c) Consolidated classification by category, maturity and business segment****l) Trading securities**

Securities (3)	2011 March 31				Market/ book value (5) (6) (7)	Restated cost	Mark-to- market	20 De Ma va (6)
	1 to 30 days	31 to 180 days	181 to 360 days	More than 360 days				
<b>- Financial</b>	<b>6,801,509</b>	<b>6,380,213</b>	<b>6,993,258</b>	<b>48,355,448</b>	<b>68,530,428</b>	<b>68,681,685</b>	<b>(151,257)</b>	<b>72</b>
National treasury bills	22,865	1,274,276	845	21,365,854	22,663,840	22,788,154	(124,314)	24
Financial treasury bills	61,145	490,243	653,096	5,113,657	6,318,141	6,350,778	(32,637)	7
Bank deposit certificates	112,818	105,526	1,218	5,087	224,649	224,649	-	-
Derivative financial instruments (1)	1,873,780	236,163	1,045,616	100,609	3,256,168	3,193,481	62,687	1
Debentures	2,257	75,196	2,320,894	14,241,731	16,640,078	16,622,624	17,454	15
Promissory notes	58	1,881,954	-	-	1,882,012	1,884,635	(2,623)	2
Brazilian foreign debt notes	713	-	-	17,591	18,304	16,883	1,421	-
National treasury notes	-	2,294,026	2,968,851	7,129,308	12,392,185	12,466,457	(74,272)	14
Foreign corporate securities	587	-	1,615	44,099	46,301	45,246	1,055	-
Foreign government securities	195,120	14,154	-	47	209,321	209,327	(6)	-
Shares	80,660	-	-	-	80,660	80,483	177	-
Other	4,451,506	8,675	1,123	337,465	4,798,769	4,798,968	(199)	5
<b>- Insurance companies and savings bonds</b>	<b>1,031,596</b>	<b>668,753</b>	<b>93,613</b>	<b>691,614</b>	<b>2,485,576</b>	<b>2,485,576</b>	<b>-</b>	<b>2</b>
Financial treasury bills	-	320,288	93,613	310,531	724,432	724,432	-	-



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National treasury bills	-	673	-	15,709	16,382	16,382	-
Bank deposit certificates	-	268,757	-	183,532	452,289	452,289	-
National treasury notes	-	940	-	105,666	106,606	106,606	-
Shares	4,182	-	-	-	4,182	4,182	-
Debentures	-	-	-	9,053	9,053	9,053	-
Foreign private bonds	5,214	-	-	-	5,214	5,214	-
Other	1,022,200	78,095	-	67,123	1,167,418	1,167,418	-

**Notes to the Consolidated Financial Statements**

(3)	2011 Securities March 31				Market/book value (5) (6) (7)	Restated cost	Mark-to-market	2010 December 31	
	1 to 30 days	31 to 180days	181 to 360 days	More than 360 days				Market/book value (5) (6) (7)	Mar
- Private pension plans	3,923,672	3,109,188	2,103,007	16,235,192	25,371,059	25,370,972	87	32,506,231	
Financial treasury bills		-							